



Home FAQs Forms News & Publications Tax Policy Legal Sitemap Advanced

Frequently Asked Questions

Oahu County Surcharge Frequently Asked Questions (FAQs) Updated 04/17/09

General

Q1. What is the County Surcharge, when does it start, and how much is the tax?

- The County Surcharge increases the General Excise (GE) tax for transactions on Oahu, and will be used to to pay for Oahu's mass transit system.
- It began on January 1, 2007.
- The tax rate is increased by 1/2%, for a total tax rate of 4.5% (for transactions on Oahu).

Q2. What is the maximum tax rate I can collect from my customer to cover my General Excise and County Surcharge tax liability?

The maximum you can pass on to your customer is 4.712%. However, you are not required by law to pass on these taxes to your customer.

Q3. Beginning January 1, 2007 should I keep track of my transactions by the different taxing districts that I'm conducting business in?

Yes. Beginning January 1, 2007, if you do business on more than one island, you will need to separate your transactions by taxing districts (Oahu, Maui, Kauai, Hawaii) so that the amounts can be properly reported in Part IV (for any Oahu sales) and Part V (for assignment of taxes by District) of the revised Forms G-45 and annual G-49, and on Form G-75.

Q4. How can I get additional information about the County Surcharge?

Visit the Department's website at www.hawaii.gov/tax/surcharge. Or, you may call our Call Center customer service representatives at 808-587-4242 or toll-free from the neighbor islands and continental U.S. at 1-800-222-3229, Monday thru Friday, 7:45 a.m. to 4:30 p.m. (excluding State holidays).

Q5. I heard that there is a 'transitional rule' that says income from contracts executed before June 30, 2006 that do not allow the business to increase taxes is exempt from the additional 1/2% County Surcharge. Is that correct? Where can I find it in writing that allows this exemption? Where do I record the exemption?

Yes. Income from contracts entered into before June 30, 2006 that do NOT allow an increase in the tax rate is exempt from the 1/2% County Surcharge for the duration of the contract. The authority for this exemption can be found in Section 237-8.6(c), Hawaii Revised Statutes. The exemption should be shown in Part IV, column b of the revised Forms G-45 and G-49 (be sure to attach Schedule GE).

[\[Top\]](#)

Who Is Subject To The Tax And What Transactions Are Subject To The Tax?

Q1. Who must pay the County Surcharge and what transactions are subject to the tax?

- All businesses located on Oahu are required to pay the 1/2% County Surcharge on all Oahu transactions for which they pay the 4% GE tax.
- Neighbor island businesses (and out-of-state businesses) that do not deliver any goods or services to Oahu are not subject to the 1/2% County Surcharge.
- Neighbor island businesses (and out-of-state businesses) that deliver goods or services to Oahu, and have a 'physical presence' on Oahu, must pay the 1/2% County Surcharge on their Oahu transactions. ('Physical presence' means, for example having an office on Oahu, an employee or agent on Oahu, or sales representatives traveling to Oahu to do business.)
- In general, any income earned from any transaction related to an Oahu customer is subject to the 1/2% County Surcharge.
 - Business activities that are subject to the 4% GE tax rate, such as retailing of goods & services, contracting, renting real property or tangible personal property, and interest income are also subject to the 1/2% County Surcharge.

Q2. Does the 1/2% County Surcharge apply to insurance commissions?

No. The 1/2% Oahu County Surcharge only applies to transactions that are subject to the 4% General Excise tax rate.

Q3. Does the 1/2% County Surcharge apply to wholesale transactions?

No. The 1/2% Oahu County Surcharge only applies to transactions that are subject to the 4% General Excise tax rate.

Q4. Is rental property located on the neighbor islands (Kauai, Hawaii, Maui, Lanai, Molokai) subject to the 1/2% County Surcharge?

No. Rental property located on any island outside of Oahu is not subject to the 1/2% Oahu County Surcharge.

Q5. I'm a resident of a neighbor island and I have a rental property on the Oahu. Is my rental income from the Oahu property subject to the 1/2% County Surcharge?

Yes. Regardless of where the landlord is located, rental property located on Oahu is subject to the 1/2% Oahu County Surcharge.

Q6. Does the 1/2% County Surcharge apply to neighbor island contractors who do work on Oahu?

Yes. If the neighbor island contractor performs work on a job site located on Oahu, the 1/2% Oahu County Surcharge applies.

[\[Top\]](#)

Forms

Q1. How will I pay the tax? What forms will I use?

The County Surcharge is included and paid on Forms G-45 (Periodic GE/Use Tax Return) and G-49 (Annual Return & Reconciliation), in Part IV, City & County of Honolulu Surcharge, and Part V, Schedule of Assignment of Taxes by District. If you did business in more than one district, you will also need to complete Form G-75 (Schedule of Assignment of General Excise/Use Taxes By Districts), and attach it to Forms G-45 and G-49. The due dates to turn in your forms and payments remain unchanged and you will only have to write one check to the State Tax Collector (or, if required or desired, electronically to the Department of Taxation).

These forms are available on our website at www.hawaii.gov/tax.

Q2. Can I use the new forms to file my GE taxes for 2006 or earlier years?

Yes. However, you would not complete Parts IV or V.

Q3. Do I have to fill out Part IV and Part V of Forms G-45 and G-49 if I'm from the neighbor islands (Kauai, Hawaii, Maui, Lanai, Molokai)?

- Yes. All taxpayers required to complete the G-45 and G-49 must complete Part V, Schedule of Assignment of Taxes by District.
- Only taxpayers subject to the 1/2% Oahu County Surcharge must complete Part IV, City and County of Honolulu Surcharge at 0.5%. Neighbor island businesses who sell goods or services to Oahu customers and have a physical presence on Oahu would likely pay the 1/2% Oahu County Surcharge on their Oahu sales transactions. Additionally, neighbor island landlords who rent or lease property on Oahu must pay the 1/2% Oahu County Surcharge on their Oahu rental income.

Q4. If I conduct business on only one island, do I need to complete Part V of Forms G-45 and G-49?

Yes. ALL businesses must complete Part V. If you do business on only one island, you must indicate the district in which you do business. You do not need to put any information in any of the other Taxation Districts.

Q5. I'm trying to complete Part V, Assignment of Taxes by District, of the G-45. Where do I report the taxes from sales on Molokai, Lanai, and Niihau?

Taxes from transactions related to Molokai and Lanai are reported under the "Maui Taxation District". Niihau is reported under the "Kauai Taxation District".

Q6. If I need help completing the Forms G-45 or G-49, General Excise/Use Tax Return, who can I contact?

You may call (808) 587-4242 or toll free from the neighbor islands and continental U.S. at 1-800-222-3229, Monday through Friday, 7:45 a.m. to 4:30 p.m. (excluding State holidays).

[\[Top\]](#)

Suggestions?

Any comments or suggestions, please email Tax.Rules.Office@hawaii.gov.

See also:

[County Surcharge](#)

[County Surcharge - Summary](#)

[\[Top\]](#)