



DEPARTMENT OF TAXATION

**News Release**

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GOVERNOR

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**HAWAII SIGNS FEDERATION OF TAX ADMINISTRATORS  
AGREEMENT ON ABUSIVE TAX AVOIDANCE TRANSACTIONS**

HONOLULU—Hawaii joined tax agencies in 33 other states and New York City in signing a joint Federation of Tax Administrators (FTA) memorandum of agreement to share information on abusive tax shelters and illegal transactions, a move intended to strengthen the fight against this complex problem.

"Abusive tax avoidance transactions have become a threat to the fiscal health of our states," explained Stephen M. Cordi, Deputy Comptroller for Maryland and president of the FTA, an organization of the tax agencies in all states, the District of Columbia, and New York City. According to Mr. Cordi:

It's hard to overstate the size of the problem, or the difficulty of dealing with it in an efficient and systematic way.

These schemes depend on dozens of layers of transactions – each one intended to bury the taxable income a little deeper. The layers are then scattered among any number of states. We can only uncover these types of schemes by sharing knowledge and by having a close working relationship with our sister states.

(more)

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Hawaii's Tax Director, Kurt Kawafuchi, agrees. "While we may not necessarily expect these abusive tax schemes to originate in Hawaii, they have reached our shores. We need to use every tool at our disposal to uncover these schemes and make sure everyone pays their fair share of Hawaii taxes."

The FTA agreement complements an agreement signed last September between the Internal Revenue Service (IRS) and 45 states including Hawaii, the District of Columbia, and New York City. While the IRS agreement covers the sharing of abusive tax avoidance transaction (ATAT) information between the IRS and individual states, the FTA agreement focuses on ATAT information to be shared amongst and between the states and cooperative audit and enforcement actions.

The following is a list of states that signed the FTA Memorandum of Agreement Pertaining to Abusive Tax Avoidance Transactions. Additional states are expected to sign in the coming weeks.

Alabama	Kansas	Pennsylvania
Arizona	Louisiana	Rhode Island
Arkansas	Maine	South Carolina
California Franchise Tax Board	Minnesota	Tennessee
Colorado	Nebraska	Utah
Connecticut	New Jersey	Vermont
Delaware	New Mexico	Virginia
Hawaii	New York City	Washington State
Idaho	New York State	West Virginia
Illinois	North Carolina	Wisconsin
Indiana	Ohio	
Iowa	Oklahoma	

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