

**NEW JERSEY DIVISION OF TAXATION
REGULATORY SERVICES BRANCH
TECHNICAL BULLETIN**

TB – 53(R)

ISSUED: 2/11/2015

TAX: SALES AND USE TAX

TOPIC: DIPLOMAT/CONSULAR SALES TAX EXEMPTIONS

Federal law requires the State of New Jersey to recognize certain immunities from taxation for foreign missions, foreign diplomatic and consular personnel, and their eligible family members residing in the United States. Such immunities may extend to exemption from paying New Jersey sales and use tax on otherwise taxable purchases, except for purchases made through an internet web site.

U.S. Department of State Sales Tax Exemption Card

The U.S. Department of State, Office of Foreign Missions (OFM), issues Diplomatic Tax Exemption Cards to qualified foreign diplomatic and consular personnel. According to U.S. Department of State policies, these cards provide point-of-sale exemption only. The taxpayer may not use them for sales or use tax exemption on internet purchases.

The plastic cards are the size of credit cards and have a hologram. Each card includes the name of the mission/foreign country, the name and photo of a diplomat, the diplomat's date of birth and gender, the card expiration date, and the U.S. Department of State protocol identification number ("PID".) The back of the tax exemption card describes the exemption, which is either "without restriction" or subject to restrictions as described on the card (such as an exemption from taxes imposed on purchases over \$300.)

There are the two types of tax exemption cards:

Personal sales tax exemption cards are for the sole benefit of the individual identified on the card. For a transaction to be eligible for exemption from sales and use taxes, the cardholder must initiate the transaction, tender payment, and take possession of the purchase. An individual may not "loan" the card to a family member or friend. Unlike purchases made using a mission tax exemption card, purchases made using the personal tax exemption card may be paid for with cash.

Mission tax exemption cards are for representatives of embassies, consulates, and international organizations to use for official purchases for the benefit of the mission identified on the face of the card. All purchases must be in the name of the mission and paid for by mission check or debit/credit card (not cash, personal check, or personal credit card.)

A mission tax exemption card may not be used for personal purchases, however, it may be used by eligible mission employees, other than the mission member identified on the card, for official purchases.

Sellers who make taxable sales to foreign diplomats or consular personnel are required to collect tax if:

- the tax exemption card has expired;
- the amount of purchase is less than the minimum level of exemption shown on the card;
- the purchaser identified on the card is not the payer of record; or
- the tax exemption card is being used by someone other than the individual identified on the card, who is not a mission employee authorized to make official mission purchases.

The Office of Foreign Missions may change the appearance and features of the tax exemption cards from time-to-time. Sellers wanting to verify that a card is valid or receive additional information may:

- Use the card verification portal at <https://ofmapps.state.gov/tecv/>
- Call OFM at (202) 895-3500, ext. 2, during normal business hours
- Send an email to: OFMTaxCustoms@state.gov
- Review detailed information at <http://www.state.gov/ofm/tax/sales/index.htm>

Recordkeeping Requirements

A seller who accepts a Diplomatic Tax Exemption Card must retain a photocopy of both sides of the card and the record of the transaction for four years from the date of the transaction. The record of the transaction must identify the exempt buyer and the PID number. If the sale was made using a mission tax exemption card, the transaction record must demonstrate that the purchase was paid for with the exempt buyer's check or credit card.

Additional Requirements for Sales or Leases of Motor Vehicles to Foreign Diplomats and Consular Personnel

Prior to finalizing a transaction to purchase or lease a motor vehicle, diplomatic and consular personnel (and their dependents) must instruct the seller or lessor to contact OFM directly by phone or email during normal business hours, to request a *Motor Vehicle Tax-Exemption Letter*. Such requests must include the individual's name, mission affiliation, date of birth (or driver license or PID number), purchase type (official or personal), vehicle description and identification number (VIN), and dealer's contact information. OFM must approve each purchase or lease of a vehicle for tax exemption before the transaction is completed and the tax exemption allowed. The dealership must retain the Motor Vehicle Tax-Exemption Letter and a copy of the tax exemption card for at least four years. Diplomatic Tax Exemption Cards may not be used in lieu of the OFM tax-exemption letter. If a diplomatic mission or one of its accredited

members is denied tax exemption, the seller must collect any tax that is normally imposed at the time of purchase.

Dealers located in New Jersey should contact OFM at **(202) 895-3500, ext. 2**. For the New York Regional Office, contact OFM at **(646) 282-2825** or send an email to OFMNYCustomerService@state.gov. Information is available online: <http://www.state.gov/ofm/tax/vehicle/index.htm>.

Note: A Technical Bulletin is an informational document designed to provide guidance on a topic of interest to taxpayers and describe changes to the law, regulations, or Division policies. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Technical Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.