



Consultations

a newsletter for the diplomatic and consular communities

Greetings to the Diplomatic Community...

We may not yet have met in person, but with my confirmation as Assistant Secretary of State for Diplomatic Security, I also become Director of the Office of Foreign Missions. This is an honor, especially because I can fully understand the difficulties entailed in living and working in a foreign environment. I come to my office after 31 years in the United States Air Force, many of them overseas. Therefore, I can appreciate and fully support OFM's mission of service to the members of the diplomatic community as they work far from home to serve their countries.



Assistant Secretary of State for Diplomatic Security, Francis X. Taylor

provision of services by a third party. My goal is to enhance that interface process and to aid in implementing the best, most efficient, possible service. Deputy Assistant Secretary Dent, OFM's Deputy Director, is undertaking several initiatives aimed at achieving this goal. An

important one is the streamlining of communications between us. We in OFM, will continue to use this publication along with the OFM website, currently under renovation, to keep you informed on topics that could affect your missions and personnel. You are invited to play an active role. I solicit your comments, suggestions and perceptions. Share your thoughts via email at OFMquestions@state.gov, or Consultations@state.gov.

The breadth and complexity of issues that OFM deals with are exceptional. I am equally impressed with OFM's staff, both in Washington and in our regional offices—their depth of experience and commitment to service. I look forward to working closely both with them, and with you, as you represent your countries to our government and its citizens. ♦

inside this issue

FYI: Notices & Updates	2
Q&A: Air Travel	2
Friendly Skies	3
New Faces	4
Eagle Eye	4
A New Look	6
Directory	6

The extensive and significant interface between OFM and your missions most often focuses on either directly providing services to the diplomatic and consular communities, or facilitating the

Operation Liberty Shield

Launched after the decision to raise the homeland security advisory threat level to High (orange), Operation Liberty Shield is fully implemented.

This is a comprehensive design to increase protections for America and its infrastructure while maintaining the flow of goods and people across borders with minimal disruption to the economy and way of life. The operation is a multi-department, multi-agency, national team effort.

In addition to measures in place, the public is encouraged to become informed in emergency preparedness actions. The READY.GOV website and 1-800-Be-Ready line provide informative suggestions and advice with links to state sites for more localized information. The diplomatic community is encouraged to review these. In case of immediate concern, members can call the Bureau of Diplomatic Security Command Center, Washington, at 202-647-7277. And, as always, call 911 for immediate assistance. ♦



OFFICE OF FOREIGN MISSIONS
US DEPARTMENT OF STATE

Vol. 4, Number 2
Spring/Summer 2003

FYI: notices & updates

• Regarding Diplomatic Tax Exemption on Internet Purchases

Many of the largest U.S. retailers have begun collecting sales taxes on purchases made through their websites. These retailers include, but are not limited to, Wal-Mart, Target and Toys R Us. Their procedure is in place for 38 states as well as the District of Columbia effective February 2003.

Currently, there is no mechanism that allows a diplomatic tax exemption for Internet purchases. OFM regulations require that when requesting a diplomatic tax exemption the tax exemption card be personally presented, allowing the vendor to verify and then retain specific information from the card needed for reporting purposes. The nature of an Internet purchase does not allow the vendor to verify the exemption or retain the card-specific information required.

OFM advises those eligible that such a tax exemption cannot be granted on official or personal purchases made through a website. Members of the diplomatic community who wish to make tax-exempt purchases from retailers collecting taxes on Internet sales are advised to go to one of that retailer's physical stores to make their purchase.

OFM can not grant any assistance to missions, or their members, in obtaining reimbursement of taxes charged on a purchase made through the Internet, regardless of the amount.

• Keeping in Touch with OFM



If you correspond by mail with the Office of Foreign Missions, think twice before dropping it into the nearest corner mailbox. Since new security measures have been put in place, regular mail service to government agencies is much delayed. *OFM suggests that all urgent correspondence be sent to them via courier or other delivery service such as UPS, FedEx, etc.* Only non-urgent mail (preferably that not requiring a reply) should be sent via the U.S. Postal

Service, and then only to the new address below.

Address for *delivery services*:

Office of Foreign Missions
Attn: *(insert name of relevant department)*
3507 International PL, NW
Washington, DC 20008

Address for *U.S. mail* (same address but with a different zip code):

Office of Foreign Missions
Attn: *(insert name of relevant department)*
3507 International PL, NW
Washington, DC 20252-3303

continued on page 5

Frequently Asked Questions

As if air travel today were not stressful enough, there may be added confusion as to which taxes and fees associated with flying are exempt to the diplomatic community. The information below helps to clarify that confusion.

Q: Are diplomatic agents, and A&T staff accredited to the U.S. exempt from taxes and fees on air travel tickets?

A: They can be, depending on reciprocity and on which tax is under discussion.

Q: From which taxes/fees are they exempt?

A: They are exempt from

1. U.S. Customs Fees: \$5.00—Assessed on tickets issued to arriving passengers for travel that originated in a place other than Canada, Mexico and the adjacent islands of the U.S. (the Caribbean).

2. Immigration Fees: \$7.00—Applied to travel from any international point into the U.S., Puerto Rico, Guam, and the U.S. Virgin Islands. Traveling from U.S. possessions and territories to the U.S., Puerto Rico, or the U.S. Virgin Islands is considered travel from an international point and the fee applies.

3. Animal and Plant Health Inspection Service (APHIS) Fee: Collected for travel from any international point (except Canada) into the U.S. and Puerto Rico, this fee will vary over the next several years, but as of 1/1/03 it is currently \$3.10.

Q: From which are diplomatic agents or an administrative and technical staff members NOT exempt?

A: The United States Internal Revenue Service has ruled that “taxes” charged under The Airport and Airway Trust Fund are user fees (*Revenue Ruling 72-10*). Therefore, diplomats cannot be exempt from these. These non-exempt taxes and fees are the U.S. Domestic Transportation Tax, the Federal Flight Segment Tax, the Alaska/Hawaii Domestic Transportation Tax, the U.S. International Departure Tax, the Alaska/Hawaii International Departure Tax, the U.S. International Arrival Tax, the Federal Security Segment Tax, and Passenger Facility Charges.

Q: How do I obtain my air travel tax exemption?

A: Diplomats, consular and A&T staff who wish to obtain exemption from fees and taxes allowed, should present their Department of State Protocol identification and their Department of State Tax Exemption Card to the travel agent *when they purchase their airline tickets*.

They should ask the travel agent if they have been charged the U.S. Customs fee, the Immigration fee, and/or the Animal and Plant Health Inspection Service

continued on page 6

The Friendly Skies Not What They Used to Be

Thinking of flying somewhere soon? If you are a frequent flyer, or even a not-so-frequent one, you should know that the Transportation Safety Administration (TSA) has begun screening all checked bags in addition to all carry-on bags. In some instances, the screening includes opening luggage after the passenger has checked it in.

Leaving your bags unlocked will avoid the potential for them to be forcibly opened. TSA is moving toward providing travelers with free, padlock-like seals that screeners can simply snip open if a search is necessary. However, for now, air travelers are advised to use cable or zip ties as an alternative to baggage locks. If a checked bag is searched, a printed statement to that effect will be inserted in the bag or attached to the handle to notify the owner. (If your bag appears to have been searched, but there is no printed notice announcing that it was screened by the authorities, notify your airline carrier immediately.)

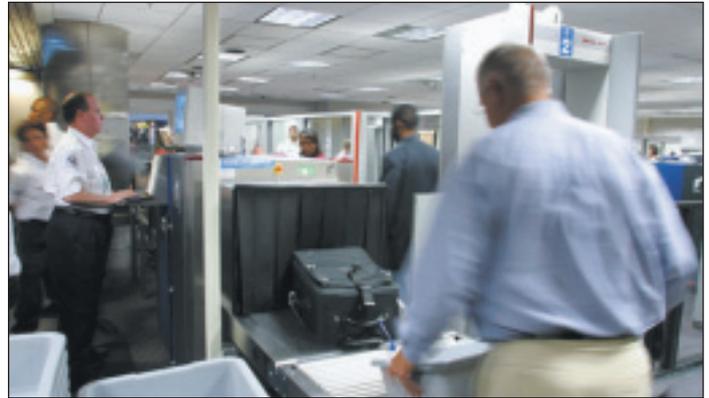
TSA has developed bag search plans with each of the nation's airports. Besides the large Explosive Detection System (EDS), screening uses methods that include explosives trace detector machines, explosives-sniffing dogs, passenger-bag matching, and hand searches.

The following packing tips will also prove helpful in minimizing your inconvenience:

- (1) Do not pack food or beverages in checked bags.
- (2) Pack footwear on top of the other contents.
- (3) Put personal items in clear plastic bags to reduce screener handling.
- (4) Spread books out—do not stack them
- (5) Do NOT place photographic film in checked bags. The screening equipment used on checked luggage will damage film.
- (6) Leave gifts unwrapped in the event screening requires their being opened.



At each airport, especially trained personnel now screen each and every piece of checked luggage using the most effective equipment and always with your safety in mind.



Security check-ins around the country are busy these days scanning your carry-ons, but there's even more going on behind the scenes.

- (7) Put scissors, pocketknives and other sharp items in your bags to be checked, never keep them in your carry-on.
 - (8) For more travel tips, check www.TSATravelTips.us.
- Another recent change affects free luggage allowances. Northwest, American and American Eagle Airlines were the first to announce these changes with other major airlines closely following suit.

The free weight allowance for domestic travelers (U.S., Canada, Caribbean, Mexico) has been reduced from two 70-pound bags (32 kgs.) to *two 50-pound bags (23 kgs.) with a maximum total liner dimension (length plus width plus height) of 62 inches (158 cm.) each*. International checked baggage allowances are unchanged from two 70-pound bags. However, if a piece of checked luggage exceeds 70 pounds a \$50 charge applies. Additional charges apply for extra pieces (above the two allowed) and/or oversize pieces. A special note: American Airlines charges \$80 per international baggage piece exceeding 70 pounds

- In almost all cases the new domestic checked baggage policy does not, repeat, does not, apply to those passengers on an international itinerary connecting to their airline's domestic route system.

If a traveler has a separate ticket for domestic travel, not connected with the international travel, the checked luggage policy of 50-pounds per piece (maximum two bags) will apply and a charge of \$25 will be made for each piece over 50-pounds but not more than 70-pounds. A charge of \$50 will apply for each piece over 70-pounds, but not more than 100-pounds. Luggage weighing over 100 pounds will not be accepted as checked luggage.

- Most major airlines specifically allow passengers traveling domestically to check two pieces of luggage and to carry one bag up to a maximum weight of 40 pounds (18 kgs.) and a total liner dimension of 45 inches (114 cm.), plus a personal item such as a purse, brief case or laptop case.

- *Note:* Baggage over 70 pounds will no longer be accepted for travel originating in Miami to international destinations including Europe, the Caribbean, Mexico, Bahamas, Central and South America. ♦

New Faces:



Cliff Seagroves, tax program officer, joins OFM as the resource in issues of taxation for diplomatic missions and their staffs. Formerly of the North Carolina Department of Revenue, he also uses his knowledge of state revenue systems to facilitate national acceptance and improved state administration of OFM's Diplomatic Tax Exemption Program.

Mr. Seagroves served as a political and consular intern at the U.S. Embassy, Budapest, Hungary. He holds a B.A. in Communication and International Relations from East Carolina University, a Certificate of Achievement in Russian Media Studies from St. Petersburg State University, Russia, and has completed coursework toward a master's in Public Administration from North Carolina Central University.



From left to right: John "Rob" Kelley, Aimee Teplinsky and Joseph "Joe" Morbach.

Three interns join OFM through the auspices of the Cooperative Education Program.

Robert Kelley serves as a staff assistant to Deputy Assistant Secretary Lynwood Dent, Jr. Originally from Maine, Mr. Kelley holds a BA in International Relations from Tufts University, and is completing his Master's in International Peace and Conflict Resolution at American University's School of International Service.

Aimee Teplinsky, office of Deputy Assistant Director John Arndt, is completing dual programs at American U: an MA in International Peace and Conflict Resolution, School of International Service, and an MBA at the Kogod School of Business. Ms. Teplinsky is from Los Angeles, and most recently worked in corporate philanthropy at Cisco Systems' New York office.

Joseph Morbach, a new staff member in the Property and Travel Office, is a graduate student at Seton Hall University (New Jersey), majoring in International Relations with a focus in national security. Originally from Detroit, Mr. Morbach received his B.A. from the University of Michigan. ♦



The Office of Foreign Missions (OFM) recently underwent a comprehensive six-week inspection of its activities and operations by the Department of State's Office of the Inspector General (OIG).

Like the well-established practice of inspecting or auditing organizational functions in private industry, oversight of organizational components by external experts is a well-established practice within the U.S. Department of State. Indeed all U.S. government departments, agencies, bureaus, etc. are required by law to establish processes that provide periodic review of their activities, thoroughly evaluate their effectiveness and make recommendations for improvements.

In private industry, the annual audits of corporations required by state and federal law is a type of inspection that focuses on financial health. Audits of this type are critical to the effective functioning of a market economy, a part of the system of checks and balances in our economy. Similarly in the government sector, periodic reviews assure the relevant authorities, and the public, that government agencies are acting within the scope of their authority and conducting operations in the most efficient, effective and economical manner.

Oversight is a well-established practice within the U.S. Department of State. Indeed all U.S. government departments, agencies, bureaus, etc. are required by law to establish processes that provide periodic review. Inspections also ascertain whether the administration of a department in question meets the requirements of applicable laws and whether the interests of the United States are being accurately represented and met. During the process, OIG also provides independent performance evaluations of department managers, and keeps both the Secretary of State and Congress fully informed about problems and deficiencies, recommending corrective action and tracking progress in implementing those recommendations. The Inspector General also reports semi-annually to Congress on the effect legislation or regulations will have on departmental efficiency and in preventing or detecting, fraud, waste, and abuse.

How is an inspection conducted?

An Office of Inspector General has extremely broad and autonomous power over the operation of a government department or agency. During the course of an inspection however, the OIG's statutory efforts focus on operations and responsibilities.

OFM's mandate and mission is set forth in the Foreign Missions Act of 1982 (22 U.S.C. 4301-4316) and the extent to which OFM efforts satisfy the requirements of the act is the measure by which OFM is evaluated. OFM's mission covers four broad areas of responsibility:

- Employment of reciprocity to insure equitable treatment for United States diplomatic establishments, and consular missions and their personnel abroad;
- Regulation of the activities of foreign missions in the United States in a manner that will protect the foreign policy and national security interests of the United States;
- Protection of the United States public from abuses of privileges and immunities by members of foreign missions, and
- Provision of service and assistance to the foreign mission community in the United States to assure appropriate privileges, benefits, and services on a reciprocal basis.

continued on page 5

Eagle Eye, continued from page 4

The services OFM provides to the diplomatic and consular community in the United States are closely examined. Thorough reviews of OFM's service programs are conducted, including its Motor Vehicle Program (titles, registrations, licenses, and plates), and its Tax, Customs, Property and Travel Programs. The inspection also covered support services provided by OFM's regional offices in New York, Chicago, San Francisco, Los Angeles, Miami and Honolulu. However, evaluating OFM performance is not solely an internal review. Interviews are conducted with selected OFM clients and other interested parties, e.g., Office of Protocol, Bureau of Consular Affairs, Bureau of Intelligence and Research, Office of the Legal Advisor, etc., to solicit their evaluations of OFM's performance.

New and planned initiatives are looked at to determine their relevance to OFM's mission and their value to OFM's clientele. The current review evaluated a pilot program aimed at eliminating delays and improving service at the Chicago Regional Office by decentralizing production of OFM documents (tax cards, drivers' licenses and diplomatic ID cards). Other initiatives under review were the issuance of drivers licenses and tax exemption cards upon notification of appointment rather than awaiting formal accreditation; issuing ID cards to dependents of consular officers; outsourcing liability insurance compliance; seeking lower group rates for auto insurance; encouraging consulates to process paperwork directly with Regional Offices (when approved by respective embassies); and the scheduled opening of a regional office in Houston, Texas.

The results and findings of the latest OFM inspection are now being analyzed and evaluated. Once completed, the OIG will generate a formal written report on its findings and recommendations for presentation to the Secretary of State. However, it is not only the findings, but also the very process of inspection that is important. It is a tool by which government is supervised and kept responsive to its citizenry ...and in OFM's case, to the diplomatic and consular communities that it is to serve. OFM and its personnel welcome these inspections as an opportunity to refocus its efforts to serve. ♦

FYI, continued from page 2

• Good News for Customers of Exxon/Mobil

Exxon/Mobil Corporation has notified the Office of Foreign Mission that it has changed its procedure regarding exempting tax on diesel fuel. In the past, Exxon/Mobile did not exempt diesel fuel from tax charges. The new procedure (in effect starting March 20, 2003) ensures that at the end of the billing cycle, diplomats who use diesel fuel will be credited for taxes paid.

Exxon/Mobil's updated diesel fuel tax exemption policy is based on an I.R.S. ruling 89-8 that states, "[Past] Revenue Ruling 73-198 and Revenue Ruling 65-100 are modified insofar as they apply to sales of gasoline and diesel fuels to diplomatic and consular personnel of foreign governments."

It is unlikely that taxes charged on diesel fuel in the past will be reimbursed. For questions regarding reimbursement on past diesel fuel tax charges, please contact *Dave Garcia, Customs Officer, 202-895-3537*.

• ... and for Customers of Verizon Business/Residential Services

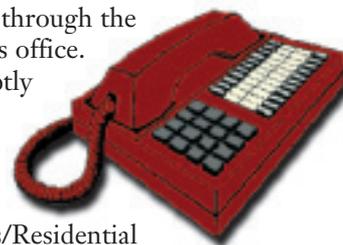
Verizon has notified the Office of Foreign Missions of a change to the procedure it uses to exempt utility and sales taxes from the accounts held by diplomatic missions and their personnel. The following procedural change affects only those foreign diplomatic community customers with Verizon Business/Residential Services accounts.

In addition to the existing requirement to complete an Application for Diplomatic Exemption From Taxes on a *Utilities DSP Form 98*, eligible diplomatic agents, consular officers, A&T staff and missions with Verizon Business/Residential Services accounts must now also *complete a Certificate of Exemption from Federal Excise Tax on Telecommunication Services*, as well as providing a *photocopy of their personal or mission invoice*, to obtain tax exemption from federal and state excise taxes. Copies of the certificate of Exemption from Federal Excise Tax on Telecommunications Services is available through the Office of Foreign Missions, Tax Programs office.

It is essential that these forms be promptly completed and returned to the Office of Foreign Missions. Current account holders who fail to provide this information jeopardize the continuation of their tax exemption allowance by Verizon Business/Residential Services. If you have questions regarding this issue, contact our *Tax Program Staff* at 202 895-3537 or 202 895-3563. OFM is ready at any time to provide advice and assistance.

• Manifest Requirements Apply to Diplomatic Shipments

The U.S. Customs Service now requires that all importers provide Customs with manifests of any cargo being shipped to the United States 24 hours before that cargo is loaded. This new rule is part of the U.S. government's efforts to provide better border security. Since this is a security measure, the requirement to provide a cargo manifest in advance also applies to all diplomatic shipments bound for U.S. ports. OFM asks for the foreign missions' understanding of the need for this new procedure, and expresses its appreciation of their cooperation.



continued on page 6

Q&A, continued from page 2

(APHIS), and if so, to exempt them. The SABRE reservation system, which is the standard means of generating airline tickets and reservations in the United States, includes a check box for tax exemption in its software. Any ticket salesperson can click the TE (tax-exempt) box and the SABRE software will automatically ignore the taxes from which diplomats can be exempted on international airfare.

Q: What if I have paid for the ticket with fees and taxes included?

A: *There is no possibility of late refund. Tax and fee exemptions must be obtained when the ticket is purchased.* ♦

We have a NEW look . . .

Have you noticed? Each of the last two issues of *Consultations* has featured subtle changes in appearance, typeface, format, art—all elements of an updated, and easier-to-read newsletter. The most exciting change, the final element, comes with this issue—a new nameplate. More colorful, bolder and, most importantly, a fresh reminder that this publication is for you, the diplomatic and consular communities.

Consultations is one of the tools aiding us in working together. So, the one thing we have not changed is the content. As always, you will find it packed with information that may affect your mission and tips to help make your daily routines smoother. However, we need *your* help to make it a more interactive tool. Share your concerns, comments and questions with us and we will strive to address them in future issues. Contact us by e-mail at consultations@state.gov. Meanwhile, we hope you like the new look. The redesign was made with you in mind.



Consultations
Office of Foreign Missions
DS/OFM Room 2238
3507 International PL, NW
Washington, DC 20252-3303

FYI, continued from page 5

• Utility Tax Exemption Program Update

OFM Tax and Customs has updated information regarding the Utility Tax Program. Career diplomats, consular officers and A&T staff *may* be exempt from paying taxes on utilities. Exemption is based on reciprocity, therefore the tax liability of countries may differ.

Q: *What are considered utilities?*

A: Utilities include: telephone, cell phone, pagers, heating and cooking gas, electricity, cable/satellite television, Internet service, water, and sewage.

Q: *How do I receive the exemption?*

A: There are 3 steps:

1. Fill out the new *DSP-98 form for each utility* for which you would like tax exemption. This form asks for basic information such as: your name, PID #, address, phone number, type of utility company, and account number.
2. Attach a copy of the bill for that utility.
3. Attach any documentation or forms required by your state or jurisdiction and send it to your contact listed below.

Q: *How long will it take the request to be processed?*

A: Each request takes approximately 2-4 months to be processed.

Q: *Because of the time it takes my exemption to become effective, can I be reimbursed for taxes paid on a new account?*

A: No, OFM does not process reimbursement requests for new accounts.

Q: *What if I mailed the form and all the appropriate documents to my regional office over 4 months ago and taxes are still appearing on my bill?*

A: If you have any questions, comments, or issues, or to mail in your form, contact the appropriate office listed below:

Chicago Regional Office

Sharon Powers, Program Officer, 312-353-5762

Honolulu Regional Office

Nancy Finn, Regional Director, 808-522-8125

Los Angeles Regional Office

Jeff Seely, Deputy Regional Director, 310-235-6292

New York Regional Office

Luis Nunez, Tax Officer, 212-826-4453

San Francisco Regional Office

David Di Domizio, Sr. Assistant, 415-744-2910

Washington, D.C. Regional Office

David Garcia, Program Officer, 202-895-3537

Publisher: John Arndt
Editor: Carol Lund

Produced by the Office of Foreign Missions, U.S. State Dept. four times a year

Printed at the Regional Printing Center, Manila

Address Questions and Correspondence to:
Consultations
c/o D. Clay Hays

e-mail:
Consultations@state.gov



Deputy Assistant Secretary

Lynwood M. Dent
(202) 647-3417

Managing Director, Operations

John R. Arndt
(202) 895-3500

Director, Property and Travel

Richard Massey
(202) 647-4554

Director, Administration

Paula B. Compton
(202) 895-3507

Director, Diplomatic Motor Vehicles & Accreditation

Jacqueline Robinson
(202) 895-3521

Director, Duty-free Customs Entry and Tax Exemption

Winkle Nemeth
(202) 895-3563

Director, IT Systems

Robert Mattox
202-895-3579

Legal Counsel

Ron Mlotek
(202) 895-3501

Chicago Regional Director

Denise Duclon
(312) 353-5762

Honolulu Regional Director

Nancy "Sam" Finn
(808) 522-8125

Los Angeles Regional Director

David Van Valkenburg
(310) 235-6292

Miami Regional Director

Terry J. Daru
(954) 630-1100

New York Regional Director

Robert Tatge
(212) 826-4500

San Francisco Regional Director

Leroy Dal Porto
(415) 744-2910

Director, Diplomatic Security Protective Liaison

Johnny Guy
(202) 647-7277

Protocol: Diplomatic and Consular Liaison

Lawrence Dunham
(202) 647-1985

Visa Office: Diplomatic Liaison

Jane Tannenbaum
(202) 663-3211

To contact any one of the above, email to their attention at OFMquestions@state.gov