

# Hawaii Poised To Enact Tax Whistleblower Law

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The Hawaii State Legislature is poised to enact a tax whistleblower reward statute modeled after the federal tax whistleblower law, 26 U.S.C. 7623.

Both Senate Bill 2947 SD2 HD2 and Senate Bill 2238 SD1 HD 2 contain the proposed tax whistleblower provisions. As of April 13, 2012, both matters have passed third reading in both Chambers and await conference committee resolution.

Substantively, the whistleblower measures are based on the federal statute found at IRC 7623, with the significant change that the total tax, penalty, interest and additions to tax must only exceed \$500,000, as opposed to the federal requirement of \$2,000,000. Whistleblowers would be entitled to up to 30% of the amounts actually collected depending upon the extent of their and their representative's contribution. As with the federal statute, whistleblowers may be represented by an attorney and no contract with the Department of Taxation is required. Any disagreement with the Director's award may be appeal to the Tax Appeal Court within thirty days.

Both measures will require reconciliation and final passage from both chambers, and the approval of Governor Abercrombie, to become law.

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