



STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809

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TAX INFORMATION RELEASE

No. 88-7

RE: Taxability of Amounts Received Under the Civil Liberties Act of 1988 for Income Tax Purposes.

The Civil Liberties Act of 1988 (Act), Public Law 100-383, (H.R. 442) approved by the President of the United States on August 10, 1988, provides for the payment of restitution to United States citizens and permanent resident aliens of Japanese ancestry that were relocated and interned under Executive Order Number 9066 during World War II. The Act provides for the payment of \$20,000 to eligible individuals or surviving spouses, children, or parents.

The Act also provides for the payment of \$12,000 restitution to the Aleut civilian residents of Pribilof and Aleutian Islands that were relocated to temporary camps in Alaska during World War II.

The Act specifies that payments made to eligible individuals are considered damages for human suffering. The Report of the Committee on the Judiciary of the U.S. House of Representatives dated August 6, 1987 (No. 100-278), states that "payments to individuals will not be income for purposes of Internal Revenue laws of the United States or for determinations of eligibility for benefits from federal assistance programs because the payments are damages for human suffering."

Section 235-7(a)(5), Hawaii Revised Statutes (HRS), excludes from gross income, adjusted gross income, and taxable income, "(e)xcept as otherwise expressly provided, payments made by the United States or this State, under an act of Congress or a law of this State, which by express provision or administrative regulation or interpretation are exempt from both the normal and surtaxes of the United States, even though not so exempted by the Internal Revenue Code itself;"

For Hawaii income tax purposes, amounts received under the Act are excludable from gross income, adjusted gross income, and taxable income under section 235-7(a)(5), HRS.


RICHARD F. KAHLE, JR.
Director of Taxation