

12-331

The Secretary of State presents her compliments to Their Excellencies and Messieurs and Mesdames the Chiefs of Mission and has the honor to inform all missions of the revised policies and procedures concerning the Department's authorization of sales and use tax exemption privileges for purchases or leases of official or personal motor vehicles by eligible foreign embassies, consular posts, and their members and dependents in the United States.

This note replaces the Department's Note No. 06-30, dated February 17, 2006.

The exemption of sales and use taxes imposed on purchases or leases of motor vehicles in the United States on the basis of the diplomatic or consular status or accreditation of the purchasing foreign mission or accredited mission member and their dependents is solely authorized via the issuance of a *Motor Vehicle Tax-Exemption Letter* by the Department's Office of Foreign Missions (OFM) to the entity or person that plans to sell or lease a motor vehicle to a foreign mission or accredited mission member and their dependents in the United States.

For the purposes of the policy and procedures announced in this note, the following terms are defined:

- A “motor vehicle” is defined as any self-propelled vehicle, including but not limited to automobiles, motorcycles, boats, and aircraft.
- The term “*Accredited Mission Member(s) and their Dependents*” is defined as the personnel of a foreign mission in the United States and their family members who have been notified to the Department’s Office of the Chief of Protocol by their mission and are entitled on the basis of diplomatic or consular status to claim immunity from either civil or criminal legal proceedings.

The Chiefs of Missions are reminded that on April 27, 1984, the Under Secretary of State for Management determined that pursuant to the Foreign Missions Act (22 U.S.C. 4301-4316 as amended), all foreign missions and their members and dependents in the United States who are entitled to claim immunity from legal process are required to register with OFM all motor vehicles that they own or lease in the United States. A photocopy of the referenced Foreign Missions Act determination is enclosed.

This requirement is also applicable to motor vehicles that are owned or leased by foreign embassies and consular posts.

Property Tax on Leased Vehicles

In accordance with the obligations of the Vienna Conventions on Diplomatic and Consular Relations and on the basis of reciprocity, embassies, consular posts,

and their members may be eligible for an exemption of **property taxes** imposed on motor vehicles **ONLY** when such motor vehicles are **owned** by such missions or their accredited members.

Thus, this privilege cannot be passed through to the owner of a motor vehicle that is being leased by a foreign mission or their accredited members. However, where applicable, eligible foreign missions and their accredited members may receive an exemption from the imposition of **sales or use taxes** imposed on their leased motor vehicles. Such exemptions are authorized using the procedures addressed in this document.

Motor Vehicle Tax-Exemption Letters

Anytime an embassy, consular post, or the accredited members and dependents of such missions seek to purchase or lease a motor vehicle in the United States, the seller/lessor must request and obtain from OFM a *Motor Vehicle Tax-Exemption Letter*, irrespective of whether such entities or individuals are considered by the Department to be eligible for an exemption from the taxes imposed on such transactions.

The Chiefs of Missions are advised that OFM will only issue *Motor Vehicle Tax-Exemption Letters* to the seller/lessor of a motor vehicle and not to a foreign mission or their accredited members and dependents.

The Chiefs of Missions are reminded that the *Diplomatic Tax Exemption Cards* issued to eligible foreign missions and their members and dependents do not serve as evidence that a foreign mission or foreign mission member or dependent is authorized for an exemption of sales and use taxes imposed on their acquisition of a motor vehicle in the United States and may not be used in lieu of a tax exemption letter.

The following procedures outline the manner in which a seller/lessor can request OFM's issuance of a *Motor Vehicle Tax-Exemption Letter*.

1. When an accredited member of a foreign mission or their dependents wishes to purchase or lease a motor vehicle in the United States, they must initially establish for the seller/lessor that they hold such status. In order to accomplish this requirement, accredited members of foreign missions or their dependents are required to present to the seller/lessor **either** their valid passport which contains their current "A series" visa or one of the following Department of State-issued identification documents:

- Protocol Identification Card;
- Driver's License; or
- *Diplomatic Tax Exemption Card* (however, the presentation of this document does not negate the need to obtain a Motor Vehicle Tax-Exemption Letter).

2. Prior to finalizing their purchase or lease of a motor vehicle, all embassies, consular posts and their accredited members or dependents **must** instruct the seller/lessor of such motor vehicles that they are required to directly contact OFM, during normal business hours, to request the issuance of a *Motor Vehicle Tax-Exemption Letter*.
3. Motor vehicle sellers/lessors may make such requests by electronic mail or telephone. Detailed information concerning the proper electronic mail addresses and telephone numbers to use for this purpose are enclosed.
4. OFFICIAL MOTOR VEHICLES: Sellers/lessors must be able to provide OFM with the following information concerning motor vehicle acquisitions by a foreign mission:
 - The name of the foreign mission that is purchasing or leasing a motor vehicle;
 - The seller/lessor's name, mailing address, and telephone and fax numbers; and
 - The color, year, make, and model of the motor vehicle that the foreign mission is planning to acquire.
5. PERSONAL MOTOR VEHICLES: Sellers/lessors must be able to provide OFM with the following information concerning motor vehicle acquisitions by accredited members of foreign missions and their dependents:

- The name of the accredited mission member or dependent, as it appears on their current “A series” visa, who is purchasing or leasing a motor vehicle;
- The name of the foreign mission to which the individual is assigned;
- The individual’s Department of State-issued Personal Identification Number (PID);
- The seller/lessor’s name, mailing address, and telephone and fax numbers; and
- The color, year, make, and model of the motor vehicle that the accredited mission member or dependent is planning to acquire.

OFM strives to provide sellers/lessors with their requested *Motor Vehicle Tax-Exemption Letters* within two business hours of receiving the request. Such letters will be transmitted to the requesting seller/lessor by either electronic mail or facsimile.

Such letters, which are uniquely numbered, serve as OFM’s formal notification of the referenced foreign mission or accredited mission member and their dependent’s eligibility for an exemption of sales and use taxes imposed on their purchase or lease of motor vehicles in the United States.

Additionally, with respect to the acquisition of an **automobile and motorcycle**, such letters instruct the seller/lessor that they are required to send all original ownership documents directly to OFM so that the **automobile and motorcycle** can be properly registered and titled.

Lastly, the letters inform the seller/lessor that in order to allow foreign missions and their accredited members and their dependents the benefit of driving while the referenced motor vehicle's registration is being processed by OFM, a state temporary license plate/tag may be issued as long as proof of third party liability insurance of at least \$300,000 Combined Single Limit or split limits of \$100,000 per person, \$300,000 per accident and \$100,000 property damage is presented to the seller/lessor.

The Chiefs of Missions are further advised that absent written authorization, foreign missions and their accredited members and dependents are **strictly prohibited** from receiving a tax-exemption on their purchases of any motor vehicles which will not be subsequently registered with OFM in accordance with the requirements of the Foreign Missions Act.

The failure of a foreign mission or their accredited members to register their vehicle with OFM may at a minimum result in a requirement that the tax amount originally exempted be reimbursed to the Department. Requests for a waiver of this policy must be transmitted to OFM via a diplomatic note.

Such waiver requests must include a detailed explanation as to why the foreign mission believes OFM should authorize an exemption from sales and use taxes on the referenced purchase of a motor vehicle that will not subsequently be used by the purchaser in the United States.

Questions or concerns with respect to the policy and procedures addressed in this note may be directed to OFM's Office of Diplomatic Property, Taxes, Services and Benefits Program by telephone at (202) 895-3500, extension 2, or by electronic mail at OFMTaxCustoms@state.gov, or the nearest OFM Regional Office.

Information concerning OFM's Regional Offices, which are located in Chicago, Houston, Los Angeles, Miami, New York, and San Francisco, is available at www.state.gov/ofm/ro/index.htm.

Enclosures: As stated.

Department of State,

Washington, December 3, 2012.

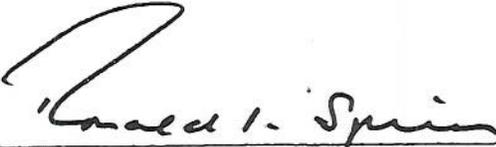


UNDER SECRETARY OF STATE
FOR MANAGEMENT
WASHINGTON

DETERMINATION

Pursuant to the authority vested in me by the Foreign Missions Act, 22 USC 4301 et seq ("The Act"), and Department of State Delegation of Authority No. 147 of September 13, 1982, I hereby determine it to be reasonably necessary to achieve the purposes set forth in section 204(b) of the Act [22 USC 4304(b)] to require all members and personnel of foreign missions in the United States and their families entitled to claim immunity from legal process to acquire liability insurance, license tags, and title and registration documents for motor vehicles, vessels, and aircraft from the Office of Foreign Missions.

April 27, 1984
Date


Ronald I. Spiers