



United States Department of State

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

## **NOTICE**

### **What is the Diplomatic Tax-Exempt Credit/Debit Card Program?**

The Office of Foreign Missions (OFM) is developing a new product that will provide a more efficient and accurate system for managing the privilege of diplomatic tax exemption on standard official and personal purchases of eligible foreign missions, international organizations and their combined members in the United States. This new product will be in the form of either a credit card or debit card (i.e. *Visa Check Card*). This new product will replace the “tax-exemption identification cards” currently used by this community for obtaining this privilege.

The information below is a summary of the way the Diplomatic Tax-Exempt Credit/Debit Card (TECD) Program will operate. This system remains in development; therefore various elements may change before the program’s implementation. The purpose of this document is to provide the foreign mission and international organization communities with basic information concerning the pending changes to OFM’s management of tax-relief privileges.

### ***How will a Diplomatic Tax-Exempt Credit/Debit Card work?***

From the viewpoint of the cardholder, the tax-exemption process associated with the TECD Program cards will exactly the same, as the current process required when using the existing tax-exemption identification cards.

- Through an open contract solicitation, OFM will select one bank as the provider of tax-exempt credit or debit card products.
- OFM will approve all eligible applicants for a tax-exempt credit cards and/or tax-exempt debit accounts. The reciprocal level of exemption authorized for the applicant will be communicated to the credit card company by OFM.
- Once the card(s) is issued, foreign missions or eligible members will use the card to secure purchases for which they intend to receive tax exemption.
- Each card will bear the photograph of the cardholder and their reciprocal level of exemption. Therefore, the vendor will still be required to compare this information against the purchase in question, before authorizing the cardholder for tax exemption.
- The card must be used to secure any “tax-exempt” purchases. Therefore, if the card transaction is denied, the vendor is not authorized to authorize the

cardholder for tax exemption. Therefore, with respect to personal purchases, the TECD Program card is the **only** form of payment that can be used to secure general diplomatic tax-exempt privileges.

- If the vendor has questions about the validity of the exemption process, they can contact the card issuer's 24-hour Customer Service representative for general assistance.

### ***How will an individual obtain a TECD card?***

Eligible foreign missions, international organizations, and their members wishing to obtain authorization to establish a TECD card account will be required to make such requests through OFM's E-Government system.

### ***Are there special procedures for purchases that cannot be secured with a credit or debit card?***

Official purchases of foreign missions and international organizations may use the TECD card to authorize tax-exemption, while securing the purchase with a check bearing the name of the mission or organization. It will be advised that in such situations, the card's account number be "blacked-out." However, the provision of diplomatic tax-exemption on standard **personal** purchases may only be secured using the TECD card.

### ***What types of taxes are eligible for relief using these cards?***

The TECD Program cards will provide the same tax-exemption benefits as the existing tax-exemption identification cards. These benefits include:

- All sales taxes imposed and collected by state taxing authorities, and
- Occupancy taxes imposed on purchases at hotels, motels, or other lodging establishments throughout the United States.

### ***What types of taxes are not eligible for relief using these cards?***

Please note that the taxes listed below are all exempted using alternate mechanisms, the implementation of the Tax-Exempt Credit/Debit Program will not impact the provision of these existing privileges.

- Taxes other than sales tax imposed on alcohol or tobacco products;
- Any tax imposed on the purchase or lease of a motor vehicle;
- Any tax imposed on the purchase of gasoline or diesel fuels;
- Any tax imposed on the purchase of domestic or international airline tickets;
- Any tax imposed on the provision of utility services;

***When will this new program begin?***

OFM hopes to begin implementing this Program in June of 2006. It is OFM's goal to have all eligible foreign missions and international organizations authorized for TECD Program card products before September 30, 2006.

***What bank(s) will provide the TECD Program cards?***

OFM will select one bank to provide the TECD Program card services. This bank will be selected through a competitive service solicitation, which will likely commence in March 2006.

***What if my mission, organization, or member does not have accounts at the selected bank?***

In order to receive a Tax-Exempt Credit or Debit Card (and tax-exemption privileges), an account will have to be established at the selected bank.

***Can an individual be authorized for both a Tax-Exempt Credit and Debit Card?***

Yes. OFM will require that the selected bank be willing to provide all eligible applicants with a Tax-Exempt Debit Card. However, it will be the bank's decision on the whether or not a Tax-Exempt Credit Card can be issued. Therefore, it is expected that most participants in the TECD Program will be assigned both a credit and debit card.

***How many TECD Program cards can the mission/organization be assigned for official purchases?***

OFM will not impose a limit on the number of official TECD Program cards a mission or organization may request. It will require that each card be assigned to an accredited member of the mission/organization. In accordance with its longstanding policy, OFM will continue to authorize U.S. Citizens and Permanent Residents employed by missions and organizations to be assigned such cards for the purpose of making official purchases. Such cards will list the name of the mission/organization and the name of the individual responsible for the card's use. For example:

Embassy of Hungary  
Jane Diplomat

***Will there be a cost associated with the use of these cards?***

No. OFM does not currently plan to permit the selected bank to impose an annual fee or similar charges for the use of the TECD Program services described in this document. It is possible that the bank will develop certain "value-added services," such

as the use of a TECD card product to facilitate gasoline tax-relief, which may be subject to fees. Such “special” services would be initiated only at the request of the account holder and would not apply for the provision of standard services.

***Does OFM envision additional changes to the tax-exemption process?***

Possibly. OFM’s ultimate goal is to provide a TECD card product that does not require vendors to authorize tax-exemption privileges. Using this product, the cardholder would no longer be required to explain to the vendor that their purchases are subject to tax-relief, given that this benefit would be provided after the transaction through a separate process. OFM is committed to continuing its work toward realizing this goal, but has accepted the reality that such a system is not currently feasible.

***What if my mission or organization has additional questions or concerns?***

Questions or concerns with the development and implementation of the TECD Program should be directed to OFM’s Tax & Customs Programs, either by electronic mail, [ofmtaxcustoms@state.gov](mailto:ofmtaxcustoms@state.gov), or by telephone at (202) 895-3500 – option 2.

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