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SC INFORMATION LETTER #89-27

TO: Vicki Jinnette
Public Information Officer

FROM: Jerry B. Knight, Manager
Tax Policy and Procedures Department

DATE: July 7, 1989

SUBJECT: Foreign Diplomats
(Sales and Use Tax)

REFERENCE: S.C. Code Ann. Section 12-35-550(1) (1976)

AUTHORITY: S.C. Code Ann. Section 12-3-140 (1976)
SC Revenue Procedure #87-3

SCOPE: An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are not related to a specific set of facts.

The "Vienna Convention on Diplomatic Relations" and the "Vienna Convention on Consular Relations" provide certain tax exemptions for foreign diplomatic agents, foreign consular officers, consular employees and members of their families.

In order to facilitate the provisions of these treaties, the United States Department of State has issued to foreign officials various tax exemption cards. The type of card issued depends on the principle of reciprocity. In other words, no privileges are granted to a foreign official in the United States unless United States Embassy and Consular personnel receive equivalent privileges in the foreign official's country.

The Office of Foreign Missions (established in 1982), within the State Department, is responsible for the diplomatic Tax Exemption Program. The cards issued to foreign officials contain, for information purposes, the following-- the individual's name, photograph and personal information such as date of birth, eye color, height and weight.

Effective August 25, 1988, all exemption cards issued will have a security sticker placed over the left-hand corner of each card's photograph. The sticker is a holograph, representing the Great Seal of the United States, which is especially visible when the card is tilted at an angle. Cards issued prior to August 25, 1988 (without the security sticker) will remain valid until May 31, 1992.

Therefore, pursuant to the above referenced treaties and Code Section 12-35-550(1), sales to foreign officials shall be exempt from the sales and use tax in accordance with the type of card issued by the Office of Foreign Missions. (All cards are white and have either a blue , green or red stripe). The exemption is only valid for the person whose photo appears on the card. Vendors may ask to see additional forms of identification, such as Diplomatic I.D., Driver's License, etc.

Vendors making sales to foreign officials are required to record the Tax Exemption Number, appearing on the card, on any invoice, bill of sale, cash register tape or other written evidence of the transaction.

TYPES OF TAX EXEMPTION CARDS:

1. Cards with BLUE STRIPES exempt the bearer from all sales, use and accommodation (7% tax on hotel charges) taxes.
2. Cards with GREEN STRIPES exempt the bearer from all sales and use taxes; however, the bearer is not exempt from taxes on accommodations (7% tax on hotel charges).
3. Cards with RED STRIPES have different minimum levels of exemption: \$50, \$100, \$150, or \$200. The total of all items purchased in a single transaction (that is , all items on a single bill) must exceed the amount indicated on the card in order for the sale to be exempt from the sales, use and accommodation (7% tax on hotel charges) taxes.
4. MISSION CARDS are to be used for official purchases only, and not for individual, personal purchases. Mission cards are non-transferable, are issued with red, green or blue stripes, thereby subject to the same restrictions as outlined above for individual cards.

Any questions concerning the tax exemption program should be directed to the South Carolina Tax Commission, Taxpayer Assistance, by telephoning 737-4660 (Columbia). However, questions may also be directed, in writing, to the Office of Foreign Missions, U.S. Department of State, Room 2105, Washington, D.C. 20520.

NOTE: Attached is a copy of a flyer from the State Department which has samples of the Tax Exemption Cards.