

14-1094

The Secretary of State presents his compliments to Their Excellencies, Messieurs and Mesdames the Chiefs of Missions and has the honor to inform all missions of the updated and consolidated policies and procedures regarding the diplomatic tax exemption card program. This note supersedes the Department's notes No. 04-19 and 04-20, both dated January 30, 2004, and any other notices previously published about this program.

Overview

The Department's Office of Foreign Missions (OFM) issues diplomatic tax exemption cards to eligible foreign missions and their accredited members and dependents on the basis of international law and reciprocity. These cards facilitate the United States in honoring its host country obligations under the Vienna Convention on Diplomatic Relations (VCDR), Vienna Convention on Consular Relations (VCCR), and other treaties to provide relief from certain taxes.

The cards provide point-of-sale exemption from sales tax and other similarly imposed taxes throughout the United States. At the time of payment when making a purchase, the cardholder must present the card to the vendor in person. The vendor may verify the card's validity at <https://ofmapps.state.gov/tecv/> or by

calling OFM during business hours. The vendor should retain a copy of the front and back of the card for accounting and reporting purposes.

Mission Tax Exemption Cards

Diplomatic tax exemption cards that are labeled as “Mission Tax Exemption – Official Purchases Only” are used by foreign missions to obtain exemption from sales and other similarly imposed taxes on purchases in the United States that are necessary for the mission’s operations and functions. All purchases must be paid for with a check, credit card, or wire transfer transaction in the name of the foreign mission.

OFM will only issue mission tax exemption cards to an individual who (i) is a principal member or employee of the mission, (ii) holds an A or G series visa (and in the case of a G series visa holder, is a diplomatic agent), and (iii) is not considered to be “permanently resident in” the United States for purposes of the VCDR and VCCR. This person’s photo will appear on the card and is the mission’s point of contact. This individual, however, does not need to be present when purchases are made in the name of the mission.

Personal Tax Exemption Cards

Diplomatic tax exemption cards that are labeled as “Personal Tax Exemption” are used by eligible foreign mission members and their dependents to obtain exemption from sales and other similarly imposed taxes on personal

purchases in the United States. The card must be used solely for the benefit of the individual identified and pictured on the card. The card is not transferable and cannot be loaned to any other person, regardless of that person's eligibility for exemption from taxation. There is no restriction on the form of payment that can be used with the card.

Eligibility for personal tax exemption cards is determined on a case-by-case basis, but the following individuals are generally entitled to apply for a card, if they are neither U.S. nationals nor permanently resident in the United States for purposes of the VCDR or VCCR:

- diplomatic agents, members of the administrative and technical staff, consular officers, and consular employees;
- the members of their families forming part of their households, but in the case of a child: those aged 18-21 years, or aged 18-23 years if accredited as a justified student.

Other personnel may also be eligible to apply for a card if they qualify based on a treaty other than the VCDR or VCCR.

Levels of Exemption

Not all missions and personnel hold diplomatic tax exemption cards, and missions and personnel holding cards may have varying levels of tax exemption privileges authorized on the card. This level of exemption is set by OFM on the

basis of reciprocity, determined by the tax relief privileges enjoyed by the U.S. Mission and personnel in that foreign country. Foreign missions interested in discussing improvements to their tax exemption benefits are encouraged to contact OFM.

The cards contain text on the front and back of the card that indicate the level of exemption authorized for the cardholder. Some cards authorize an unrestricted exemption from sales taxes, and other cards authorize an exemption with some degree of restriction, such as a minimum purchase requirement, excluded categories, or both.

In addition to the specific text, each tax exemption card bears one of four animal symbols indicating the specific type of tax exemption of the cardholder:

- Owl: *mission* tax exemption cards with unrestricted tax exemption.
- Buffalo: *mission* tax exemption cards with some degree of restriction.
- Eagle: *personal* tax exemption cards with unrestricted tax exemption.
- Deer: *personal* tax exemption cards with some degree of restriction.

Types of Purchases Permitted and Not Permitted

Diplomatic tax exemption cards can generally be used to obtain exemption in person and at point-of-sale from sales taxes and other similarly imposed taxes on purchases of most goods and services, hotel stays, and restaurant meals in the United States. For specific policies and procedures concerning using official and

personal tax exemption cards for hotel stays and lodging, missions and personnel should refer to the Department's note No. 13-619, dated July 19, 2013.

Tax exemption cards may not be used for exemption from taxes imposed on purchases of motor vehicles, gasoline/diesel fuel, utility services, airline tickets, or cruises. Exemption from taxes on these items is authorized using different means, which are explained at <http://www.state.gov/ofm/tax>.

Furthermore, because the nature of purchases made via the internet or by telephone does not allow for the presentation of the tax exemption card to the vendor, the card cannot be honored in such transactions. OFM is unable to provide any assistance to foreign missions or their members in obtaining an exemption or reimbursement of taxes charged on purchases not made in-store.

State-Specific Rules, including Streamlined Sales Tax Agreement

U.S. states and territories typically enact statutes and/or regulations or issue other guidance concerning the manner in which vendors in that state or territory must account for the diplomatic tax exemption in its records. OFM continues its efforts to ensure that tax authorities in all states and territories issue guidance supporting the diplomatic tax exemption card program so that vendors will appropriately extend a tax exemption with confidence.

Some U.S. states require their vendors to retain additional documentation in addition to a copy of the tax exemption card. For example, certain states require

foreign missions and their members to complete a streamlined sales tax agreement exemption certificate. OFM has compiled relevant state guidance on its website at <http://www.state.gov/ofm/tax/sales/c63020.htm>. This may be particularly useful for foreign mission members who are traveling and expect to use the tax exemption card outside of their usual jurisdiction.

OFM Assistance with Refunds or Rejections

Missions and their members should encourage vendors to verify the card's validity at <https://ofmapps.state.gov/tecv/> or by calling OFM during business hours. If a vendor is not familiar with the diplomatic tax exemption card program, they should be encouraged to visit the OFM website at <http://www.state.gov/ofm>; and especially <http://www.state.gov/ofm/tax/sales/c63020.htm>, which provides relevant state-specific guidance; or e-mail OFM for more information about the program. OFM regularly communicates with vendors to educate them about the program.

If the transaction occurs after OFM business hours, and the vendor does not accept the card, OFM will attempt to assist the mission or member in obtaining refunds of improperly imposed taxes (if more than a de minimis amount) by speaking to the vendor, but a refund cannot be guaranteed.

How to Apply for a Tax Exemption Card

To apply for an initial or renewal tax exemption card, eligible missions and their members should submit an application on the Department's E-Government (E-Gov) system. Applications are generally processed within five business days.

If a card is lost or stolen and the mission or member wishes to apply for a replacement card, a diplomatic note or letter must be uploaded in E-Gov (in pdf or jpg format) which explains when and where the card in question was lost or stolen. The replacement card application may be held for 30 days before it is processed.

Tax exemption cards are printed by the U.S. Government Printing Office at its facility in Washington and mailed via the U.S. Postal Service to the cardholder's residential address. Consequently, it is important that all individuals ensure that their addresses are correct with OFM.

Return of Tax Exemption Cards

All tax exemption cards are the property of the U.S. government and must be returned to OFM when they have expired or been recalled, or when the cardholder's employment or assignment with a foreign mission has been terminated. When a mission member is terminated at one location and reaccredited at another location in the United States, his or her tax exemption card will be terminated. Therefore, he or she must return that card and apply for a new one.

If tax exemption cards are not returned to the Department, OFM reserves the right to take appropriate action, which may include temporarily suspending the issuance of new tax exemption cards to that mission.

Tax exemption cards should be delivered to OFM's Customer Service Center at 3507 International Place NW, Washington, DC 20522, or the nearest OFM regional office (New York, Miami, Chicago, Houston, San Francisco, or Los Angeles).

Misuse of Tax Exemption Card

Noncompliance with the rules stated herein constitutes misuse of the card, which is a serious offense. In the event of misuse, OFM will take appropriate action, which may include: invalidating and recalling the card, delaying the issuance of new cards, and notifying law enforcement authorities.

Foreign missions, personnel, and vendors may contact OFM in Washington at OFMTaxCustoms@state.gov or (202) 895-3500 ext. 2. Anyone located outside of the Washington, DC, metropolitan area may contact the nearest OFM Regional Office. Information concerning OFM's regional offices is available at www.state.gov/ofm/ro/.

Department of State,

Washington, June 16, 2014.

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