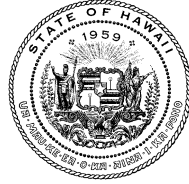


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November 2, 2017

## TAX ADVISORY

### POTENTIAL HAWAII TAX OBLIGATIONS FOR PERSONS WORKING IN THE MOTION PICTURE AND TELEVISIONS FILM PRODUCTION INDUSTRY

The purpose of this Tax Advisory is to provide notice to persons engaged in the motion picture and television film production industry of the potential tax obligations of working in Hawaii.

This Tax Advisory must be provided to persons involved in the motion picture industry while in Hawaii, including crew, actors, directors, writers, producers, or others who conduct activities in Hawaii in the capacity of an employee, vendor, independent contractor, or loan-out companies for income or profit.

#### **INCOME TAX OBLIGATIONS**

**W-2 Employees:** Wages earned while working in Hawaii as an employee are subject to Hawaii income tax for the amount of income earned while in Hawaii.

**1099 Independent Contractors and Loan-Out Companies:** Income earned in Hawaii while performing services in Hawaii or otherwise conducting business activities as an independent contractor or loan-out company is likewise subject to Hawaii income tax.

**Residency:** Income earned from performing services in Hawaii is taxable regardless of residency.

**Royalties Exclusion:** In certain circumstances, persons, whether W-2 employees or 1099 independent contractors or loan-out companies, may be entitled to an income tax exclusion for income earned as royalties from the exploitation of copyrights.

**Relevant Forms:** Income tax is reported and remitted by using the proper income tax form. For individual income tax purposes, residents file Form N-11. Nonresidents or part-year residents file Form N-15. Corporations file Form N-30 and S-Corporations file Form N-35. Partnerships and multi-member limited liability companies file Form N-20. Other forms may be necessary depending upon the circumstances.

## **GENERAL EXCISE TAX OBLIGATIONS**

Hawaii levies a gross receipts tax called the general excise tax (GET) on the gross income of anyone engaging in business in Hawaii. Generally, the GET is 4% (4.5% in the City and County of Honolulu) of all gross proceeds or gross income received from doing business in Hawaii.

1099 Independent Contractors and Loan-Out Companies: Generally, independent contractors and loan-out companies that provide services or other business activities to a production company in Hawaii are considered to be conducting business in Hawaii and are subject to the GET. Because independent contractors or loan-out companies are subject to the GET, these persons must apply for and obtain a GET license. Also, these persons must file a return and pay over GET on the gross proceeds earned in Hawaii.

W-2 Employees: Persons working or conducting business activities in Hawaii as a W-2 employee are generally not subject to the GET.

Relevant Forms: A GET license is obtained from the Department by filing Form BB-1. General excise tax is reported and remitted by filing periodic returns using Form G-45, followed by filing the annual reconciliation return using Form G-49 after the end of the tax year. Other forms may be necessary depending upon the circumstances.

## **CONTACT A TAX PROFESSIONAL**

The Department suggests that any person affected by this Tax Advisory contact a tax professional familiar with Hawaii tax laws to assist them with any Hawaii tax issues.

## **ADDITIONAL INFORMATION**

For additional information:

Website: [tax.hawaii.gov](http://tax.hawaii.gov)

Telephone: (808) 587-1530

Fax: (808) 587-1584

Hawaii Administrative Rules 18-235-17