

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

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Sales Tax Exemption for Foreign Diplomats

The Foreign Missions Act (22 USC 4301 et seq.) allows foreign officials or missions possessing tax exemption cards to make tax exempt purchases of goods and retail services. Under this federal law the exemption applies to individuals or missions whose home countries offer similar exemptions to US diplomats.

Diplomatic tax exemption cards are issued by the US Department of State, Office of Foreign Missions. There are two types of cards: a Mission Tax Exemption Card and a personal Tax Exemption Card. The “mission” tax exemption card is issued to an individual authorized to make official purchases on behalf of the mission. The bill or invoice must be made out to the mission and payment can occur only by mission credit card or check (US Department of State rules do not allow cash payment).

The “personal” tax exemption card is issued to individuals associated with the mission who are authorized to receive the exemption for personal purchases. Only the person whose photograph appears on the front of the card may make purchases without paying tax. If there is any question about the person’s identity, it is appropriate to ask for additional identification, such as a diplomatic identification card or driver’s license.

Persons making exempt purchases must present the card at the time of purchase. The exemption applies to retail sales and local taxes such as, the special hotel/motel, convention and trade center, King County food and beverage, and Regional Transit Authority (RTA) taxes.

Please note that the exemption may not apply to all types of purchases. As explained in the table below, a colored stripe on the card identifies the level of exemption. All employees working directly with customers should be aware of the sales tax exemption, as well as restrictions that apply to foreign officials or missions.

(more)



Purchase Restrictions for Tax Exemption Cards

<i>Stripe Color</i>	<i>Restriction</i>
Blue	Exemption applies to all purchases including lodging, meals and car rentals.
Green	Exemption applies to all purchases except lodging .
Red	Exemption applies to all purchases over a minimum amount as indicated on the card . Purchases made in separate transactions may not be aggregated to reach the minimum amount.
Red/Green	Exemption applies to all purchases over a certain amount except restricted categories identified on the card.
Yellow	Exemption applies to all purchases except restricted categories identified on the card . With the exception of the blue-striped card, the yellow-striped card will replace all other cards by December 31, 2001.

Income from the sales of goods and retail services to foreign officials or missions remains subject to B&O tax under the retailing classification. To report such sales, include the sale in the gross amount reported under the retailing B&O tax classification and the retail sales tax. A deduction may be taken on the deduction detail sheet using the “other” deduction line. When taking this deduction, be sure to provide an explanation such as “sales to foreign diplomats.”

Retailers must keep invoices or other written evidence of sale to support any deduction claimed on excise tax returns for sales to foreign consuls. The invoice must show the name of the purchaser, name of the mission, tax exemption number, expiration date of the Tax Exemption Card, and minimum level of exemption specified on the Tax Exemption Card. To document the sale, you may record the required information or make a photocopy of the tax exemption card.

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