



TAX FACTS 2016-1

Tax Exemptions for Foreign Diplomats and Consular Officials

This Tax Facts answers common questions that involves gross receipts from sales made to foreign diplomats or consular officials that may be exempt from both the General Excise Tax (GET) and Transient Accommodations Tax (TAT).

1 What is an exemption card?

The United States Department of State's Office of Foreign Missions (OFM) issues diplomatic tax exemption cards to eligible foreign missions and their accredited members that provide point-of-sale exemptions from sales tax and other similarly imposed taxes throughout the U.S.

2 What types of cards are issued?

Mission tax exemption cards - This card is issued to qualified foreign missions and are labeled "Mission Tax Exemption - Official Purchases Only." The card bears the photograph and identification of a consulate or embassy employee who has official purchasing privileges for that office. All purchases must be made in the name of the mission and paid for by mission check, mission credit card, or wire transfer. Cash, credit cards, or personal checks in the name of the bearer of the mission tax exemption card cannot be used as payment. This card can only be used for official purchases of goods and services and not for personal purchases. These cards will bear the symbol of an owl or buffalo (See question 4).

Personal tax exemption cards - This card is issued to qualified mission personnel for personal purchases and is labeled "Personal Tax Exemption." The card 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. These cards will bear the symbol of an eagle or deer (See question 4).

3 How can I verify the validity of the card?

The validity of the card may be verified online at egov.ofm.state.gov/tecv or by contacting the State Department Office of Foreign Missions by telephone at (202) 895-3500 x2.

4 What is the significance of the animal symbols on these cards?

Each card bears one of four animal symbols that indicates the specific type of tax exemption the cardholder has been granted.

Cards bearing an **owl** symbol are used solely in connection with official purchases. Amounts received from these cardholders for sales ordinarily subject to GET or TAT are exempt from such taxes if the purchase is made for official purposes.

Cards bearing a **buffalo** symbol are also used solely in connection with official purchases. However, these cardholders are subject to some restrictions. For example, a card bearing a buffalo symbol may indicate that its cardholder is not exempt from hotel tax. A different cardholder's buffalo card may indicate it does not exempt the purchases of clothing or purchases from restaurants. Amounts received from these cardholders for sales ordinarily subject to GET or TAT are exempt from such taxes if (1) the purchase is made for official purposes and (2) the card does not indicate that it specifically does not apply to the purchase in question.

Cards bearing an **eagle** symbol are used solely in connection with personal purchases. Amounts received from these cardholders for sales ordinarily subject to GET or TAT are exempt from such taxes if the purchase is made for personal purposes.

Cards bearing a **deer** symbol are also used solely in connection with personal purposes. However, these cardholders are subject to some restrictions. For example, a card bearing a deer symbol may indicate that its cardholder is only exempt on purchases over \$300. Amounts received from these cardholders for sales ordinarily subject to GET or TAT are exempt from such taxes if (1) the purchase is made for personal purposes and (2) the card does not indicate that it specifically does not apply to the purchase in question.

5 What type of taxes are exempt?

Vendors are exempt only from GET or TAT on amounts received from diplomats and consuls. All other taxes apply, including rental motor vehicle surcharge tax, regardless of what is stated on the diplomat's or consul's card. Taxes on telecommunications, other utilities, gasoline purchases, as well as the rental motor vehicle surcharge tax, are not exempted by tax exemption cards issued or authorized by the United States Department of State but may be exempted by other means which are described at www.state.gov/ofm/tax.

6 What section of the Hawaii Revised Statutes (HRS) allows these exemptions?

HRS section 237-24.3(10) exempts from GET "amounts received from foreign diplomats and consular officials who are holding cards issued or authorized by the United States Department of State granting them an exemption from state taxes."

HRS section 237D-3(8) states TAT shall not apply to "accommodations furnished to foreign diplomats and consular officials who are holding cards issued or authorized by the United States Department of State granting them an exemption from state taxes."

7 What do businesses need to obtain from these cardholders to keep for their records?

The business may photocopy the tax exemption card (both sides if the exemption information is on the back of the card) and retain it with its records. Alternatively, the business may record the buyer's name, mission (country), card number, expiration

date, and level of exemption. If the customer presents a mission tax exemption card, it is required for the purchase to be made in the name of the mission and paid for by mission check, mission credit card, or wire transfer. The vendor should retain a copy of the form of payment for their records in addition to a copy of the exemption card. If the customer presents a personal tax exemption card, a copy of the form of payment is not required, only a copy of the exemption card should be retained.

8 Where can I get more information?

More information on these cards, including what the cards look like, may be found on the attached pdf, and can also be found online at www.state.gov/sales-tax-exemption/.

9 Are the cards issued by the American Institute in Taiwan different?

Under U.S. law, the Taipei Economic and Cultural Representative Office (TECRO), Taipei Economic and Cultural Offices (TECOs), their eligible employees and dependents are also eligible for tax exemption privileges. These privileges are authorized by the American Institute in Taiwan (AIT) and not the U.S. Department of State. Please verify the validity of an AIT exemption card at egov.ofm.state.gov/tecv or by contacting AIT at (703) 525-8474. The exemption card for official purchases will bear an owl symbol (See question 4). The exemption card for personal purchases will bear an eagle symbol (See question 4).

Where to Get Forms and Information

Website: tax.hawaii.gov

Telephone: 808-587-4242

Toll-Free: 1-800-222-3229

Tax Facts is a publication that provides general information on tax subjects of current interest to taxpayers and is not a substitute for legal or other professional advice. The information provided in this publication does not cover every situation and is not intended to replace the law or change its meaning. Furthermore, the information in this publication is subject to change without notice due to changes in the law or rules, judicial decisions, or changes in official Department positions.

For more information, visit the Department of Taxation's website at tax.hawaii.gov



TAX EXEMPTION CARDS

The U.S. Department of State issues tax exemption cards to eligible foreign missions, accredited members and dependents on the basis of international law and reciprocity. These cards authorize exemption from sales tax, occupancy tax, and similarly imposed taxes at the point of sale.

✓ **YES** *most goods and services, hotel stays, and restaurant meals (subject to restrictions)*

✗ **NO** *motor vehicles, gasoline/diesel fuel, utility services, or property tax (requests must be sent to OFM)*

Please verify the validity of a tax exemption card at <https://ofmapps.state.gov/tecv/> or by contacting the **Office of Foreign Missions (OFM)** during business hours:

Washington, DC
Chicago
Houston
Los Angeles
Miami
New York
San Francisco

(202) 895-3500 x2
(312) 353-5762
(713) 272-2865
(310) 235-6292
(305) 442-4943
(646) 282-2825
(415) 744-2910

For more information, please visit <http://www.state.gov/ofm/tax>.

OFFICIAL PURCHASES

- ▶ Used by missions
- ▶ Payment in mission's name
- ▶ Individual pictured need not be present
- ▶ **OWL:** no restrictions
- ▶ **BUFFALO:** some restrictions (please read card)



PERSONAL PURCHASES

- ▶ Not transferable
- ▶ Any form of payment
- ▶ For benefit of individual pictured
- ▶ **EAGLE:** no restrictions
- ▶ **DEER:** some restrictions (please read card)



AMERICAN INSTITUTE IN TAIWAN

TAX EXEMPTION CARDS

Under U.S. law, the Taipei Economic and Cultural Representative Office (TECRO), Taipei Economic and Cultural Offices (TECOs), their eligible employees and dependents are also eligible for tax exemption privileges. These privileges are authorized by the **American Institute in Taiwan (AIT)** and not the U.S. Department of State.

Please verify the validity of an AIT tax exemption card at [**https://ofmapps.state.gov/tec/**](https://ofmapps.state.gov/tec/) or by contacting AIT during business hours at **(703) 525-8474**.

Like the other tax exemption cards, these cards authorize exemption from sales tax, occupancy tax, and similarly imposed taxes at the point of sale.

✓ **YES** *most goods and services, hotel stays, and restaurant meals*

✗ **NO** *motor vehicles, gasoline/diesel fuel, utility services, or property tax (requests must be sent to AIT)*

OFFICIAL PURCHASES

- ▶ Used by TECRO/TECO
- ▶ Payment in TECRO/TECO's name
- ▶ Individual pictured need not be present
- ▶ **OWL: no restrictions**



PERSONAL PURCHASES

- ▶ Not transferable
- ▶ Any form of payment
- ▶ For benefit of individual pictured
- ▶ **EAGLE: no restrictions**

