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**ONLINE TRAVEL COMPANIES OWE HAWAII TAXES
FOR RENTAL CAR TRANSACTIONS, COURT RULES**

HONOLULU – State circuit judge Gary W.B. Chang ruled yesterday that online travel companies, including Expedia, Priceline, Travelocity, Orbitz, Hotwire, and others, must pay Hawaii's general excise tax on certain rental car transactions in Hawaii. The State had issued tax assessments of general excise taxes, interest, and penalties to online travel companies for failing to file tax returns and pay general excise taxes for tax years 2000 through 2012. Last year, the Hawaii Supreme Court concluded online travel companies must pay general excise tax on the sale of hotel rooms in Hawaii.

The Court upheld tax assessments on gross receipts from online travel car rentals not sold as part of a travel or tour package with other services like airline or hotel reservations. The Court also ruled that under a special provision in Hawaii's general excise tax law for tourism related services, these companies owe general excise taxes on their net receipts from car rental transactions that were included in a travel or tour package sold to consumers.

The final amount of taxes, penalties, and interest to be collected by the State is yet to be determined but is expected to be in the millions of dollars.

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