



United States Department of State

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

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NOTICE

G8 Summit - Guide to Diplomatic Tax Exemption

The Group of 8 (G8) meets annually for the purpose of discussing critical world issues. The United States is proud to be the host of this year's G8 summit, which will be held in Chicago, IL on May 19-21.

The G8 summit is likely to result in an increased presence of foreign diplomatic and consular officials who are eligible for tax relief in the Chicago area. The tax-exempt status of eligible foreign missions and their members in the United States is primarily derived from the obligations of the Vienna Conventions on Diplomatic and Consular Relations, and is authorized nationwide by Article VI of the United States Constitution. These Conventions generally provide that diplomatic and consular missions and their members are entitled to an exemption from most national, regional or municipal taxes.

The tax-exemption benefits extended by the Department are determined on a reciprocal basis in accordance with the counterpart foreign government's tax treatment of United States' mission and its members. That means, if a foreign government does not provide s United States' mission and/or its members with the required exemption from taxation, the Department will not extend the tax exemption to that government's embassy, consulates and/or its' members in the United States.

Tax Exemption Cards:

The Department of State's Office of Foreign Missions (OFM) issues tax exemption cards to eligible foreign missions, mission personnel and their eligible family members consistent with international law, domestic statute, and the underlying principle of reciprocity. With the exception of purchases of gasoline,

international airline tickets, motor vehicles, and utility services¹, OFM's tax exemption cards authorize eligible foreign missions and their members for a 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.

Official/Mission Hotel Tax Exemption:

OFM considers official expenses associated with the lodging of employees of foreign missions, representatives of a sending State's government, or other travelers hosted by the foreign mission, to be exempt from taxation when:

- a) the foreign mission holds a valid Mission Tax Exemption Card that allows for the relief of such taxes; and
- b) the travel of the individuals described above is conducted in support of the mission's diplomatic or consular functions; and
- c) the lodging costs are paid for with a check or credit card in the name of the foreign mission.

OFM will not authorize any foreign mission's "official" request for tax exemption on lodging expenses that are unrelated to a mission's diplomatic or consular functions, such as those related strictly to tourism or leisure travel.

Personal Hotel Tax Exemption:

OFM considers the personal lodging expenses of individual members of foreign missions or their immediate family members to be exempt from taxation when:

- a) the individual holds a valid Personal Tax Exemption Card that allows for the relief of such taxes; and the room(s) are registered in the name of the individual to whom the Personal Tax Exemption Card is assigned; and
- b) the lodging expenses are paid for by the individual to whom the Personal Tax Exemption Card is assigned, using any form of payment.

¹ Relief from taxes imposed on an eligible foreign mission or foreign mission member's purchases of gasoline, international airline tickets, motor vehicles or utility services are authorized by a means other than OFM's tax exemption card. Information concerning how such exemptions are provided is available at <http://www.state.gov/ofm/tax/index.htm>.

Additional information about the Department of State's Diplomatic Tax Exemption Program is available on OFM's Internet website at <http://www.state.gov/ofm/tax>.

Please visit the following internet link

<http://www.state.gov/documents/organization/182880.pdf>

for information concerning the extension of tax exemption privileges for officials of the North Atlantic Treaty Organization (NATO), which will also hold its annual summit in Chicago on May 19-21.

Questions:

For any questions or concerns, please contact OFM's Office of Diplomatic Property, Tax, Services and Benefits by telephone at (202) 895-3500, extension 2, or by electronic mail at ofmtaxcustoms@state.gov, or OFM's Chicago Regional Office at (312) 353-5762.