



Sales and Use Tax Exemptions for Diplomatic Personnel

Purpose: This Policy Statement explains the circumstances under which sales made to diplomatic personnel and diplomatic missions are exempt from Connecticut sales and use taxes and discusses the documentation that retailers must maintain when tax exempt sales are made to diplomatic personnel and diplomatic missions. This policy statement reflects changes to the re-designed Diplomatic Tax Exemption Card that was first issued in June 2011.

Effective Date: Effective upon issuance. The newly designed Diplomatic Tax Exemption Card should replace the existing Diplomatic Tax Exemption Card by August 31, 2011.

Statutory Authority: Conn. Gen. Stat. §12-412(2), U.S. Const. art. VI, cl. 2, and the treaties and statutes mentioned below.

Background: The Foreign Missions Act, 22 U.S.C. 4301-4316, authorized the creation of the Office of Foreign Missions ("OFM") within the United States Department of State. The purpose of OFM is to serve the foreign diplomatic and consular communities stationed in the United States and to control their activities. Privileges are granted to a foreign official here if the United States Embassy and Consular personnel receive the equivalent privileges in that country.

In exercising its authority, OFM issues a Diplomatic Tax Exemption Card to foreign diplomatic and consular missions, and their employees, in the United States. The Diplomatic Tax Exemption Card is issued to authorize the exemption from sales, occupancy, restaurant/meal, and other similar taxes, on the official and personal purchases of foreign diplomatic and consular missions and their members in the United States.

The sales are exempt only if made to the holder of the Diplomatic Tax Exemption Card issued by the United States Department of State, Office of Foreign Missions. These cards are valid nationwide and may be used at the point of sale by their holders to exempt their retail purchases from sales and use taxes.

Two Classes of Cards: There are two classes of the Diplomatic Tax Exemption Card: one for personal purchases by qualified diplomatic personnel, and one for official purchases only by a qualified diplomatic mission.

Personal Tax Exemption Cards: The card issued to qualified diplomatic personnel for personal purchases is entitled "United States Department of State Personal Tax Exemption" and bears the photograph and identification of a duly accredited consulate or embassy employee who is entitled to the tax exemption privileges as stated on the card. This card is only for the personal use of the bearer whose picture appears on the front of the card.

Mission Tax Exemption Cards: The card issued to qualified diplomatic missions is entitled "United States Department of State Mission Tax Exemption" and bears the photograph and identification of a consulate or embassy employee who has been allowed official purchasing privileges for that office. All purchases must be made in the name of the mission and paid for by mission check or credit card (not cash or personal check). A Mission Tax Exemption Card is used only for official purchases of goods and services by the representative identified on the mission card. This card is not used for personal purchases.

For identification purposes, the card bearer's name, photograph, mission employed by, expiration date, and protocol identification number are provided on the card.

A tax exemption card is not valid for exemption from taxes on telephone services, other utilities, motor fuel purchases, or motor vehicle purchases.

New Diplomatic Tax Exemption Cards: The new Diplomatic Tax Exemption Card has the following features:

- The use of animal images to convey an immediate visual cue of the level of exemption the cardholder is authorized to receive;
- Description of the cardholder's level of entitlement to tax exemption privileges presented on both the front and back sides of the card;
- Laser engraved personalized data;
- Optically variable device or Kinegram; and
- Small raised text.

Animal Images that Replace Blue/Yellow Stripes:

The United State Department of State has replaced the use of cards that contained the "blue/yellow stripes" with images of an owl, eagle, buffalo, and deer. These animal images provide retailers with a visual cue of the general level of tax exemption privileges the cardholder enjoys and inform the retailer whether the card is intended for official or personal purchases.

The animal images convey the following general information concerning the level of tax exemption that is authorized by a particular Diplomatic Tax Exemption Card.

Mission Tax Exemption Cards:

- Owl – This image signifies that such cards are intended to be used solely in connection with official purchases and that the cardholder/mission is eligible for exemption from sales, occupancy, restaurant/meal, and other taxes without restriction.
- Buffalo – This image signifies that such cards are intended to be used solely in connection with official purchases and that cardholder/mission's eligibility for exemption from sales, occupancy, restaurant/meal, and other taxes is subject to some degree of restriction. For example, such cards may read "EXEMPT FROM TAX ON PURCHASES OVER \$300; NOT VALID AT HOTELS."

Personal Tax Exemption Cards:

- Eagle – This image signifies that such cards are intended to be used solely in connection with personal purchases and that the cardholder is eligible for exemption from sales, occupancy, restaurant/meal, and other taxes without restriction.
- Deer - This image signifies that such cards are intended to be used solely in connection with

personal purchases and that the cardholder's eligibility for exemption from sales, occupancy, restaurant/meal, and other similar taxes is subject to some degree of restriction. For example, such cards may read "EXEMPT FROM TAX ON PURCHASES OVER \$150; NOT EXEMPT FOR HOTELS, RESTAURANTS, & SERVICES."

Information about the Diplomatic Tax Exemption Card:

The Department of State website has information regarding the Diplomatic Tax Exemption Card at <http://www.state.gov/ofm/tax/>. The Department of State has a system to provide on-line verification of the validity of a Diplomatic Tax Exemption Card at <https://ofmapps.state.gov/tecv>. The reverse side of a Diplomatic Tax Exemption Card contains information about this service and a telephone contact number.

Procedures Required to Be Followed by Retailers:

The retailer must require the purchaser to present his or her tax exemption card to verify that the purchaser is the holder of a card and that it has not expired.

The retailer must verify that the purchaser qualifies for exemption in accordance with the rules applicable to the class and level of tax exemption.

The retailer must retain a photocopy of the tax exemption card for all sales made to holders of tax exemption cards.

Any suspected misuse of any tax exemption card within Connecticut should be reported by writing or telephoning:

Office of Foreign Missions DS/OFM
3507 International Place, NW
Washington DC 20522-3303
202-895-3500

and

Department of Revenue Services
Taxpayer Services Division
25 Sigourney Street Ste 2
Hartford CT 06106

1-800-382-9463 (Connecticut calls outside the Greater Hartford calling area only) or **860-297-5962** (from anywhere).

Purchases of Motor Fuel Distinguished: A gasoline and diesel fuel tax exemption is extended to missions and personnel by means of tax-exempt oil company credit card accounts. Gasoline and diesel fuel purchased with cash is not tax-exempt. Personal or Mission Tax Exemption Cards may not be used to purchase gasoline or diesel fuel tax-free.

Eligible missions and personnel of foreign governments may apply for the exemption from gasoline and diesel fuel taxes through the procedure described on the OFM website at www.state.gov/ofm/tax/vehicle.

Purchases of Utilities Distinguished: Utility tax exemption (for example, electricity, natural gas, cellular phones, telecommunications, community antenna television, and satellite television) is based on reciprocity and is granted upon request through the procedure described on the OFM website at www.state.gov/ofm/tax/utility. Personal or Mission Tax Exemption Cards may not be used to purchase utilities tax-free.

Purchases of Motor Vehicles Distinguished: OFM enforces the exemption of eligible foreign missions and their members from payment of any taxes when purchasing, leasing, registering, or titling a motor vehicle. All official and personal vehicle acquisitions must be authorized for tax exemption by OFM through the procedure described on the OFM web site at www.state.gov/tax/vehicle.

Effect on Other Documents: Policy Statement 2007(6), *Sales and Use Tax Exemptions for Diplomatic Personnel*, is modified and superseded.

Effect of This Document: A Policy Statement explains in depth a current Department of Revenue Services (DRS) position, policy, or practice affecting the tax liability of taxpayers.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Forms and publications are available anytime by:

- **Internet:** Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms; **or**
- **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only, or call **860-297-4753** (from anywhere).

Paperless Filing/Payment Methods (fast, easy, free, and confidential):

- **For business returns, tax payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file a variety of tax returns and extensions, as well as to pay taxes or bills over the Internet. Visit the DRS website at www.ct.gov/DRS and click on the *TSC* logo or on *File/Register OnLine* for a complete list of taxes that can be electronically filed and paid.
- **For income tax returns, extensions, estimated payments, and electronic bill payments:** Use the *Taxpayer Service Center (TSC)* to file personal income tax returns and extensions, or to make estimated payments and electronic bill payments over the Internet. Visit the DRS website at www.ct.gov/DRS and click on the *TSC* logo or on *File/Register OnLine*.

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