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- **Overview of KFS Disbursement Voucher Supporting Documentation Matrix**
  - Alan Kimura, Supervisor, Disbursing

- **Disbursement Voucher New Enhancements**
  - Alan Kimura, Supervisor, Disbursing

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- **Scholarship/Fellowship/Stipend Payment Process in Banner**
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- **Overview of Financial Report Tools and Resources**
  - Tammy-Lu Vandevender, Director of Fiscal Services

- **Tax Treatment for Hawaii General Excise Tax**
  - Ken Lum, Director of Tax Services
Financial Management Office

FMO Newsletter Announcement

Susan Lin
Director of Financial Management and Controller
What’s New in Financial Management
July 2015 – What’s New in Financial Management

This issue of the Financial Management Office Newsletter includes information about the following:

- **2015 Fiscal Year End Close Calendar and Reminders**
- **Additional Procedures for Recording Cash Deposits in KFS**
- **New Process for Scholarship and Fellowship DV Payments in KFS**
- **New RCUH Budget Codes for Non-UH Sales**
- **Revised Chart of Accounts Code - Function Codes**
- **University of Hawaii Federal Identification Number**
- **Finding Information in the FMO Website**
- **Resources**
  - Next Fiscal Administrators’ Town Hall, July 23 from 10am to 12pm
  - Training calendars
  - Available Topical Webinars and Online Tutorials

What’s New in Financial Management will be distributed monthly. Should you have any questions about this newsletter, contact Deborah Lee via email: dkslee@hawaii.edu.

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Newsletter Website:
Financial Management Office

Overview of KFS Disbursement Voucher Supporting Documentation Matrix

Alan Kimura
Supervisor, Disbursing
How did the Matrix Come About?

• Resulted from the FMO - Fiscal Services site visits during fiscal year 2015
• Some of the comments from the fields:
  ▫ The required supporting documentation for DVs is not consistent
  ▫ It would be helpful to provide hints or information on what Disbursing is pre-auditing or what supports are required on the documents (DV) so they can be compliant. The FAs are trying to submit the DVs correctly.

We heard and responded with this Matrix
What’s New?

• New Disbursement Voucher (DV) Supporting Documentation Matrix
  • Provides guidelines of the type of documentation required for different DV payment types
Advantages of the DV Matrix?

• Helpful guide

• Outlines type of documentation required based on various payments

• Separate categories for payments to UH Employees, Non-Employees and Business Entities
Where is the Matrix Located?

- FMO Web Site
- Payment/Reimbursement Section
- Policies and Guidelines Tab
- Process Documents Section
What Does It Look Like?

Disbursement Voucher Supporting Documentation Matrix
As of 7/20/2015

<table>
<thead>
<tr>
<th>UH Employee Reimbursement</th>
<th>Acceptable Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Expenditures (DV Payment Type)</td>
<td>Itemized Receipt, Invoice with/and Proof of Payment</td>
</tr>
<tr>
<td>A</td>
<td>Cash Award</td>
</tr>
<tr>
<td>A</td>
<td>Cash Advance for Human Subject Research</td>
</tr>
<tr>
<td>A</td>
<td>Cash Advance (General)</td>
</tr>
<tr>
<td>C</td>
<td>Computer Services</td>
</tr>
<tr>
<td>D</td>
<td>Dues, Subscriptions</td>
</tr>
<tr>
<td>E</td>
<td>Equipment (Non-Capital)</td>
</tr>
<tr>
<td>F</td>
<td>Other Curr Exps, Fees</td>
</tr>
<tr>
<td>F</td>
<td>Settlement/Judgement</td>
</tr>
<tr>
<td>F</td>
<td>U.S. VISA</td>
</tr>
</tbody>
</table>
Example 1

• **Payment Reason Code A: CASH AWARD**  
  - Signed Award Letter/Form

• **Payment Reason Code A: CASH ADVANCE for Human Subject Research**  
  - Dept. Cash Advance Memo to Director, Disbursing & Payroll  
  - Committee on Human Studies (CHS) Approval Letter  
  - Completion instructions will be provided at time of payment by Disbursing for tax reporting purpose
Example 1 Con’t

• Payment Reason Code A: CASH ADVANCE (General)
  • Dept. Cash Advance Memo to Director, Disbursing & Payroll
  • Itemized Receipt, Invoice, and/or Proof of Payment
Example 2

- DV Payment Reason Code C: Computer Services
  - Itemized Receipt, Invoice, and/or Proof of Payment
Summary

• **New DV Documentation Matrix**
  • Simple Guide
  • Outlines what documentation should be attached based on various DV type payments

• **Matrix Based on 3 Categories**
  • UH Employees
  • Non-Employees
  • Payment to Business Entities
Questions?

Please email us at uhdisb2@hawaii.edu
Financial Management Office

Disbursement Voucher New Enhancements

Alan Kimura, Supervisor, Disbursing
How did these Enhancements Come About?

• Some comments from the fields and faculty:
  ▫ It would be helpful if Disbursing would make small adjustments on the DVs rather than disapproving it and having the field (and Disbursing) do the DV again.
  ▫ Why does “the System” require approval of tiny transactions, example given of $.08. Is it cost-effective?

We heard and developed these enhancements
What’s New?

• Fiscal Administrators (FA) can change $$$ amount on Disbursement Vouchers (DV).

• $25 or less DV payments to non-UH employees will bypass Account Supervisor for approval.

• Disbursing is able to correct the check amount within a variance amount of $100.
Advantages of DV Enhancements?

• FA can now change Dollar amount on Accounting Line, Add/Delete Lines.

• Account Supervisor does not need to approve below $25 threshold for Non-employees DV reimbursements.

• Disbursing will have the ability to make corrections on some DVs.
Effective When?

- August 1, 2015
FA Can Edit Accounting Line

![Disbursement Voucher](image)

The image shows a disbursement voucher form with detailed accounting information. The form includes fields for payment reason code, payee ID, address, city, state, postal code, and due date. The accounting lines section displays various details such as chart, account number, sub-account, object, sub-object, project, Org Ref Id, amount, and actions. The total amount is indicated as $1.00.
Account Supervisor Bypass $25 Threshold

- System Bypass Messages located in:
  - Notes and Attachments
  - Route Log

- Enhancement does not affect UH Employee’s reimbursements
Account Supervisor Bypass $25 Threshold

![Disbursement Voucher Image]

- **Payment Reason Code**: X - Bond, Refunds, AR, DueState-0010, S110, 6000
- **Payee ID**: 37643-0
- **Payee Type**: Vendor
- **Address 1**: 123 WAIKIKI AVENUE
- **City**: HONOLULU
- **Country**: UNITED STATES
- *** Check Amount**: 21.00
- **Payee Name**: REFUND VENDOR TYPE
- **Address 2**:
- **State**: HI
- **Postal Code**: 96816
- *** Due Date**: 07/13/2015
- **Payment Type**: Check
- **Payment Method**: P - Check
- **Check Stub Text**: CST
- **Other Considerations**: Check Enclosure: No, Special Handling: No, W-9/W-3BEN Completed Exception Attached: No
- **Documentation Location Code**: S - Initiating Organization
- **Accounting Lines**

<table>
<thead>
<tr>
<th>Source</th>
<th>Chart</th>
<th>Account Number</th>
<th>Sub-Account</th>
<th>Object</th>
<th>Sub-Object</th>
<th>Project</th>
<th>Org Ref Id</th>
<th>* Amount</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>SW</td>
<td>1134422</td>
<td>FINANCIAL MANAGEMENT OFFICE</td>
<td>5110</td>
<td>REFUNDS</td>
<td></td>
<td></td>
<td></td>
<td>21.00</td>
<td></td>
</tr>
</tbody>
</table>

**Line Description**: Invoice Number, Invoice Date, Goods/Services Rec’d Date

**Notes and Attachments (1)**

- **Posted Timestamp**: 07/14/2015 09:26 AM
- **Author**: KFSSYS
- **Note Text**: DV bypassed Account Supervisor routing due to de minimus threshold.

**Attached File**: Browse... No file selected.
Account Supervisor Bypass (Con’t)
Summary

- **FA can make changes in DV Accounting Line:**
  - FA able to change $$ amount
  - FA able to add or delete accounting lines

- **Account Supervisor $25 Bypass Threshold:**
  - For UH Employees – No Change
  - For Non-Employees – Bypass Acct Supervisor to FA
  - System Entries of Bypass in Notes & Attachments and Route Log
Summary (Con’t)

• **UH DISB can make up to $100 change in DV:**
  - Able to change up to $100.00 amount
  - Able to change $$$ in Check Box & Acctg Line Dollar Amount fields

• **FA will be Notified via Email by UH DISB:**
  - System Entries of $$$ Amount Change in Notes & Attachments
  - Email to FA for approval before DV is released for payment by Pre-Audit Clerk
Questions?

Please email us at uhdisb2@hawaii.edu
What’s New?

• Auto fill name of person when typing in the adhoc field
• Modifications to the system generated eTravel notices
10 Day Notice

• No change to notice

• Notice sent to traveler if document has not been submitted within 10 days of the return date

From: eTravel System <etravel@hawaii.edu>
Date: Mon, Jun 29, 2015 at 2:55 PM
Subject: Travel Completion Reminder
To: cahana@hawaii.edu

This is to remind you to submit your Travel Completion via eTravel system within 21 calendar days from the Return Date of your trip. However, if the business trip described below was not taken, you may void or delete the Travel Request in the eTravel system, otherwise it will remain in the system as outstanding. If you have already submitted your Travel Completion to your Fiscal Administrator, then you may disregard this email.

Employee: CAMERON AHANA  
Document#: T544968  
Document Date: 03/04/2015  
Return Date: 06/19/2015  
Amount: $1,300.00  
Date Due to Business office: 07/10/2015

Should you have any questions, please contact your Fiscal Administrator.

Note: This is a system generated notice, please do not respond to this email.
21 Day Notice

- 22 day notice has changed to a 21 day notice

- Notice sent to traveler and supervisor if document has not been submitted within 21 days of the return date

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From: eTravel System <etravel@hawaii.edu>
Date: Mon, Jun 29, 2015 at 3:09 PM
Subject: Travel Completion Reminder
To: amek@hawaii.edu

This is to remind you that your Travel Completion IS DUE TODAY. However, if the business trip described below was not taken, you may void or delete the Travel Request in the eTravel system, otherwise it will remain in the system as outstanding.

Employee: ANNA KALELEIKI
Document#: T544868
Document Date: 03/04/2015
Return Date: 06/08/2015
Amount: $1,300.00
Date Due to Business office: 06/29/2015

Should you have any questions, please contact your Fiscal Administrator.

Note: This is a system generated notice, please do not respond to this email.
30 Day Notice

- No change to notice
- Notice sent to traveler if, after 30 days of the travel completion create date, the traveler has not been reimbursed

The eTravel system has noticed that you submitted a Travel Completion for the following trip and you haven’t been reimbursed yet.

Document#: T544782
Travel Period: 07/20/2015 - 07/25/2015
Destination Type: US
Document status: ROUTING
Reimbursement Amount: $229.65

View the Travel Completion at:
http://localhost:8080/trvl/lookupDispatch.do?docId=4041

Check whose desk the Travel Completion is sitting at:
http://localhost:8080.kr-dev/kew/RouteLog.do?routeHeaderId=4041

You can ignore this message if you have already been reimbursed or if you know that your reimbursement is forthcoming.
45 Day Notice

- Notice sent to traveler, supervisor and FA, if after 45 days of the return date:
  - Completion has not been submitted to Disbursing
  - An advance was taken
45 Day Sample

From: eTravel System <etravel@hawaii.edu>
Date: Tue, Jun 30, 2015 at 10:34 AM
Subject: Travel Completion Overdue - 45 Day Notice
To: amek@hawaii.edu

According to our record, your Travel Completion has not been submitted through the eTravel system, and it is now 24 days past due.

Employee: ANNA KALELEIKI
Document#: T544868
Document Date: 03/04/2015
Return Date: 05/16/2015
Amount: $100.00

Your Travel Completion WAS DUE to the eTravel system on 06/06/2015 (21 calendar days from the Return Date indicated above).

If the Travel Completion IS NOT RECEIVED by 07/15/2015 (60 calendar days from the return date indicated above), it will affect:

1. Your ability to make the next travel arrangement.
2. Your income reporting
   a. IRS CODE 1573 AND IRS REGULATION 62.2(h)(3)(ii) REQUIRES US TO INCLUDE THE TOTAL AMOUNT SHOWN ABOVE IN YOUR GROSS INCOME AND REPORT SUCH AMOUNTS AS WAGES OR OTHER COMPENSATION, WITH APPLICABLE WITHHOLDINGS AND PAYMENT OF EMPLOYMENT TAXES. ONCE AMOUNTS ARE REPORTED TO THE IRS AS WAGES, NO CHANGES CAN BE MADE TO THE PAYROLL RECORDS.

To avoid income tax consequence and withholding on travel payments, you must submit your Travel Completion report via the eTravel system NOW in accordance with University Policy outlined in APM A8.851.

If the business trip described above was not taken, you may void or delete the Travel Request in the eTravel system, otherwise it will remain in the system as outstanding.

Should you have any questions, please contact your Fiscal Administrator.

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Note: This is a system generated notice, please do not respond to this email.
55 Day Notice

• Notice is sent to traveler, supervisor and FA if after 55 days of the return date:
  • Completion has not been submitted to Disbursing
  • An advance was taken
55 Day Sample

From: eTravel System <etravel@hawaii.edu>
Date: Tue, Jun 30, 2015 at 10:44 AM
Subject: Travel Completion Overdue - 55 Day and Final Notice!!
To: amek@hawaii.edu

The University of Hawaii Disbursing & Payroll Office has not received a Travel Completion for the following:

Employee: ANNA KALELEIKI
Document#: T544868
Document Date: 03/04/2015
Return Date: 05/16/2015
Amount: $100.00

The above referenced Travel Completion is 34 days overdue. A 45-day reminder notice was sent via email on 06/20/2010. Today represents FIFTY FIVE (55) calendar days from your return date of the trip and the Travel Completion is still outstanding.

1. Failure to comply with APM A8.851 may affect your ability to make future travel arrangements.
2. For travel advances, on 07/05/2010, the Fiscal Administrator and appropriate approving authorities will be required to initiate the Gross Income Reporting document in eTravel and submit it to the Disbursing Office. Subsequently all reporting of amounts will be handled directly by Disbursing to the Payroll Office. This means THE FULL AMOUNT OF THE ADVANCE WILL BE REPORTED AS GROSS INCOME OR OTHER COMPENSATION TO THE TRAVELER, WITH APPLICABLE WITHHOLDINGS AND PAYMENT OF EMPLOYMENT TAXES (pursuant to IRS Code 1573 and IRS Regulation 1.62.2(h)(3)(ii)). Once amounts are reported to the IRS as wages, no changes can be made to the Payroll records. In addition, the traveler will be prohibited from receiving travel advances in the future.

The Fiscal Administrator and appropriate approving authorities will be required to sign the Gross Income Reporting document in eTravel and submit it to the Disbursing Office. Subsequently all reporting of amounts will be handled directly by Disbursing to the Payroll Office.

If there are any extenuating circumstances that could be delaying the submission of your completion report, please contact your Fiscal Administrator.

Note: This is a system generated notice, please do not respond to this email.
Submitted Travel Completions

<table>
<thead>
<tr>
<th>Months</th>
<th>July-14</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan-15</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completions submitted 22 - 54 days</td>
<td>63</td>
<td>74</td>
<td>108</td>
<td>70</td>
<td>58</td>
<td>90</td>
<td>121</td>
<td>111</td>
<td>105</td>
<td>153</td>
<td>159</td>
<td>227</td>
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<tr>
<td>Completions submitted 55+ days</td>
<td>36</td>
<td>34</td>
<td>46</td>
<td>58</td>
<td>36</td>
<td>29</td>
<td>40</td>
<td>49</td>
<td>42</td>
<td>71</td>
<td>89</td>
<td>179</td>
</tr>
</tbody>
</table>

Graph showing the trend of submitted travel completions over time.
Thank You!

For eTravel inquiries:
etravel-help@lists.hawaii.edu

For technical problems:
etravel-tech@lists.hawaii.edu
Financial Management Office

Scholarship/Fellowship/Stipend Payment Process in Banner

Barbara Kawamoto, Bursar
Derek Seu, Manager, University Cashier’s Office
Points to be Covered

• Reasons to Process UH students’ scholarship/fellowship/stipend payments in Banner
• Overview of Scholarship/Fellowship/Stipend Payment and Refund Process in Banner
• When to use Third Party Form vs. Scholarship/Stipend Form
• 1098T Reporting
Reasons to Process UH Students’ Scholarship/Fellowship/Stipend Payments in Banner

- Financial Aid needs to know
  - Payments to students may have an effect on student's federal financial aid award.

- If student owes UH money for tuition and we run all scholarship payments through Banner, we have a greater chance of getting those charges paid.
Scholarship/Fellowship/Stipend Payment Process in Banner

- Use **Grant-In-Aid Payment Matrix** to determine if payment should be processed in Banner or KFS.

- If the awarding agency specifically states that the funds must be used for a UH student’s cost of attendance, then the payment should be processed in Banner. If not, then process payment in KFS via a DV.
Grant-in-Aid Matrix – Located in Tax Services Webpage

Training

Webinar2 - Tax Treatment for Scholarships and Fellowships (03/03/2015)
Note: This webinar supercedes the 05/14/2014 Tax Treatment Webinar.

Grant-in-Aid Tab for Scholarship/Fellowship Payment Process

Power Point Presentations
Part 1 (Tax)
Part 2 (Payment)

Hawaii Webinar Presentations
Part 1 (Tax)
Part 2 (Payment)

Grant-in-Aid FAQs

Grant-in-Aid Tab Object Code Matrix
# Grant in Aid Payments

**July 1, 2015**

## Processing

<table>
<thead>
<tr>
<th>US Citizen*</th>
<th>Non US Citizen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified</td>
<td>Non Qualified</td>
</tr>
<tr>
<td>UH student</td>
<td>Non UH student</td>
</tr>
<tr>
<td>UH student</td>
<td>Non UH student</td>
</tr>
</tbody>
</table>

### Tax Reporting

<table>
<thead>
<tr>
<th>Code</th>
<th>UH student</th>
<th>Non UH student</th>
<th>UH student</th>
<th>Non UH student</th>
<th>UH student</th>
<th>Non UH student</th>
<th>UH student</th>
<th>Non UH student</th>
</tr>
</thead>
<tbody>
<tr>
<td>1058T</td>
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</table>

## Object Codes to Use

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<thead>
<tr>
<th>Code</th>
<th>Code Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6500 - Grant-in-Aid - Scholarship/Fellowship</td>
<td>6500</td>
<td>6500</td>
</tr>
<tr>
<td>6503 - Grant-in-Aid Scholarship/Fellowship (Reportable)</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>6510 - Grant-in-Aid - Tuition</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>6514 - Grant-in-Aid - Tuition Loan Repayment</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>6540 - Grant-in-Aid - Travel</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>6543 - Grant-in-Aid - Travel (Reportable)</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

* Includes Permanent Residents and Resident Aliens

** Only used by JABSOM for loan pmts
Cost of Attendance Inclusion

- **Cost of Attendance** includes: tuition, fees, supplies, books, meals, housing, and personal expenses.
  - Note #1: Non Cost of Attendance should be processed via KFS DV (e.g. travel expenses)
  - Note #2: All payments to students must be reviewed by the FAO, even if not processed through Banner, as it may have an effect on student's financial aid award.
Steps to Process Scholarship/Stipend Payments in Banner

1. Submit the completed Form UHCO-2 to your campus Financial Aid Office (FAO).
2. The FAO reviews the form, as USED Regulations state that the University must know of all sources of financial assistance to students receiving financial aid. The FAO adjusts the student’s financial aid package, if necessary.
3. The campus FAO provides the approved Form to the campus Cashier’s Office.
4. The campus Cashier’s Office posts the payment to the Banner student account.
5. If the student has any unpaid charges on their student account, charges will be paid first and student will be refunded the difference.
6. Student refunds are processed daily:
   - Paper check refunds are fed to KFS every M-W-F.
   - An ACH refund file is sent to the bank daily.
Faster Payments to Students

- Encourage students to sign up for direct deposit of refunds in the MyUH Portal.
  - eRefund FAQs are available at: http://myuhinfo.hawaii.edu/object/paymentfaq.html
  - On-line tutorials on how to sign up for eRefunds can be found at: http://myuhinfo.hawaii.edu/object/io_699.html
  - Students may also call any campus Cashier’s Office for assistance or send e-mail to billpayment-l@hawaii.edu
When to use
Third Party Form
(UHCO-1)

vs
Scholarship/Fellowship/Stipend Form
(UHCO-2)
Third Party Form (UHCO-1)

• The Third Party Form is used when an internal vendor pays for educational expenses on behalf of the student.

• The Third Party Form can only be made to pay for specific charges such as tuition, fees, housing, meals or for a specific amount.

Do not use this form to pay fellowships or stipends.
Examples of when to use the Third Party Form:

1. Payment is only for Manoa campus tuition, and not any other campus tuition
2. Payment is only for tuition for specific courses, like English 300
3. Payment is only for mandatory student activity fees, but not for late registration fee
4. Payment is only for course/lab fees, professional fees, institute fees or housing/meal charges
Third Party Form (UHCO-1) cont’d

• When a third party contract is established, and the third party payment is posted to the student account by the campus Cashier’s Office, the student account is credited and the third party vendor account is debited.

• After the add/drop registration period has ended, the campus Cashier’s Office will bill external third party vendors and process payment from internal third party UH departmental vendors via a KFS DI eDoc.

• Charges to the account shown on the Third Party Form will post to KFS after transactions are fed from Banner to KFS.
Scholarship/Fellowship/Stipend Form (UHCO-2)

• Use the Scholarship/Fellowship/Stipend Form to pay scholarships/fellowships and stipends to UH students.

• Scholarships are usually entered via the STAR Giving Tree system and fed to Banner.
  ▫ Check with your campus/departmental scholarship coordinator for access and procedures.

• If your department does not have access to STAR, submit the completed Scholarship/Fellowship/Stipend Form to your campus Financial Aid Office.
### New Form – UHCO-2

#### UNIVERSITY OF HAWAII CASHIER’S OFFICE
**SCHOLARSHIP/FELLOWSHIP/STIPEND PAYMENT REQUEST**
- Qualified Expenses for UH Students Only
- Non-Qualified Expenses for UH Students – US Citizens Only

<table>
<thead>
<tr>
<th>Scholarship/Fellowship/Stipend</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td></td>
</tr>
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<table>
<thead>
<tr>
<th>Department</th>
<th>Account Code</th>
<th>Sub Account (Optional)</th>
<th>Subcode</th>
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<table>
<thead>
<tr>
<th>Student ID</th>
<th>Student’s Name</th>
<th>US Citizen(Y/N)</th>
<th>Qualified/Non-Qualified(Y/N)</th>
<th>Amount</th>
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**TOTAL** $ 0.00

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Scholarship/Fellowship/Stipend Form (UHCO-2) cont’d

- After the campus FAO has completed their review of the form, the form will be forwarded to the campus Cashier’s Office.

- The campus Cashier’s Office will post payment of the scholarship/fellowship/stipend payment to the Banner student account.

- A KFS DI eDoc transaction will post to charge the account code cited on the form.
1098-T Reportability

• The University issues a 1098-T – Tuition Statement each year to every enrolled student.
• One of the items that must be reported on this form is the total amount of any scholarships or grants that the University administered and processed during the calendar year for the payment of the student’s costs of attendance.
• Any payment processed through Banner will be included in Box 5 of the 1098-T form.
• More information about the 1098-T form is available at [http://www.fmo.hawaii.edu/student_accounts/index.html#tab5_4](http://www.fmo.hawaii.edu/student_accounts/index.html#tab5_4)
QUESTIONS?
Overview of Financial Report Tools and Resources

Tammy-Lu Vandevender, Director of Fiscal Services
Monthly Reports

- Reports distributed via PageCenterX in the FOonnn mailboxes
- List of reports
  - AR – Aging and AR Listing
  - CG – Budget Pool and Object Code Summary (Account and Consolidated), Transaction Listing
  - FP – PCDO Errors, Reconciliation and Auto Approve
  - GL – Account Summary, Transaction Listing, Open Commitments
  - LD – Detail Payroll
  - KIM – Security
- Report Dictionary
On Demand Reports

• eThority
• Uses filters and control variables for FO Code, Fiscal Year/Fiscal Period selection
• Able to modify for ad hoc requests
• Same reports as monthly reports plus more
  ▫ Annual Inventory
  ▫ Account Listing – by Fiscal Officer, Account Supervisor, Delegate
  ▫ CG Accounts with Deficits, Continuation Account Transactions
  ▫ Appropriated Funds - Budget-to-Actual, Cash Balance, Rev/Exp Projection
• Coming Soon – Report Creator class
Questions?
Financial Management Office

Tax Treatment for Hawaii General Excise Tax

Ken Lum, Director of Tax Services
Disclaimer

• The information provided in this power point presentation is not authoritative material for your tax return preparation.
• Please consult with your tax advisor if further assistance is needed.
Three Primary Questions on General Excise Tax

- What is general excise tax? Similar to sales tax?
- How does general excise tax affect U.H.?
- Are there general excise tax exemptions?
1. What is general excise tax? Similar to sales tax?

- General excise tax is created by Hawaii Revised Statutes section 237.
- This tax is on “gross income” by businesses. Every business transaction in Hawaii should be imposed by it.
- Unlike sales tax, which applies to tangible goods and certain services (varies by state), general excise tax applies to all goods and services with few exemptions.
Examples of items subject to G.E. tax or exempt from G.E. tax:

Subject to G.E. Tax:
1. Purchase of office supplies at local store.
2. Pay legal fees to local law firm.

Exempt from G. E. Tax:
1. Purchase of office supplies via internet using company with NO nexus in Hawaii.
2. Pay legal fees to mainland law firm who did all the work there.
2. How does general excise tax affect U.H.?

- Every business transaction that qualifies as a “Hawaii-based” transaction will charge a general excise tax on U.H purchases.
- Vendors of U.H. will charge
  - 4% general excise tax on purchases in neighbor islands
  - 4.5% general excise tax on purchases in Oahu. The additional .5% of 4.5% is surcharge to help fund the mass-transit rail project.
- There may be a time when vendors of UH charge higher rate
  - 4% could be imposed by vendor as 4.166%. (discuss details later)
  - 4.5% could be imposed as 4.712%(discuss details later)
What does “Hawaii-based” mean?

- Hawaii-based means having a nexus (a tax technical term) in Hawaii.
- **Nexus** literally means “connection” or “link”.
- Businesses will have nexus in Hawaii if they have property in Hawaii (also affiliate offices), provides services in Hawaii, or acquires a presence in Hawaii (having business representatives) for any period of time.
  - **Test #1**: does the vendor have Hawaii Tax ID#? If yes, the business has nexus in Hawaii.
  - **Test #2**: does the vendor have Hawaii remittance address? If yes, the business likely have nexus in Hawaii.
  - If both tests are not applicable, go to the State Hawaii Compliance Express for information.
Why do vendors pass on 4.166% and 4.712% instead of 4% or 4.5%?

- State of Hawaii allows vendors to charge 4.166% so the general excise tax is a “pass-on” tax (i.e. vendor is allowed by law to pass the tax onto its customers)
- Passing on the higher corresponding tax rate will ensure that vendors will not pay general excise tax out of their pockets.

<table>
<thead>
<tr>
<th>When Vendor Charges 4.17% GE Tax</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Merchandise Cost</td>
<td>100.00</td>
</tr>
<tr>
<td>4% GE Tax</td>
<td>4.00</td>
</tr>
<tr>
<td>.166% GE Tax</td>
<td>0.17</td>
</tr>
<tr>
<td>Gross Income to Vendor</td>
<td>104.17</td>
</tr>
<tr>
<td>4% GE Tax from Gross Income</td>
<td>4.17</td>
</tr>
<tr>
<td>Tax Remittance from Vendor to the State of Hawaii</td>
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<th>When Vendor Charges 4.% GE Tax</th>
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<td>4.00</td>
</tr>
<tr>
<td>Gross Income to Vendor</td>
<td>104.00</td>
</tr>
<tr>
<td>4% GE Tax from Gross Income</td>
<td>4.16</td>
</tr>
<tr>
<td>Tax Remittance from Vendor to the State of Hawaii</td>
<td>4.16</td>
</tr>
<tr>
<td>Tax Collected</td>
<td>4.00</td>
</tr>
<tr>
<td>Vendor’s Out-of-Pocket (GE collected - GE remitted)</td>
<td>0.16</td>
</tr>
</tbody>
</table>
3. Are there general excise tax exemptions?

- Criteria to determine if a vendor has nexus (connection or link) in Hawaii.
  - Does the vendor have an affiliate office in Hawaii?
  - Does the vendor provide any service in Hawaii (i.e. installation)?
  - Does the vendor have representatives working here?

  If the answer is NO to all above questions, the vendor doesn’t have nexus and should not charge the GE tax. In other words, UH’s only obligation is the cost of the merchandise.

- Exception for GE
  - Purchase of computers
    - When contracting a local repair shop to provide repair on warranties, nexus would be established and mainland vendor has right to pass on GE tax to U.H.
  - Certain scientific contracts with the U.S. government
    - For example, U.S. govt. contract to build telescope on Mauna Kea (see State Department of Taxation Tax Information Release 35-71 (July 1971))

A request for ruling will need to be submitted to Hawaii Department of Taxation to obtain approval for exemption of GE tax on scientific contracts with the U.S. government. Once approved, GE tax should NOT be charged regardless of vendor’s nexus status.
Can I verify if vendor has been paying g.e tax?

- **Yes**, besides the State Hawaii Compliance Express, you may ask the vendor for a Hawaii general excise tax i.d. number.
- Once you have a general excise tax i.d. number, then go to the following website: https://dotax.ehawaii.gov/tls/app
- Type in the i.d. number, click search and see if the taxpayer name matches that of the vendor.
How do I benefit from this topic in the webinar?

- By knowing the tax rules for the general excise tax, you will be a better judge in deciding whether the vendor is charging your department appropriately for general excise taxes on your purchases.
Questions?
Financial Management Office

Thank You for attending the Fiscal Administrator Meeting

Susan Lin’s Contact Information:

Email: slin@hawaii.edu
Phone: 808-956-5445