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## REVENUE ADMINISTRATIVE BULLETIN 2013-4

**Approved:** March 25, 2013

### EXEMPTION FOR FOREIGN DIPLOMATIC PERSONNEL

(Replaces Revenue Administrative Bulletin 2009-6)

Pursuant to MCL 205.6a, a taxpayer may rely on a Revenue Administrative Bulletin issued by the Department of Treasury after September 30, 2006, and shall not be penalized for that reliance until the bulletin is revoked in writing. However, reliance by the taxpayer is limited to issues addressed in the bulletin for tax periods up to the effective date of an amendment to the law upon which the bulletin is based or for tax periods up to the date of a final order of a court of competent jurisdiction for which all rights of appeal have been exhausted or have expired that overrules or modifies the law upon which the bulletin is based.

**RAB 2013-4.** This bulletin explains the exemption for foreign diplomatic personnel as it relates to Michigan sales tax, use tax, airport parking tax, and convention facility development tax and reflects the changes to the appearance of personal and mission tax exemption cards issued by the U.S. Department of State. For purposes of this bulletin, foreign diplomatic personnel include diplomats, consular officers, administrative and technical employees and service staff.

Exemption from tax is one of the privileges enjoyed by foreign diplomatic and consular personnel under the provisions of the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations. These treaties have been ratified by the United States Senate and are the supreme law of the land under Article VI of the U.S. Constitution.

In 1985, the United States Department of State, Office of Foreign Missions (OFM), instituted a new tax exemption card program for foreign diplomatic and consular personnel in the United States. This program grants exemption only to eligible representatives of countries that extend reciprocal tax exemption to U.S. personnel abroad.

Foreign officials entitled to exemption are issued a tax exemption card by the OFM. The plastic cards, which are the size of credit cards and have a hologram, are valid nationwide and in the Commonwealth of Puerto Rico. For identification purposes, the individual's name, photograph, mission employed by, expiration date, and protocol identification number are provided on the card. Samples of the cards are attached as Exhibit A.

## **Levels of Exemption**

There are two different types of exemption cards: Personal and Official/Mission. Each card will have one of two different levels of sales and use tax exemption. The level and kind of exemption are designed to match the levels of exemption encountered by American Embassies in foreign countries. For both types of cards, the level of tax exemption is indicated by the color of the card and the written explanation in the colored box. Tax exemption cards do not allow holders to purchase gasoline or utilities free of tax, or to purchase or lease vehicles free of tax.

### **Cards With Blue Stripes**

The cards with the blue stripe exempt the bearer from all state and local taxes, including hotel room taxes. An individual bearing a blue card is exempt from: (1) sales tax; (2) use tax on telephone bills, hotel rooms, leases of tangible personal property and purchases from out-of-state vendors; (3) airport parking tax; and (4) convention facility development tax.

### **Cards With Yellow Stripes**

Cards with the yellow stripe require the bearer to purchase a minimum amount of goods or services before the bearer is entitled to tax exemption. The requirements may range from a specified purchase amount or could exclude certain sectors from exemption, with the most common exclusion being hotel taxes. Exclusions from tax exemption are indicated on the card as an exception. The total of all items purchased in a single transaction must exceed the exemption level indicated on the card. Provided the minimum exemption level for a single transaction is reached and the product/service purchased is not listed as an exception on the card, the individual bearing the yellow card is exempt from: (1) sales tax; (2) use tax on telephone bills, hotel rooms, leases of tangible personal property, and purchases from out-of-state vendors; (3) airport parking tax; and (4) convention facility development tax.

## **The Personal Tax Exemption Card**

The personal card is used at the point of sale for exemption from state and local sales, restaurant, lodging, and similar taxes normally charged to a customer. The personal card bears the photograph and identification of a duly accredited consulate, embassy, or eligible international organization employee who is entitled to the tax exemption privileges as stated on the card. This card is not transferable and is only for the personal use of the bearer whose picture appears on the front of the card.

## **The Mission Tax Exemption Card**

The mission card is to be used only for the official purchases of a foreign consulate or embassy. It bears the photograph and identification of a consulate, embassy, or international organization employee who has been allowed official purchasing privileges for that office. This card is for official purchases only and all purchases must be made in the name of the mission and paid for by mission check or credit card (not cash or personal check). The mission card is not transferable and not to be used for personal purchases. While the consulate, embassy, or international organization employee whose picture appears on the mission card does not need to be present when official purchases are made, they are the mission's point of contact and responsible for ensuring the accuracy of the exemption.

### Automobile Purchases

All vehicle purchases/leases by diplomatic personnel must be cleared or denied for tax exemption via the issuance of a Motor Vehicle Tax-Exemption Letter by the OFM before the transactions are completed. Tax exemption cards may not be used in lieu of a tax exemption letter. In instances where the diplomatic personnel are denied tax exemption, the vendor (dealer) should collect any tax that is normally imposed at the time of purchase. Michigan vehicle dealers should follow these guidelines when selling/leasing automobiles to diplomatic personnel:

- Call the OFM Regional Office at (312) 353-5765 between the hours of 8:00 a.m. and 4:45 p.m., Central Time, Monday through Friday, to request a tax exemption letter on an automobile purchase. Dealers should provide OFM all of the following information:
  1. The seller/lessor's name, mailing address, and telephone and fax numbers;
  2. The vehicle identification number (VIN), color, year, make, and model of the motor vehicle that the mission or accredited mission member intends to acquire; and
  3. For **official** motor vehicles: the name of the foreign mission that is purchasing or leasing a motor vehicle; **or**
  4. For **personal** motor vehicles: the name (as it appears on their current "A series" or "G series" visa) of the accredited mission member or their dependent who is purchasing or leasing a motor vehicle, the name of the foreign mission to which the individual is assigned, and the individual's U.S. Department of State-issued Personal Identification Number (PID).
- The dealer must also retain a copy of the purchaser's valid passport containing their current "A series" or "G series" visa, U.S. Department of State-issued Personal Identification Number (PID), U.S. Department of State-issued driver's license, or U.S. Department of State-issued Diplomatic Tax Exemption Card.
- The tax exemption letter issued by the OFM will instruct the dealer to send transaction documents directly to the OFM.
- If the purchaser is not eligible for tax exemption (i.e., the OFM does not issue a tax exemption letter), the seller should collect the appropriate Michigan tax.

### Vehicle Registration

All foreign diplomatic personnel must register their automobiles with the U.S. Department of State, and not with the State of Michigan, regardless whether tax exemption is granted.

Registration will occur pursuant to the instructions outlined in each tax exemption letter. See Exhibit B.

**EXHIBIT A**



UNITED STATES DEPARTMENT OF STATE  
BUREAU OF DIPLOMATIC SECURITY

## U.S. DEPARTMENT OF STATE DIPLOMATIC TAX EXEMPTION CARD

The U.S. Department of State issues *Diplomatic Tax Exemption Cards* to eligible foreign diplomatic and consular missions and in most cases to their personnel and eligible family members located in the United States and its territories. In accordance with reciprocity, such cards are used to authorize the exemption of sales, occupancy, restaurant/meal, and other similar taxes on official and personal purchases.

*Diplomatic Tax Exemption Cards* are designed with state of the art security features that are intended to defeat any attempts to manufacture counterfeit versions of these cards. These features include, but are not limited to, the use of laser-engraved personalization of data, the inclusion of an optically variable device or Kinegram, and tactile micro-text (small raised text).

The validity of *Diplomatic Tax Exemption Cards* can be confirmed electronically using the Department of State's Diplomatic Tax Exemption Card Verification System, which is available at <https://ofmapps.state.gov/tecv/>. Information concerning this service and a telephone contact number that can be used for the same purpose is described on the rear side of each *Diplomatic Tax Exemption Card*.

**The mechanisms that the Office of Foreign Missions (OFM) uses to authorize foreign diplomatic and consular missions, and their eligible members, for exemption from other types of taxes, including but not limited to excise taxes imposed on purchases of alcohol, fuel, tobacco, and utility services or taxes imposed on purchases of motor vehicles, remain unchanged. Information concerning the manner in which this privilege is made available for these and other types of taxes is available at [www.state.gov/ofm/tax](http://www.state.gov/ofm/tax).**

*Diplomatic Tax Exemption Cards* feature one of four images of animals that are native to North America (replacing the previously used "blue/yellow stripes"). Each of these images provides vendors and revenue authorities with (1) a visual cue of tax exemption privileges and (2) an indication of whether the card is intended for official or personal purchases.

The images found on the *Diplomatic Tax Exemption Card* include:



**OWL**—Cards with this image are intended to be used solely in connection with **official** purchases; the cardholder/mission is eligible for exemption from sales, occupancy, restaurant/meal, and other similarly imposed taxes without restriction.



**BUFFALO**—Cards with this image are intended to be used solely in connection with **official** purchases; the cardholder/mission is subject to some degree of restriction on exemption from sales, occupancy, restaurant/meal, and other similarly imposed taxes. (For example, such cards may read "EXEMPT FROM TAXES IMPOSED ON PURCHASES OVER \$300; NOT VALID AT HOTELS.")



**EAGLE**—Cards with this image are intended to be used solely in connection with **personal** purchases; the cardholder is eligible for exemption from sales, occupancy, restaurant/meal, and other similarly imposed taxes without restriction.



**DEER**—Cards with this image are intended to be used solely in connection with **personal** purchases; the cardholder is subject to some degree of restriction on exemption from sales, occupancy, restaurant/meal, and other similarly imposed taxes. (For example, such cards may read "EXEMPT FROM TAXES IMPOSED ON PURCHASES OF HOTEL STAYS, RESTAURANT MEALS, AND RENTAL CARS.")

Inquiries concerning the use of a *Diplomatic Tax Exemption Card* may be directed to OFM via electronic mail at [OFMTaxCustoms@state.gov](mailto:OFMTaxCustoms@state.gov) or by telephone at (202) 895-3500, x2. Foreign diplomatic and consular missions or vendors that are located outside of the Washington, D.C. metropolitan area also may contact the OFM Regional Office with responsibility for that area. Information concerning OFM's Regional Offices is available at [www.state.gov/ofm/ro/index.htm](http://www.state.gov/ofm/ro/index.htm).

# SAMPLES OF THE U.S. DEPARTMENT OF STATE DIPLOMATIC TAX EXEMPTION CARDS



front



back



front



back



front



back



front



back

## ADDITIONAL INFORMATION

### Mission Tax Exemption Cards

Diplomatic Tax Exemption Cards that are labeled as “Mission Tax Exemption—Official Purchases Only” are used by foreign diplomatic and consular missions to obtain exemption from sales, occupancy, restaurant/meal, and other similar taxes imposed on their official purchases in the United States necessary for the operation of the diplomatic or consular mission. The person whose photo appears on such cards is the diplomatic or consular mission’s point of contact and is the person responsible for ensuring

the appropriate use of the card. This individual does not need to be present when purchases are made. **Note:** All purchases authorized for mission tax exemption must be paid for with a check or credit card bearing the name of the associated diplomatic or consular mission.

### Personal Tax Exemption Cards

Diplomatic Tax Exemption Cards that are labeled as “Personal Tax Exemption” are used by eligible foreign diplomatic and consular mission members to obtain exemption from sales, occupancy, restaurant/meal, and other similar taxes imposed on their **personal** purchases in



the United States. The card is intended to be used solely for the benefit of the individual identified and pictured on the card. The use of a personal *Diplomatic Tax Exemption Card* is not transferable and cannot be loaned to a family member or friend, regardless of his/her eligibility for exemption from taxation. There is no restriction on the form of payment associated with using a personal *Diplomatic Tax Exemption Card*.

### Internet & Catalog Purchases

The nature of purchases made via the Internet or mail-order catalog do not allow for the presentation of a *Diplomatic Tax Exemption Card*, thus, such transactions by foreign diplomatic and consular missions and their members are ineligible for sales or use tax exemption.

### Misuse/Abuse

The Department views the misuse of a *Diplomatic Tax Exemption Card* as a very serious offense. Any abuse, or attempted abuse, will result in the permanent withdrawal of the cardholder's eligibility for this privilege.

### Hotels

Eligible foreign diplomatic and consular missions and their members are advised to exercise a certain degree of planning when seeking an exemption from taxes on hotel stays and associated charges. Such cardholders should make every effort to inform the hotel in advance of their arrival of their eligibility for tax exemption privileges. Hotels and state and local tax authorities have the right to request additional supporting documentation before agreeing to extend an exemption from lodging or occupancy taxes ("hotel tax"). More information concerning the exemption of taxes imposed on hotel stays is available at [www.state.gov/ofm/tax/hotel](http://www.state.gov/ofm/tax/hotel).

## STATE-SPECIFIC PROCEDURES

In most states, the only procedural requirement for eligible foreign diplomatic and consular missions and their members to obtain exemption from sales, occupancy, restaurant/meal, and other similar taxes is the presentation of a valid *Diplomatic Tax Exemption Card* to a merchant or vendor. However, in the states listed below, this process requires additional steps.

### Arizona

Eligible foreign diplomatic and consular missions and their members are one of the only groups entitled to receive an exemption from the transaction privilege tax imposed by State of Arizona. Therefore, it is uncommon for vendors in Arizona to be familiar or accustomed to receiving or granting requests for diplomatic or consular tax exemption.

OFM advises holders of *Diplomatic Tax Exemption Cards*, planning to make tax-exempt purchases in Arizona, to present a photocopy of the OFM Notice, dated October 25, 2010, to any Arizona-based vendors. A copy of this notice is

available at OFM's website ([www.state.gov/documents/organization/125038.pdf](http://www.state.gov/documents/organization/125038.pdf)). This notice includes a letter from the State of Arizona's Department of Revenue concerning the proper means in which vendors shall authorize and grant diplomatic and consular tax exemptions in that state. Failing to use this letter may delay or prevent a foreign mission or member from receiving tax exemption.

### New York

In order for eligible foreign diplomatic and consular missions and their members to obtain sales tax exemption on their official or personal purchases in the State of New York, such missions and their members are required to complete and submit to vendors, in addition to the presentation of their valid *Diplomatic Tax Exemption Card*, a completed copy of Form DTF-950 ("Certificate of Sales Tax Exemption for Diplomatic Missions"). A copy of Form DTF-950 is available at [http://www.tax.state.ny.us/pdf/2000/st/dtf950\\_500.pdf](http://www.tax.state.ny.us/pdf/2000/st/dtf950_500.pdf).

**Arkansas, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Nebraska, New Jersey, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Washington, West Virginia, & Wyoming**

These states are part of the Streamlined Sales Tax Agreement, a multi-state agreement providing for the simplification of the nation's varying sales tax laws. In accordance with the agreement, the procedure for obtaining an exemption from sales tax on the basis of diplomatic or consular status remains similar to previous procedures. **Please note that this procedure only applies to purchases made in the states listed above.** The procedure for obtaining tax-exemption on purchases made in these states is as follows:

- At the point of purchase, eligible foreign diplomatic and consular missions and their members must inform the vendor that they are eligible for an exemption from the imposition of sales tax.
- The purchaser must then present a valid *Diplomatic Tax Exemption Card*.
- The vendor is required to review the card to ensure that the purchase complies with the level of tax-relief the Department has reciprocally established for the cardholder.
- Sales tax exemption can only be authorized on official purchases if the payment is made with either an official credit/debit card or check.
- If the purchase qualifies, the cardholder must complete a **"Streamlined Sales Tax Agreement—Certificate of Exemption,"** and submit the document to the vendor.

A copy of the Streamlined Sales Tax Agreement—Certificate of Exemption is available at [http://www.streamlinedsalestax.org/uploads/downloads/Forms/F0003%20Fill%20in%20Exemption%20Certificate%20Form\\_9\\_18\\_09.pdf](http://www.streamlinedsalestax.org/uploads/downloads/Forms/F0003%20Fill%20in%20Exemption%20Certificate%20Form_9_18_09.pdf)

**EXHIBIT B**





United States Department of State

Office of Foreign Missions  
Washington, D.C. 20520

December 26, 2012

Joe Dealer  
Diplomatic Cars Inc  
8865 Dobbin Road  
Chicago, IL 60604

To Whom It May Concern:

The Department of State's Office of Foreign Missions (OFM) understands that **John Diplomat, PID # 12345678**, who is a member of the **Consulate General of Curipania** is planning to acquire a **black 2013 Honda Accord**. This letter confirms that in accordance with the requirements of the Foreign Missions Act (22 U.S.C. 4301-4316 as amended) and relevant treaties and agreements concerning diplomatic and consular privileges and immunities, that **John Diplomat** is hereby authorized to receive an exemption from any sales or use taxes, and if applicable luxury tax, imposed on their acquisition of this motor vehicle.

Pursuant to the Foreign Missions Act, all personnel of foreign missions in the United States and their family members who are entitled to claim immunity from legal process are required to register their vehicles, whether owned or leased, with OFM.

Therefore, as a seller or lessor of the vehicle, you are required to directly submit all original ownership documents to OFM, so that this vehicle can be properly registered and titled. Your dealership is advised to treat this transaction as an "out of state registration." Once such documents are received, OFM will issue a registration card and a federally issued diplomatic or consular license plate. Additionally, if necessary, in an effort to protect the interest of the lender, OFM will send the title to the indicated lien holder.

To allow **John Diplomat** the benefit of driving while this vehicle's registration is being processed by OFM, a state temporary tag may be issued, as long as proof of insurance for third party liability of at least \$300,000 CSL or split limits of \$100,000 per person, \$300,000 per accident and \$100,000 property damage is presented to your dealership.

The appropriate mailing address and contact information for this particular transaction is:

Office of Foreign Missions - Chicago  
77 West Jackson Boulevard, Suite 2122  
Chicago, IL 60604-1503

Phone: (312) 353-5762

Fax: (312) 353-5768

Email: [OFMCGCustomerService@state.gov](mailto:OFMCGCustomerService@state.gov)

Sincerely,

Jane Doe  
Program Officer

Letter #: 1000131