
State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC REVENUE RULING #99-8

SUBJECT: Federal Employee Credit Cards
(Sales & Use Tax)

EFFECTIVE DATE: Applies to all periods open under the statute.

SUPERSEDES: SC Revenue Ruling #96-7
SC Information Letter #88-11
SC Information Letter #91-11
SC Information Letter #94-6

REFERENCES: S. C. Code Ann. Section 12-36-2120(2) (Supp. 1998)
S. C. Code Ann. Section 12-36-2130
SC Revenue Ruling #88-8

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. 1998)
SC Revenue Procedure #97-8

SCOPE: A Revenue Ruling is the Department of Revenue's official **advisory opinion** of how laws administered by the Department are to be applied to a specific issue or a specific set of facts, and is provided as guidance for all persons or a particular group. It is valid and remains in effect until superseded or modified by a change in the statute or regulations or a subsequent court decision, Revenue Ruling or Revenue Procedure.

Code Section 12-36-2120(2) exempts from the sales and use taxes "tangible personal property sold to the federal government."

In the Department's opinion, in a retail sale transaction where the federal government is billed directly or a federal employee uses a credit card whereby the federal government is subsequently billed or the employee pays with a government check, the sale is exempt from tax. Such sale is between the retailer and the federal government. On the other hand, in a retail sale transaction where an employee pays and is subsequently reimbursed by the government, the sale is not exempt. The sale is between the retailer and the employee, as opposed to being between the retailer and the federal government. See SC Revenue Ruling #88-8.

Effective November 30, 1998, the federal government has substantially changed its credit card program. The I.M.P.A.C cards, the American Express cards, and the Wright Express fleet cards are no longer in use.

The General Services Administration has entered into contracts with certain card-issuing banks. The new program, named GSA SmartPay, is scheduled to be in effect for 5 to 10 years. The new cards, and the Department's opinion how the sales and use taxes apply, are as follows:

I. Fleet cards are used to purchase gasoline and to service government vehicles. They are always billed directly to the federal government. Therefore, purchases with these cards are exempt from sales and use taxes.

Fleet cards:

1. Have “**For Official Government Fleet Use Only**” written on them;

AND

2. The card’s number begins with:
 - a. 8699 (Voyager), or
 - b. 5568 (MasterCard).

II. Travel cards are used to pay for sleeping accommodations (i.e. hotel and motel rooms), restaurant meals, auto rentals and common carrier transportation services.

Travel cards are of two types - those billed directly to the federal government (exempt) and those billed to the employee for reimbursement by the federal government (not exempt).

Travel cards:

1. Have “**For Official Government Travel Only**” written on them;
2. The card’s number begins with:
 - a. 4486 (Visa) or 4716 (Visa), or
 - b. 5568 (MasterCard);

AND

3. If the 6th digit in the card’s number is 0, 6, 7, 8, or 9, purchases with the card are exempt. If the 6th digit is not one of the aforementioned digits, purchases with the card are **not** exempt.

III. Purchase cards are used to pay for items such as computers, office furniture, office supplies, services, subscriptions, etc. Charges on these cards are billed directly to the federal government and are, therefore, exempt from tax.

Purchase cards:

1. Have “**For Official U.S. Government Purchases Only**” written on them;

AND

2. The card’s number begins with:

a. 4486 or 4716 (Visa), or

b. 5568 (MasterCard).

Note: These are the same beginning numbers that are on travel cards. However, these cards **cannot** be used to pay for sleeping accommodations or restaurant meals.

When a charge is submitted using a purchase card, the merchant code determines whether the card may be used for that particular charge. For example, if someone presents a purchase card to a hotel for payment, the charge will not be accepted by the card issuer.

IV. Department of the Interior MasterCards:

These cards are MasterCards and have “**U.S. Department of the Interior**” and “**Tax Exempt I.D. 140001849**” on their face. These cards, which are issued by NationsBank, may be used to make all purchases tax-free, **except** for sleeping accommodations and restaurant food.

Charges for sleeping accommodations and for restaurant meals with these cards are **not** exempt from tax. Such charges are billed to the employee for subsequent reimbursement by the federal government.

V. Cards of the Bureau of Reclamation:

Cards issued to the Bureau of Reclamation allow employees to make all purchases tax-free, including sleeping accommodations and restaurant meals. Charges on these cards are billed directly to the federal government.

For questions concerning this document, you may call Jerry Knight at (803) 898-5137.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/ Elizabeth Carpenter
Elizabeth Carpenter, Director

Columbia, South Carolina
August 9, 1999