



United States Department of State

*Office of Foreign Missions  
Washington, D.C. 20520*

## **NOTICE**

### **Diplomatic & Consular Tax Exemption in the State of Arizona**

The nature and procedures of the Arizona transaction privilege tax have often left foreign missions and their members puzzled as to how to obtain an exemption from this tax. Eligible foreign missions and their members are one of the very few groups entitled to exemption of relief from this tax; therefore Arizona vendors are not accustomed to receiving and granting requests for tax exemption.

The State of Arizona Department of Revenue recognizes diplomatic and consular tax exemption and allows vendors to deduct such a transaction from their taxable receipts. The Office of Foreign Missions advises foreign missions or members who plan to make purchases in Arizona to present a photocopy of the attached letter to vendors when requesting exemption.

This letter will further explain to Arizona vendors their ability to grant diplomatic or consular tax relief. Failure to use this letter may delay or prevent a foreign mission or member from receiving tax exemption.

This notice is accessible on the OFM website, [www.state.gov/ofm/notes/tax/general/index.htm](http://www.state.gov/ofm/notes/tax/general/index.htm).

October 25, 2010

# STATE OF ARIZONA

Department of Revenue



Janice K. Brewer  
Governor

Gale Garritt  
Director

August 6, 2009

Cliff Seagroves  
Deputy Director  
Diplomatic Property, Taxes, Services & Benefits  
United States Department of State  
Office of Foreign Missions  
3507 International Place, NW  
Washington, DC 20522-3303

Dear Mr. Seagroves:

The following information concerning Arizona's recognition of the United States Department of State's diplomatic exemption program is provided in response to your letter dated July 27, 2009.

Arizona imposes a transaction privilege tax that differs from the sales tax imposed by most states. The Arizona transaction privilege tax is a tax imposed on the privilege of conducting business in the State of Arizona. This tax is levied on the vendor, and not the purchaser. The vendor may pass the burden of the tax on to the purchaser; nonetheless, the vendor is ultimately liable for the tax.

Notwithstanding the fact that the tax is not imposed directly on the purchaser, Arizona does recognize the diplomatic tax exemptions that are granted by the U.S. Department of State.

Arizona vendors who inquire about this matter are informed that the Office of Foreign Missions issues tax exemption cards to certain diplomatic and consular mission members. These exemptions are to be honored in Arizona to the extent of the exemption allowed by the card.

Vendors are furnished with a copy of the State Department's brochure that explains this exemption program. Their attention is called to the fact that the cards are color-coded to indicate the extent of the exemption allowed. Some cards are valid for exemption from tax on hotel accommodations while others specifically exclude hotels from exemption. Also, some cards are not valid for purchases below a stated dollar threshold.

Vendors are advised that they should make a photocopy of both sides of the card and retain it with their records to establish entitlement for the deductions for these exempt transactions.

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August 6, 2009  
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Arizona statutes do not directly provide an exemption for diplomatic and consular mission members and the subject is not addressed by administrative rule. Nonetheless, if you wish, you may furnish copies of this letter to Arizona vendors, as appropriate, as a means of informing them of these allowable deductions from the transaction privilege tax.

If I can be of any additional service, please contact me at 602.716.6791.

Sincerely,

A handwritten signature in cursive script that reads "Christie Comanita".

Christie Comanita  
Manager  
Tax Research & Analysis

Ref: B.7