

STATE OF HAWAII
DEPARTMENT OF TAXATION
REPORT OF BULK SALE OR TRANSFER
(Pursuant to section 237-43, Hawaii Revised Statutes (HRS))

Please read the Important Notice, Definitions, and Instructions on the back before preparing this form.

Name of Purchaser _____
Address _____

Name of Seller _____
DBA _____
Address _____

Hawaii Tax I.D. No. **W** _____ - ____
Last 4 digits of your Social Security No. or Federal Employer ID No. _____

Hawaii Tax I.D. No. **W** _____ - ____
Last 4 digits of your Social Security No. or Federal Employer ID No. _____
Name of Parent Corp. (If applicable) _____
Parent Corp.'s last 4 digits of Federal Employer ID No. _____

Description and Value of Property Sold or Transferred as listed below:

Inventory of Stock in Trade (General Excise Tax - Taxable at 0.5%).....
Furniture and Fixtures.....
Machinery and Equipment.....
Land and Buildings.....
Covenants Not To Compete (General Excise Tax - Taxable at 4%. County Surcharge Tax - Taxable at 0.5% if the transaction is assigned to the City and County of Honolulu.).....
Goodwill and Other Intangibles (See Instructions).....
Other Assets (Please describe) _____
TOTAL

Purchase Price

| | | |
|----|--|--|
| \$ | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| \$ | | |

Date of Sale _____

Date of Filing Report _____

Please answer the following questions:

1. Does this transaction terminate the business of the seller? (If yes, all general excise tax returns for income received up to the date of the sale must be filed and paid. **NOTE: Net income tax returns for the year being closed must be filed and any tax due must be paid by the due date of the return.**).....
2. Did the seller ever receive any property in a transaction for which a report under section 237-43, HRS, was required but was not filed? If yes, attach a statement fully describing the transaction(s) and the property involved.
3. Was a tax clearance certificate issued to the seller? If yes, date issued _____ (Attach a copy)
4. Are the seller and purchaser affiliated companies or persons within the meaning of section 231-3.1, HRS, or is the sale or transfer made under other circumstances where the relation between the seller and purchaser is such that the consideration paid, if any, is not indicative of the true value of the property sold or transferred?
If yes, please describe how the purchase price was determined. _____

| | YES | NO |
|--|-----|----|
| | | |
| | | |
| | | |

The undersigned declares, under the penalties set forth in section 231-36, HRS, that this is a true, correct and complete statement of facts.

Signature of Purchaser, if this report is made by Purchaser. _____

Signature of Seller _____

Type or Print Name of Purchaser _____

Type or Print Name of Seller _____

Address of where to mail copy of Report of Bulk Sale or Transfer (and/or other correspondence)

Contact Person: Name: _____ **Telephone No.** _____

CERTIFICATE OF DIRECTOR OF TAXATION

This is to certify that the Report of Bulk Sale or Transfer required by section 237-43, HRS, has been filed, as shown above, and that all taxes, penalties and interest due on the date of this certificate have been paid.

This certificate shall be voidable by the Department of Taxation if any material misrepresentation has been made in this report.

DIRECTOR OF TAXATION

Date of Certificate: _____

By: _____

IMPORTANT NOTICE

This report of bulk sale or transfer must be made by the seller not later than **ten days** after the possession, or the control, or the title of the property, or any part thereof, has passed to the purchaser. The purchaser may make this report for the seller. The purchaser of such property shall withhold payment of the purchase price until the receipt of a certificate (after approval, the front page of the Report of Bulk Sale or Transfer will be the certificate) from the Director of Taxation to the effect that all taxes, penalties and interest levied or accrued under Title 14, HRS, for taxes administered by the Department of Taxation against the seller or constituting a lien upon such property have been paid. If this report of bulk sale or transfer is not made, or if the taxes, penalties and interest are not paid within twenty days after the sale or transfer or within such further time as the Department may allow, the purchaser shall be personally liable to pay the State the amount of all taxes, penalties and interest levied or accrued under Title 14, HRS, for taxes administered by the Department of Taxation against the seller or constituting a lien upon such property, together with penalties and interest thereafter accruing, not exceeding, however, the amount of the purchase price.

DEFINITIONS

"Property" means anything that may be the subject of ownership, including every kind of asset, whether real or personal, tangible or intangible, and without limitation, such as land and buildings, goodwill, notes, accounts, and other intangible property. The term "property" shall not include any interest in residential real property.

"Purchase price" means the total fair market value, as of the date of sale or transfer, of all property transferred, whether or not money or property is exchanged therefor.

"Purchaser" means any person who receives property in a bulk sale or transfer, whether or not money or property is exchanged therefor.

"Sale" means the transfer of property for compensation.

"Seller" means any person who sells or transfers any property in bulk sale or transfer, whether or not money or property is exchanged therefor.

"Transfer" means the sale, conveyance, or distribution by any mode, direct or indirect, absolute or conditional, voluntary or involuntary, of title to or beneficial ownership in property, or interest therein. The term "transfer" does not include a bona fide, arm's length:

- (1) Creation, modification, or termination of a lease interest;
- (2) Creation, modification, or release of a lien or encumbrance; or
- (3) Transfer occurring as a result of the enforcement of a lien.

INSTRUCTIONS

Inventory - Sale of inventory in a bulk sale or transfer is taxable at the general excise tax rate of 0.5%. The tax due must be reported on Form G-45 and paid with a cashier's check with this report. Enter the sale of inventory on the "Wholesaling" line of Form G-45, and write "Bulk Sale" on the blank space next to "Wholesaling".

Covenants Not to Compete - Sale of covenants not to compete in a bulk sale or transfer is taxable at the at the general excise tax rate of 4%. The sale of covenants not to compete also is subject to the county surcharge tax at 0.5% if the transaction is assigned to the City and County of Honolulu. The tax due must be reported on Form G-45 and paid with a cashier's check with this report. Enter the sale of covenants not to compete on the "Interest and All Others" line of Form G-45, and write "Covenants" on the blank space next to "Interest and All Others".

Goodwill - Sale of goodwill is not subject to the General Excise Tax.

Outstanding Taxes - If there are any outstanding taxes due or taxes owed, a cashier's check must be submitted with the tax returns or delinquent tax bills in order to process the report of bulk sale or transfer.

Who Must File - The report of bulk sale or transfer must be made by the seller. However, the purchaser may make this report for the seller.

When to File - The report of bulk sale or transfer must be made no later than **10 days** after the possession, or the control, or the title of the property, or part thereof, has passed to the purchaser.

Where to File - The report of bulk sale or transfer should be mailed to:

HAWAII DEPARTMENT OF TAXATION
P. O. BOX 259
HONOLULU, HI 96809-0259
808-587-4242
1-800-222-3229

For additional information, please refer to Tax Information Releases Nos. 91-10 and 95-2.