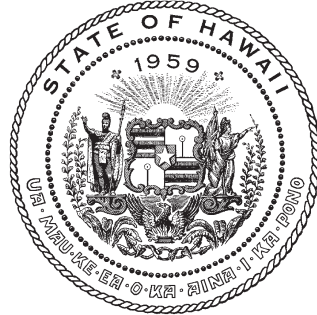


**STATE OF HAWAII
DEPARTMENT OF TAXATION**



**FORMS APPROVAL
DEADLINE IS
DECEMBER 31, 2011**

**General Information
and Key From Image Specifications
for
Form N-814 (Rev. 2011)**

Contact Information

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Technical Section
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**Hawaii Software Vendor Website
Address:**

www.hawaii.gov/tax/vendor/vendor.htm

Note: Reproduced forms must meet the requirements as established in this document and our current Forms Reproduction Policy.

FORM N-814 (Rev. 2011)

General Information and Key From Image Specifications

This document provides software vendors with the requirements for reproducing Form N-814. Form N-814 requires manually keying data from the image or KFI. A 1D barcode must be present on each page of the form.

The form must be an exact replica of the official version of the form with respect to layout, data dots, shading and content.

Substitute KFI forms MUST meet the requirements as established in this document and our current Forms Reproduction Policy, and be approved prior to release or distribution.

GENERAL INFORMATION

1. Substitute Form

- Photocopies of the form must not be submitted to the Department for processing. This will distort the 1D barcode.

2. Paper and Ink

- The paper size is 8.5 inches by 11 inches, the same size as the Department's original form. The paper weight must be at least 20 pound white bond and the page orientation is portrait.
- Black ink should be used in printing the text on the form and the variable data.

3. Variable Data

- All variable data fields must utilize 10 pt Courier font, and all variable text data must be in uppercase letters. Text labels must not touch variable data.

4. Testing and Approval of the KFI Form

- The deadline to submit substitute forms for approval is December 31, 2011.
- A review of the form will be done based on processing specifications. It is assumed that there are no spelling errors, incorrect or missing words, missing lines, etc.
- 1 test sample is required to be submitted for testing of the barcodes and must be an original. Photocopies, fax submissions, etc. will not be accepted.
- It will require 1 to 2 weeks, upon receipt by the Department, to verify the accuracy of the submitted sample.
- Approval of the facsimile must be obtained from the Department **prior** to filing.

KEY FROM IMAGE (KFI) SPECIFICATIONS

1. Layout

- The form must be an exact replica of the official Form N-814 with respect to layout, data dots, shading, and content.

2. Hawaii Vendor I.D. Number

- Print your 2-digit Hawaii Vendor I.D. Number preceded with "ID NO" label at the top middle of the form and at least a 1/2 inch from the barcode on each page. Exact placement is not required. See attached exhibit.
- See www.hawaii.gov/tax/vendor/vendor.htm for the Hawaii Vendor I.D. Number Listing. If your company is not listed, please contact the Forms Coordinator.

3. Barcode

- A 1-D barcode is specific to the form. The property of the 1-D symbology barcode uses 3 of 9 (Code 39).
- Placement of the barcode is:

1-3/16 inches from top edge of form and 1/2 inch from left edge of form

- Height of the barcode is .5 inch.
- Length of the barcode is approximately 2 inches.

- Density of narrow bar width is set to 20 mils with resolution set to 300 dpi.
- Narrow to Wide Ratio is set to 2.
- A ¼ inch minimum clearance (blank space) must surround the barcode with the exception of the text required to be printed underneath the barcode.
- DO NOT stretch the barcode image.



JKT111

- The required barcode is JKT111:
- The barcode includes the form number code (JK), type of form (T), form year (11), and page number (1). There are no hyphens.
- Use of the Department of Taxation's JPEG file of the barcode is preferable. The JPEG files can be found at our software vendor website.
- DO NOT use Windows Metafile Format (wmf). This format causes a very low read rate by the Department's IBML scanners.

Parent's Election to Report Child's Interest and Dividends

2011

1-3/16 inches from top edge of the form



JKT111

1/2 inch from the left edge of the form

- See Instructions below and on back.
- Attach to Parent's Form N-11 or Form N-15

Name(s) as shown on parent's return	Your social security number
Child's name (first, initial, and last)	Child's social security number

Caution: If more than one Form N-814 is attached, check here

Step 1 Figure amount of child's interest and dividend income to report on your return

1 a Enter your child's taxable interest income. If this amount is different than the amounts shown on the child's federal Forms 1099-INT and 1099-OID, see the Instructions	1a		
b Enter your child's tax-exempt interest income. DO NOT include this amount on line 1a	1b		
2 Enter your child's ordinary dividends, including any Alaska Permanent Fund dividends. If your child received any ordinary dividends as a nominee, see the Instructions	2		
3 Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee, see the Instructions.....	3		
4 Add lines 1a, 2, and 3. If the total is \$1,000 or less, skip lines 5 and 6 and go to line 7. If the total is \$5,000 or more, do not file this form. Your child MUST file his or her own return to report the income	4		
5 Base amount	5	1,000	00
6 Line 4 minus line 5. If filing more than one Form N-814 or if you entered an amount on line 3, see the Instructions. Also, include this amount in the total on Form N-11, line 10 (if not already included on Form N-11, line 7), or on Form N-15, line 19. In the space provided on line 19, Form N-15, write "Form N-814" and show the amount. Go on to line 7 below.....	6		

Step 2 Figure your tax on the first \$1,000 of child's interest and dividend income

7 Amount not taxed.....	7	500	00
8 Line 4 minus line 7. Enter the result. If less than zero, enter zero	8		
9 Tax. Is the amount on line 8 less than \$500? No. Enter \$10.00 here and see the Note below. Yes. Multiply line 8 by 2% (.02). Enter the result here and see the Note below.	9		

Note: If filing more than one Form N-814, see the Instructions. Otherwise, include the amount from line 9 to the tax you enter on your Form N-11, line 27, or Form N-15, line 43. Be sure to indicate that a tax from Form N-814 is included on line 27, Form N-11, or line 43, Form N-15.

General Instructions

Note: The federal provisions in the: (1) Tax Increase Prevention and Reconciliation Act of 2005, and (2) Small Business and Work Opportunity Tax Act of 2007 relating to minor children whose unearned income is taxed as if parent's income has not been adopted for Hawaii income tax purposes at the present time.

Purpose of Form.—Use this form if you are a parent and choose to report the income of your child on your return. If you do, the child will not

- have to file a return. You can make this election if your child meets **all** of the following conditions:
- Was born after January 1, 1998.
 - Is required to file a 2011 return.
 - Had income only from interest and dividends, including capital gain distributions and Alaska Permanent Fund dividends.
 - Had gross income for 2011 that was more than \$500 but less than \$5,000.
 - Had no estimated tax payments for 2011.

- Did not have any overpayment of tax shown on his or her 2010 return applied to the 2011 return.
 - Had no Federal income tax withheld from his or her income (backup withholding).
- The parent(s) must also qualify as explained in these instructions.
- Step 1** is used to figure the amount of the child's income to report on the parent's return.
Step 2 is used to figure an additional tax that must be added to your tax.

How To Make the Election.—To make the election, complete and attach Form(s) N-814 to your tax return and file your return by the due date (including extensions). A separate Form N-814 must be filed for **each** child whose income the parent chooses to report.

Caution: *The income tax on your child's income may be less if you file a separate tax return for the child instead of making this election. This is because you cannot take certain deductions that your child would be entitled to on his or her own return. For details see Deductions You May Not Take below.*

Parents Who Qualify To Make the Election.—You qualify to make this election if you file Form N-11 or N-15 and any of the following apply:

- You are filing a joint return for 2011 with the child's other parent.
- You and the child's other parent were married to each other but file separate returns for 2011 AND you had the **higher** taxable income. If you do not know if you had the higher taxable income, get federal Publication 929, Tax Rules for Children and Dependents.
- You were unmarried, treated as unmarried for income tax purposes, or separated from the child's other parent by a divorce or separate maintenance decree. You must have had custody of your child for most of the year (you were the custodial parent). If you were the custodial parent and you remarried, you may make the election on a joint return with your new spouse. But if you and your new spouse (your child's step-parent) do not file a joint return, you qualify to make the election only if you had **higher** taxable income than your new spouse.

Note: *If you and the child's other parent were not married but you lived together during the year with the child, you qualify to make the election only if you are the parent with the **higher** taxable income.*

Deductions You May Not Take.—If you elect to report your child's income on your return, you may not reduce that income by any of the following deductions that your child would be entitled to on his or her own return.

- Standard deduction of \$500.
- Penalty on early withdrawal of child's savings.
- Itemized deductions such as child's investment expenses or charitable contributions.

If any of the above applies to your child, first figure the tax on your child's income as if he or she is filing a return. Next, figure the tax as if you are electing to report your child's income on **your** return. Then, compare the two methods to determine which results in the lower tax.

Investment Interest Expense.—Your child's income (excluding Alaska Permanent Fund dividends and capital gain distributions) that you report on your return is considered to be **your** investment income for purposes of figuring your investment interest expense deduction. If your child received Alaska Permanent Fund dividends or capital gain distributions, get federal Publication 550, Investment Income and

Expenses, to figure the amount you may treat as your investment income.

How To Obtain Tax Forms.—Hawaii tax forms, instructions, and schedules may be obtained at any taxation district office or from the Department of Taxation's website at www.hawaii.gov/tax, or you may contact the customer service representative at: 808-587-4242 or 1-800-222-3229 (Toll-Free).

Additional Information.—For more information, see federal Publication 929.

Line-by-Line Instructions

Note: *Section 235-9.5, HRS, provides that all income earned and proceeds derived from stock options or stock, including stock issued through the exercise of stock options or warrants, from a qualified high technology business or from a holding company of a qualified high technology business by an employee, officer, or director of the qualified high technology business, or investor who qualifies for the high technology business investment tax credit is excluded from income taxes. Also, section 235-7.3, HRS, provides that amounts received by an individual or a qualified high technology business as royalties and other income derived from patents, copyrights, and trade secrets (1) owned by the individual or qualified high technology business, and (2) developed and arising out of a qualified high technology business are excluded from gross income, adjusted gross income, and taxable income.*

Parent's Name and Social Security Number.—Enter the name(s) shown on your return. If filing a joint return, enter the social security number of the person whose name is shown first on the return. If you are an alien and were issued an individual taxpayer identification number (ITIN) by the IRS, enter your ITIN. If you applied for an ITIN but the IRS has not yet issued the ITIN, write "Applied For".

Line 1a. Enter **ALL** taxable interest income received by your child in 2011. **Do not** include tax-exempt interest in the total for line 1a, but be sure to include it on line 1b.

If your child received, as a **nominee**, interest that actually belongs to another person, write the amount and "ND" (for nominee distribution) on the dotted line next to line 1a. **Do not** include amounts received as a nominee in the total for line 1a.

If your child had accrued interest that was paid to the seller of a bond, amortizable bond premium (ABP) allowed as a reduction to interest income, or if any original issue discount (OID) is less than the amount shown on your child's federal Form 1099-OID, enter the nontaxable amount on the dotted line next to line 1a, and write "Accrued interest," "ABP adjustment," or "OID adjustment," whichever applies. **Do not** include any nontaxable amounts in the total for line 1a.

Line 1b. If your child received any tax-exempt interest income, such as interest on certain state and municipal bonds, enter the total tax-exempt interest on line 1b. Tax-exempt interest should be shown in box 8 of federal Form 1099-INT. Also include any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company. Those

amounts should also be shown in box 8 of federal Form 1099-INT.

Line 2. Enter the ordinary dividends received by your child in 2011. Ordinary dividends should be shown in box 1a of federal Form 1099-DIV. Also, include ordinary dividends your child received through a partnership, an S corporation, or an estate or trust.

Note: *Do not include on line 2 any ordinary dividends that are exempt from Hawaii income taxes pursuant to section 235-9.5, HRS.*

If your child received, as a **nominee**, ordinary dividends that actually belong to another person, write the amount and "ND" (for nominee distribution) on the dotted line next to line 2. **Do not** include amounts received as a nominee in the total for line 2.

Line 3. Enter the capital gain distributions received by your child in 2011. Capital gain distributions should be shown in box 2a of federal Form 1099-DIV. Also, see the instructions for line 6.

Note: *Do not include on line 3 any capital gain distributions that are exempt from Hawaii income taxes pursuant to section 235-9.5, HRS.*

If your child received, as a **nominee**, capital gain distributions that actually belong to another person, enter the amount and "ND" (for nominee distribution) on the dotted line next to line 3. **Do not** include amounts received as a nominee in the total for line 3.

Line 6. If you are filing more than one Form N-814, add the amounts from line 6 of **ALL** Forms N-814 and include the total on Form N-11, line 10 (if not already included on Form N-11, line 7), or on Form N-15, line 19. Be sure to write "Form N-814" and show the total of the line 6 amounts in this space provided on line 19, Form N-15.

If you entered an amount on line 3, and you are completing the Capital Gain/Loss Worksheet in the Instructions for Form N-15, part or all of your child's capital gain distributions should be reported on your Capital Gain/Loss Worksheet instead of on Form N-814, line 6. Before you enter an amount on line 6, see federal Publication 929 for details on how to figure the amount to report on your Capital Gain/Loss Worksheet.

Form N-11 filers should also see federal Publication 929 to figure the amount to report as capital gains and the amount to report on Form N-814, line 6.

Line 9. If you are filing more than one Form N-814, add the amounts from line 9 of **ALL** Forms N-814 and include the total on Form N-11, line 27, or on Form N-15, line 43.

Make sure to indicate that a tax from Form N-814 is included on line 27, Form N-11, or on line 43, Form N-15.