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SC INFORMATION LETTER #91-11

TO: Vicki Ringer
Public Information Director

FROM: Deana West, Tax Analyst
Tax Policy and Appeals Department

DATE: April 29, 1991

SUPERSEDES: SC Information Letter #88-11

SUBJECT: Federal Credit Card Program
(Sales and Use Tax)

REFERENCE: S.C. Code Ann. Section 12-36-2120(2) (Supp. 1990)

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 Federal Government provides employees with credit cards to facilitate employee travel and routine government purchases. The Diner's Club card is one card widely used by federal employees to pay for work related travel, food and lodging expenses. Employees using the Diner's Club card are billed directly by the credit card company and are personally responsible for remitting all payments. All purchases by federal employees with a Diner's Club card are subject to South Carolina sales tax.

A second type of government issued card, I.M.P.A.C. - International Merchant Purchase Authorization Card, is used to facilitate routine material and equipment purchases for the federal government directly. The I.M.P.A.C. Visa card is issued by the Rocky Mountain BankCard System, Inc. All card numbers begin with "4716" and have "United States of America, I.M.P.A.C., For Official Use Only." printed on the top. An employees name and the expiration date are embossed on the front along with "U.S. Government Tax Exempt".

Unlike the Diner's Club card, all purchases with the I.M.P.A.C. card will be paid for directly by the federal government. As a result, purchases made with the I.M.P.A.C. Visa card are exempt from South Carolina sales tax pursuant to Code Section 12-36-2120(2). This sales tax exemption extends to purchases of work related food, travel and lodging with the I.M.P.A.C. card. It should be noted that the I.M.P.A.C. Visa card is to be used by federal employees for travel related expenses only when merchants do not accept Diner's Club cards.

The I.M.P.A.C. Visa card replaces the U. S. Government Bankcard Mastercard issued by the National Bank of Colorado. The Mastercard's issued under this program began with the prefix "5227" and the phrase "U. S. GOVT TAX EXEMPT" was embossed above the federal employee's name. Like purchases made with the I.M.P.A.C. card, purchases with the U. S. Government Bankcard Mastercard are exempt from South Carolina sales tax.