

Section 2 – Tax Exemption Program

Pursuant to international law and under domestic authority of the 1982 Foreign Missions Act (22 USC 4301, et seq.), the Diplomatic Tax Exemption Program administered by the Office of Foreign Missions (OFM) provides sales, gasoline, and utility tax exemption to eligible foreign missions and their personnel in the United States and its territories on the basis of reciprocity.

2.1 Sales Tax Exemption

OFM issues tax exemption cards to eligible foreign missions, mission personnel and their family members consistent with international law, domestic statute, and the underlying principle of reciprocity. Tax cards provide point-of-sale exemption from sales and use taxes throughout the United States. This system provides immediate relief from taxes without the administrative burdens, costs, and delays commonly associated with reimbursement systems.

2.2 Levels of Exemption

OFM is directed to restrict the level of, or withdraw entirely, tax exemptions granted to a mission or its personnel in such cases where the sending state does not provide full tax exemption. To accomplish this, benefits provided by tax cards may be extended or restricted in several ways:

1. Full Exemption – A blue-stripe on a tax exemption card indicates full exemption from taxes on the purchase of all goods or services.
2. Withdrawal of Privileges – Tax exemption cards may be temporarily or completely withdrawn, eliminating the benefit of sales tax exemption.

(The following benefits and restrictions may occur singly or in tandem, as required to achieve reciprocity.)

3. Minimum Purchase Requirement – If a minimum purchase requirement is identified on the card, the sale must meet or exceed this amount in order to be eligible for tax exemption. The minimum purchase amount will be specified on the back of the card and is designated by a yellow stripe on the card's front.

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4. Excluded Categories – The card may limit the applicability of the tax exemption to or from certain categories of goods or services. These restrictions will be specified on the back of the card.

2.3 Types of Sales Tax Exemption Cards

Mission Tax Exemption Card--Mission tax exemption cards are issued to designated representatives of embassies, consulates, and international organizations for use when making official purchases. Two cards will be issued to each diplomatic mission and consulate. These cards may be used for exemption from taxes only when purchases are made for the official use of the mission. These cards may be used by other mission employees.

All purchases must be made in the name of the mission and paid for by either a mission check or credit card. Cash, credit cards or personal checks in the name of the bearer of the mission tax exemption card cannot be used as payment. More importantly, the agent may not use a mission card for personal purchases.

Any misuse of a mission tax exemption card will result in that card being withdrawn from the mission. Should the misuse of a mission card occur, the Department has the right to restrict the number of mission cards held by the mission.

Personal Tax Exemption Cards--Personal tax exemption cards are issued for the sole benefit of the individual identified and pictured on the card. Under no circumstances may use of a personal sales tax exemption card be transferred. An individual may not loan the card to a family member or friend, regardless of his/her eligibility for exemption from taxes. Personal tax exemption cards are not valid for exemption from taxes on telephones, other utilities, or gasoline purchases. Exemptions from these items are processed separately.

Tax exemption cards that have expired or been recalled must be immediately returned to OFM. Personnel who complete a tour of duty or become otherwise ineligible for a tax exemption card must return their card to OFM as soon as possible.

2.4 Who is Eligible

The following categories of accredited foreign government personnel may apply for tax exemption cards:

- diplomatic officers and eligible family members who are not citizens or residents of the United States;

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- consular officers and eligible family members who are not citizens or residents of the United States;
 - mission administrative and technical staff and eligible family members who are not citizens or residents of the United States; and
 - other staff who qualify based on bilateral treaties between the U.S. and certain countries
 - dependent children of a mission member eligible for tax exemption privileges may obtain a tax exemption card at the age of 18. This card will be valid until the individual's 21 birthday;
 - dependent children of a mission member eligible for tax exemption who are accredited as justified student may have a tax exemption card until their 23rd birthday; and

2.5 Use of Sales Tax Exemption Cards

“ . . . the cardholder must exercise a certain degree of planning”

The diplomatic sales tax exemption cards are valid nationwide and are directly binding on all state and local jurisdictions.

Sales tax exemption cards are valid at the point of sale. To fully derive the benefits of sales tax exemption, the cardholder must exercise a certain degree of planning. Since hotel bills are the most common source of problems, cardholders must make reservations and notify the hotel of their tax-exempt status in advance. If a hotel fails to agree to accommodate the traveler on such a tax-exempt basis, another hotel that will recognize the tax exemption should be selected. Cardholders who travel outside the Washington, DC metropolitan area may find themselves in the position of informing hotels and other vendors of their tax exemption privileges. The cardholder is entitled to politely but firmly insist on sales tax exemption in all cases. Cardholders should continue to assert their right to exemption from hotel and sales taxes in all states, and may further offer the innkeeper or vendor a copy of the Department's Diplomatic Note 04-20 (dated January 30, 2004) as additional explanation of the tax exemption program. They may also offer a copy of OFM's *Diplomatic Sales Tax Exemption* flyer. In addition, they may ask the hotel/vendor to call the Diplomatic tax Program's information number, (202) 895-3500 or visit OFM's website at www.state.gov/ofm/.

Cardholders should allow sufficient time to resolve tax exemption questions at hotels. A cardholder who checks out of a hotel at the last minute under pressure to make an airline flight or business meeting may not have sufficient time to obtain tax

exemption, since the question is often referred to the hotel management, local government authorities, or OFM.

Should the business or hotel management have questions concerning bookkeeping requirements, they may be directed to the appropriate city or state Department of Revenue. Any questions regarding the eligibility of foreign diplomatic, consular, or other officers for sales and use tax exemption should be directed to OFM at 202 895-3500 or the nearest OFM Regional Office (See paragraph on “Regional Offices” in the Introduction of this publication). The mailing address is Office of Foreign Missions, Tax Program, U.S. Department of State, 3507 International Place, N.W., Washington, DC 20522-3303.

2.6 Misuse of Tax Cards

The Department reminds all missions and personnel that misuse of tax exemption privileges is a serious offense. Personal tax-exemption cards are nontransferable; only the person whose photograph appears on the card may use it. Any abuse of a personal card will result in the withdrawal of personal tax exemption for the abuser. In addition, mission cards are valid only for official purchases of the mission -- any attempt to use a mission tax exemption card for a personal purchase is considered abuse and the card will be recalled. Should the misuse of a mission card occur, the Department has the right to restrict the number of mission cards held by the mission.

2.7 How to Apply for a Tax-Exemption Card

**sample DS-1972 is located on pp 2-8 and 2-9*

To apply for a tax-exemption card:

- Complete a Form DS-1972 (Tax Exemption Card Application)*. Detailed instructions are on the back of the form.
- The information on the Form DS-1972 should be typed or handwritten legibly and the mission’s seal must be affixed to each application. Each form must be signed by the applicant and the authorized certifying official.
- Affix one current color photograph of the applicant in Block A.
- Allow at least ten-working days for each application to be processed before contacting the Office of Foreign Missions concerning the status of a tax card.

To apply for a replacement tax-exemption card (lost or stolen card):

- Follow the procedures outlined above.
- One current color photograph is required.

- If a tax card is lost or stolen, the mission must submit a diplomatic note, along with the application to OFM before a replacement card can be issued. The diplomatic note should explain when and where the card in question was lost or stolen. In the event of a lost or stolen card, the Tax-Exemption Card application for replacement will be held for 30 days before processing. This will allow time for the lost or stolen card to be returned.

To apply for a renewal tax-exemption card (for personnel whose tour of duty has been extended):

- Follow the procedures outlined above.
- One current color photograph is required.

2.8 Return of Tax Exemption Cards

All tax exemption cards (both personal and mission) are the property of the U.S. Government and must be returned to OFM when they have expired or been recalled, or when the individual's employment or assignment with an embassy, consulate, or international organization has been terminated. Tax exemption cards of personnel who become permanent residents of the United States must also be returned to OFM.

Failure to return a tax exemption card as required is considered a violation of the Department of State regulations and may result in the temporary suspension of new card-issuance for the individual/mission.

2.9 Refunds

OFM frequently receives requests from the diplomatic community for refunds of sales taxes paid by cardholders. Obtaining such refunds is difficult in a sales tax system, which is unlike a VAT system in that reimbursements and refunds are abnormal and extraordinary procedures. Therefore, OFM will only assist in obtaining refunds of those taxes in excess of \$50.00 per receipt.

This tax exemption program operates on a point of sale basis only. The eligible cardholder must seek an exemption at the time of purchase or signing a contract. OFM will not assist in the refund of tax paid on Internet purchases. A person who is eligible for tax exemption but signs a lease or contract which contains a clause

saying he/she will pay tax is legally bound to pay the tax. In U.S. law, signed contracts have precedence over general practice.

When applying to OFM for refunds, the cardholder must submit the request in writing with an explanation of the circumstances, and copies of the receipt (highlighting the taxes) and sales tax exemption card. The request should also include the vendor's business address and phone number, as well as the name of a point of contact. Please allow 30 days for processing.

2.10 Gasoline Tax Exemption

A gasoline tax exemption is extended to missions and personnel by means of tax-exempt oil company credit card accounts. Gasoline purchased with cash is not tax exempt. Sales tax exemption cards may *not* be used to purchase gasoline tax-free.

Neither formal diplomatic accreditation nor entitlement to general sales tax exemption privileges entitles a mission or its individual members to exemption from taxes on gasoline. Such entitlement is based solely on reciprocity with the counterpart country.

2.11 How to Apply for Gasoline Tax Exemption

Eligible missions and personnel of foreign governments may apply for the exemption from gasoline taxes through the following approved procedure.

- Obtain and complete a gasoline credit card application from one or more oil companies. All oil companies require the submission of a business or fleet credit card application. OFM encourages eligible missions and their personnel to apply for more than one company's card.
- Complete one Form DS-99 (Application for Diplomatic Exemption from Taxes on Gasoline)* for each oil company credit card application; Form DS-99 can be typed or legibly handwritten.
- Completed business credit card applications and Forms DS-99 must be submitted to the Office of Foreign Missions in Washington, DC or to the OFM regional office in whose area of responsibility the applicant lives. The oil companies will not accept credit card applications for diplomatic gasoline tax exemption.

**sample DS-99 is located on p2-10*

OFM administers a utility tax exemption program. Utility tax exemption (e.g., electricity, natural gas, cellular phones, cable

television and telephone) is based on reciprocity and is granted upon request and submittal of a completed Form DS-98 (Application for Diplomatic Exemption from Taxes on Utilities)*.

2.12 Utility Tax Exemption

**sample DS-98 is located on p 2-10*

Utility tax exemption is available for both mission and personal utility accounts.

2.13 How to Apply for Utility Tax Exemption

- Complete a Form DS-98 for each utility company to which a request for exemption is being made. If more than one account is held with a company (for example, each phone line/number is a separate account) one form for each account must be completed.
- Each Form DS-98 can be typed or legibly handwritten.
- **NEW YORK RESIDENTS ONLY:** Complete a form DTF-951 for each utility company you are requesting tax exemption from and submit to OFM's New York Regional Office with Form DS-99.

The completed Form DS-98 must be submitted to the Office of Foreign Missions in Washington, DC or to the OFM regional office in whose area of responsibility the applicant lives. The utility companies will not accept DS-98s directly from the mission.

2.14 Vehicle Tax Exemption

All vehicles that are purchased or leased for either official or personal use within the diplomatic community must be authorized for tax-exemption by OFM. The following procedure should be used when requesting tax-exemption on the acquisition of a vehicle.

- When purchasing or leasing a vehicle, a mission member should present their protocol identification card, driver license, or tax-exemption card to a dealership representative. If the mission member is newly arrived and does not have any identification documents, OFM will authorize exemption if a DS-2003/2004 "Notification of Appointment" has been previously submitted.
- A dealership representative should contact OFM by phone at (202) 895-3500 or call an OFM Regional Office. An OFM officer will determine if the mission or mission member is authorized for tax-exemption on the acquisition of the vehicle.
- OFM will provide a letter to the vehicle dealership either authorizing or denying the mission's or mission member's

eligibility for tax-exemption on the acquisition of a vehicle.

2.15 Reciprocity

Foreign missions are reminded that all tax benefits are based on the principle of reciprocity and subject to adjustment as necessary. Foreign missions desiring improvements to the tax privileges they receive are encouraged to contact OFM's Diplomatic Tax and Customs Program Office to discuss reciprocity. OFM's objective is to offer and receive full tax exemption worldwide.

The forms shown on this and the following pages are smaller than actual size. They should not be reproduced for submission of requests to OFM.

Instructions to Applicant

May Apply
driver license and/or a personal tax exemption card: an individual of a foreign mission or international organization with eyes and immunities and their eligible family members may apply. U.S. citizens, permanent residents or local hires may not apply. *Not applying for a tax card only; OFM will accept an application only from applicants fully accredited by the Office of Protocol.*
mission tax exemption card: a designated authorized user may be any person working for the mission; individuals not employed by the mission cannot be an authorized user of a mission card. A separate application must be submitted for each authorized user.

E: Children between the ages of 21 and 23 must submit a student justification form to the Office of Protocol prior to applying for either a driver license or tax exemption card. Eligibility ends on an individual's 23rd birthday.

Real Instructions

FM will accept one application when applying for both a driver license or non-driver ID, and a tax exemption card.

Submit the application form with required attachments.
 Case type and complete all items on the application. If an item does not apply to you enter "N/A." If questions are left blank, the application will be returned for completion.

Attach two recent passport size color photographs of yourself (attach one photo in **Block A** and one photo to top of application). All photographs should be (facial view) 1 1/2 inches high by 1 1/2 inches wide. The Office of Foreign Missions can provide this service at no charge. Sign **Block B** with black ink only.
 For a tax exemption card complete items #1-13. For a driver license complete items #1-19.

Instructions

Select type of document(s) you are requesting and indicate whether requesting an: **Original** for first time applicants; **Renewal** for an expiring document; or **Replacement** for lost or stolen driver license or tax card.

Enter your Personal Identification Number (PID) as assigned by the Office of Protocol and Principal's PID if a dependent. Fill in mission type with one of the Following: Embassy, Consulate, UN, OAS, World Bank, or IMF and country which you represent.
 1. Enter your complete name, exactly as submitted to the Office of Protocol. Enter other information as requested.
 3. Enter duty city and state, expected date of departure from the United States and predecessor.

E: To replace a lost or stolen driver license or tax exemption card, the applicant must attach a diplomatic note to this application. The note must state where, when, and how the card was lost or stolen.

Driver License Specific Instructions

If you do not currently possess a driver license, you must obtain certification that you have satisfied all requirements for a driver license from the motor vehicle authority of the jurisdiction in which you live.

The regular Department of State driver license authorizes the bearer to operate a vehicle, a vehicle towing a trailer weighing no more than 26,000 pounds gross vehicle weight, or a bus which seats no more than 15 occupants, including the driver. To operate vehicles not authorized by the regular Department of State driver license, select the types of vehicles you wish to operate. Attach a legible photocopy of your qualifications to operate such vehicles.

6. Enter information as requested.

If you possess a valid non-U.S. license, you may be required to obtain certification from the motor vehicle authority of the jurisdiction in which you live that you have satisfied all requirements for a license.

If you currently possess a valid U.S. driver license, you may be required to take a vision test. You will exchange your current U.S. license for a Department of State license.

This space reserved for Motor Vehicle Authority	
O	Class Type (C)
F	<input type="checkbox"/> C - Regular License
M	<input type="checkbox"/> A - Commercial
Testing Required	
<input type="checkbox"/>	Vision
<input type="checkbox"/>	Written
<input type="checkbox"/>	Road/Skills Test
Vision Test	
Left 20/___	Right 20/___
Peripheral Vision _____	
<input type="checkbox"/>	With Lenses
Written/Legal	
Passing Score _____	_____
Road/Skill	
Passing Score _____	_____
Examiner Signature	
Telephone _____	
City/Country _____	
(MVA STAMP)	



United States Department Of State DRIVER LICENSE and TAX EXEMPTION CARD Application

This application must be typewritten. Please read instructions on reverse before completing.

Expires 04-30-2005
Estimated burden: 30 minutes

1. Document(s) requested: Driver License <input type="checkbox"/> Original <input type="checkbox"/> Replacement <input type="checkbox"/> Renewal		Non-Driver I.D. <input type="checkbox"/> Original <input type="checkbox"/> Replacement <input type="checkbox"/> Renewal		Tax Exemption Card: <input type="checkbox"/> Original <input type="checkbox"/> Replacement <input type="checkbox"/> Renewal		Personal <input type="checkbox"/> Original <input type="checkbox"/> Replacement <input type="checkbox"/> Renewal		Mission <input type="checkbox"/> Original <input type="checkbox"/> Replacement <input type="checkbox"/> Renewal	
2. PID#: _____		3. Principal's PID# _____		4. Mission Type: _____		5. Country: _____			
6. Name: _____ (Surname)		_____ (First Name)		_____ (Middle Name)					
7. Address: _____ (Number and Street)		_____ (City)		_____ (State)		_____ (Zip Code)			
8. Date of Birth: _____ (MM/DD/YY)		9. Height: _____ (Feet/Inches)		9a. Weight _____ (Pounds)		10. Sex: _____ (M/F)			
11. Duty City/ State: _____		12. Expected Departure Date: _____		13. Predecessor: _____					
Driver License: (Only complete this section if applying for a driver license.)									
14. Type of license you are requesting: Regular _____ Motorcycle _____ Commercial/Bus _____									
15. Do you wear corrective lenses for driving? Yes _____ No _____									
16. Do you have any physical disability, other than vision, which may affect your driving? Yes _____ No _____ If yes, submit with this application a certificate from your doctor indicating the onset of disability, diagnosis, prognosis, and medication, if any.									
17. Do you possess a valid non-U.S. driver license? Yes _____ No _____ If yes, indicate: Country _____ Expiration date: ____/____/____									
18. Do you possess a valid U.S. driver license? Yes _____ No _____ If yes, indicate: State _____ Expiration date: ____/____/____ License # _____ (attach a legible photocopy of your U.S. license to this application).									
19. Has your U.S. license or privilege to operate a motor vehicle been suspended, revoked, cancelled, or refused by any state or by any jurisdiction within the United States? Yes _____ No _____ If yes, give: Date: ____/____/____ State _____									

Attach mission seal below:

WARNING

This information is provided to the U.S. Department of State in accordance with the requirements of United States law (Title 18, U.S. Code, Section 1001) that all such statements are truthful. False information will be considered a violation of U.S. law and, therefore, an abuse of the privileges and immunities to which an individual's status may entitle him or her.

Signature of certifying official _____
Title of certifying official _____
Date _____

DS-1972
03-2003

In accordance with 5 CFR 1320.5(b), persons are not required to respond to the collection of this information unless this form displays a currently valid OMB control number.

For Office Use	
NAME	
DOB	
ACC	RE
LTR	C A
RES	O X
	4 5
Worded Restriction	
NELETS/AAMV/	
Expiration date:	
Exemption #:	
Card Type:	
Remarks:	
A. Peel off adhesive label in area of color p	
B. Sign in area	
USE BLANK	

Reviewed/up



(PLEASE TYPE)

U.S. Department of State

APPLICATION FOR DIPLOMATIC EXEMPTION FROM TAXES ON UTILITIES

OMB Approval No. 1405-0069
Expires: 12-31-2005
Estimated burden: 1 minute*

PID NUMBER	TYPE OF ACCOUNT Personal <input type="checkbox"/> Mission <input type="checkbox"/>	COUNTRY of Origin	LOCATION (City of Residence)
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NAME - OFFICE OR INDIVIDUAL (Last, First, MI) (For Office, please also include a contact person)

STREET ADDRESS	CITY	COUNTY	STATE	ZIP CODE
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USE OF PREMISES <input type="checkbox"/> Residential <input type="checkbox"/> Official	<input type="checkbox"/> TELEPHONE <input type="checkbox"/> GAS <input type="checkbox"/> ELECTRIC <input type="checkbox"/> WATER <input type="checkbox"/> OTHER
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UTILITY COMPANY NAME	ACCOUNT NUMBER	METER NUMBER
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SIGNATURE & TITLE OF APPLICANT OR AUTHORIZED OFFICER	DATE (mm-dd-yyyy)	TELEPHONE NUMBER AREA CODE ()
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For OFM Office Use Only

<input type="checkbox"/> EMBASSY <input type="checkbox"/> CONSULATE <input type="checkbox"/> UN <input type="checkbox"/> OAS <input type="checkbox"/> OTHER

DS-98 (Formerly DSP-99)
12-2002



(PLEASE TYPE)

U.S. Department of State

APPLICATION FOR DIPLOMATIC EXEMPTION FROM TAXES ON GASOLINE

OMB Approval No. 1405-0069
Expires: 12-31-2005
Estimated burden: 1 minute*

PID NUMBER	TYPE OF ACCOUNT Personal <input type="checkbox"/> Mission <input type="checkbox"/>	COUNTRY of Origin	LOCATION (City of Residence)
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NAME - OFFICE* OR INDIVIDUAL (Last, First and MI) * For Offices, please also include a contact person	DATE OF BIRTH (mm-dd-yyyy)
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VEHICLE TAG NUMBERS #1	#2	#3	#4
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OIL COMPANY	OIL COMPANY ACCOUNT NUMBER
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For OFM Office Use Only

<input type="checkbox"/> EMBASSY <input type="checkbox"/> CONSULATE <input type="checkbox"/> UN <input type="checkbox"/> OAS <input type="checkbox"/> OTHER	R
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DS-99 (Formerly DSP-99A)
12-2002

