

General Instructions

Purpose of Form

Use Form N-288C to apply for a refund of the amount withheld on dispositions by nonresident persons of Hawaii real property interests which is in excess of the transferor/seller's tax liability for the transaction. It is not mandatory to file Form N-288C. Form N-288C should be filed if the Hawaii income tax return (Form N-15, N-20, N-30, N-35, or N-40) for the year is not yet available. If available, the transferor/seller should file the appropriate tax return instead of filing Form N-288C. However, if the transferor/seller's tax year has not ended, the transferor/seller may file Form N-288C. Also, Form N-288C will be rejected if it is filed after the due date of the tax return.

IMPORTANT: If Form N-288C was filed, the transferor/seller must still file a Hawaii income tax return (Form N-15, N-20, N-30, N-35, or N-40) after the end of the taxable year, report the entire income for the year (from other sources as well as the transaction), and pay any additional tax due on the income or request a refund. You must file the same filing status on Forms N-288C and N-15.

Who May File an Application

The transferor/seller may file Form N-288C.

Where to Send Form N-288C

File Form N-288C with the Hawaii Department of Taxation (Department). See the bottom of page 2 for the mailing address.

Specific Instructions

NOTE: Before you begin to fill in Form N-288C, you should review the notification you received from the Department that we received your withholding payment to make sure that the information is correct. If any information is not correct, please return a corrected copy of the notification to the Department.

At the top of Form N-288C, enter the taxable year ending of the transferor/seller.

If your mailing address has changed, you must notify the Department of the change by completing Form ITPS-COA, Change of Address Form. Failure to do so may delay any important notices or correspondence to you.

Enter the name, address, and identification number (social security number or federal employer I.D. number), if any, of the transferor/seller. The name and identification number entered MUST be the same as the name and identification number entered for the transferor/seller on Form N-288A, or as corrected on the copy of the notification you returned to the Department. If the transferor/seller was issued an individual taxpayer identification number (ITIN) by the IRS, enter the ITIN.

CAUTION: You must provide a valid tax identification number in order for a tentative refund application to be processed. If you do not have one, you must file a State income tax return (e.g., Form N-15) in order to obtain a refund, which can be filed only after your taxable year has ended. Attach to Form N-288C a copy of the escrow closing documents or other documents substantiating the amount of State income tax withheld, schedule of improvements with

contracts, invoices, receipts, IRS Form 8824 for like-kind exchange, depreciation schedule and any other supporting documents. You must also report all other Hawaii sourced income and Hawaii tax withholdings, as well as any deductions or credits that you may have.

Enter the information describing the Hawaii real property transaction. In **b**, enter the address and description of the property. In **c**, enter the tax map key number. In **d**, enter the name of the county where the property is located.

Line 2. Enter the gross sales price. Attach a copy of your final sales statement.

Line 3. Enter the purchase price of the property. Attach a copy of your final purchase statement.

Line 4. Cost on improvements of the property, if any. Attach schedule.

Line 5. Selling expense (i.e. commissions, state transfer taxes, etc.).

Line 6. Other costs. Attach list and schedule.

Line 7. Add lines 4, 5 and 6.

Line 8. Depreciation. Attach schedule.

Line 9. Other subtractions. Attach list and schedule. Do not include any carryforward losses, net operating losses, suspended passive activity losses or IRC section 121 exclusion. These losses may be claimed on seller's Hawaii income tax return for the year of sale.

Line 10. Add lines 8 and 9.

Line 12. Line 2 minus line 11. If you are reporting the gain under the installment method, attach a separate sheet showing the principal payments received during the taxable year and the gross profit percentage. Multiply the amount of the principal payments by the gross profit percentage and enter the result on line 12.

Line 13. If you are a C corporation, multiply line 12 by 4% and enter the result on line 13. If you are a person other than a C corporation, you must use the tax rate schedules to the left to determine the amount to enter on line 13.

NOTE: These tax rates apply to long-term capital gains. For short-term capital gains, use the tax rates in the income tax booklets to determine the amount to enter on line 13.

For partnerships, S corporations, trusts, or estates, the gain on line 12 must be allocated among each partner or member, S corporation shareholder, or beneficiary of the trust or estate (member). Calculate the tax liability for each member. Enter the total tax liability of all members on line 13. Attach a schedule showing the name, identification number, and the amount of gain and tax liability allocated to each member. Also, show the computation of the tax liability for each member.

See federal Publication 523 for more information.

Signature

Form N-288C must be signed by an individual, a responsible corporate officer, a member or general partner of a partnership, or a trustee, executor, or other fiduciary of a trust or estate or by an authorized agent with a power of attorney. If you file your income tax return as married filing a joint return, your spouse must also sign this form.

NOTE: Incomplete forms will be returned to the transferor/seller. Please fill out all items.

Tax Rate Schedules

Schedule I

SINGLE INDIVIDUALS AND MARRIED INDIVIDUALS FILING SEPARATE RETURNS

If the taxable income is:	The tax shall be:
Not over \$2,400.....	1.40% of taxable income
Over \$2,400 but not over \$4,800.....	\$34.00 plus 3.20% over \$2,400
Over \$4,800 but not over \$9,600.....	\$110.00 plus 5.50% over \$4,800
Over \$9,600 but not over \$14,400.....	\$374.00 plus 6.40% over \$9,600
Over \$14,400 but not over \$19,200.....	\$682.00 plus 6.80% over \$14,400
Over \$19,200 but not over \$24,000.....	\$1,008.00 plus 7.20% over \$19,200
Over \$24,000.....	\$1,354.00 plus 7.25% over \$24,000

Schedule II

MARRIED INDIVIDUALS FILING JOINT RETURNS AND CERTAIN WIDOWS AND WIDOWERS

If the taxable income is:	The tax shall be:
Not over \$4,800.....	1.40% of taxable income
Over \$4,800 but not over \$9,600.....	\$67.00 plus 3.20% over \$4,800
Over \$9,600 but not over \$19,200.....	\$221.00 plus 5.50% over \$9,600
Over \$19,200 but not over \$28,800.....	\$749.00 plus 6.40% over \$19,200
Over \$28,800 but not over \$38,400.....	\$1,363.00 plus 6.80% over \$28,800
Over \$38,400 but not over \$48,000.....	\$2,016.00 plus 7.20% over \$38,400
Over \$48,000.....	\$2,707.00 plus 7.25% over \$48,000

Schedule III

HEAD OF HOUSEHOLD

If the taxable income is:	The tax shall be:
Not over \$3,600.....	1.40% of taxable income
Over \$3,600 but not over \$7,200.....	\$50.00 plus 3.20% over \$3,600
Over \$7,200 but not over \$14,400.....	\$166.00 plus 5.50% over \$7,200
Over \$14,400 but not over \$21,600.....	\$562.00 plus 6.40% over \$14,400
Over \$21,600 but not over \$28,800.....	\$1,022.00 plus 6.80% over \$21,600
Over \$28,800 but not over \$36,000.....	\$1,512.00 plus 7.20% over \$28,800
Over \$36,000.....	\$2,030.00 plus 7.25% over \$36,000

MAILING ADDRESS

HAWAII DEPARTMENT OF TAXATION
P. O. BOX 1530
HONOLULU, HAWAII 96806-1530