



United States Department of State

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

NOTICE

Regarding Diplomatic Tax Exemption on Internet Purchases

The Office of Foreign Mission (OFM) has become aware that many of the largest retailers in the United States have begun collecting sales taxes on purchases made through their Internet websites. These retailers include, but are not limited to *Wal-Mart*, *Target* and *Toys R Us*. This procedure is in place for 38 states and the District of Columbia and was effective February 9, 2003.

Currently, there is no mechanism that would allow a diplomatic tax exemption for official or personal purchases made through an Internet website. OFM regulations require that when requesting a diplomatic tax exemption the cardholder personally present his or her tax exemption card, which can then be verified by the vendor. This procedure allows the vendor to retain specific information from the card that is needed for accounting and reporting purposes.

The nature of Internet purchases does not allow for the personal presentation of a tax exemption card, nor is there a mechanism for the vendor to verify the exemption or retain the card specific information they are required to obtain.

For these reasons, OFM advises those eligible for diplomatic tax exemption that such an exemption cannot be granted on official or personal purchases made through an Internet website. Members of the diplomatic community who wish to make tax-exempt purchases from the retailers who are collecting taxes on Internet sales are advised to go to one of that retailer's physical stores in order to obtain tax exemption.

OFM will grant no assistance to missions or their members in achieving reimbursement of taxes charged on a purchase made through the Internet, regardless of the amount of paid.

As technology and the maturity of the Internet marketplace grows OFM will review this policy and update it accordingly.

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