

08-171

The Secretary of State presents her compliments to Their Excellencies, Messieurs and Mesdames the Chiefs of Mission and refers to the hotel and lodging tax-exemption privileges of eligible foreign missions and their members in the United States. The purpose of this note is to expand upon and clarify the requirements applicable to qualifying for an exemption from taxes imposed on hotel or lodging purchases. This note updates the relevant section of the Department's circular note No. 04-20, dated January 30, 2004.

Official/Mission Hotel Tax Exemptions

The Department's Office of Foreign Missions (OFM) considers official expenses associated with the lodging of employees of foreign missions, representatives of a sending State's government, or other travelers hosted by the foreign mission, to be exempt from taxation when:

- a) the foreign mission holds a valid Mission Tax Exemption Card that allows for the relief of such taxes; and
- b) the travel of the individuals described above is conducted in support of the missions' diplomatic or consular functions; and

- c) the lodging costs are paid for with a check or credit card in the name of the foreign mission.

OFM will not authorize any foreign mission request for tax exemption of lodging expenses unrelated to a mission's diplomatic or consular functions, such as those related to tourism or leisure travel.

Foreign missions are advised that hotels and state or local governments have the right to request documentation, and to seek OFM's opinion and advice, before agreeing to extend an exemption from a lodging or occupancy tax.

Personal Hotel Tax Exemptions

OFM considers the personal lodging expenses of individual members of foreign missions or their immediate family members to be exempt from taxation when:

- a) the individual holds a valid Personal Tax Exemption Card that allows for the relief of such taxes; and
- b) the room(s) are registered in the name of the individual to whom the Personal Tax Exemption Card is assigned; and
- c) the lodging expenses are paid for by the individual to whom the Personal Tax Exemption Card is assigned, using any form of payment.

General Hotel Tax-Exemption Issues

The Department is aware that foreign missions and their members may experience problems when requesting an exemption from the taxes imposed on hotel stays. Therefore, the Department strongly recommends that travelers notify hotels of their tax-exempt status in advance of their stay. Travelers must also allow sufficient time to resolve tax-exemption questions at hotels and be aware that checking out of a hotel, under pressure to make an airline flight or business meeting, may not leave sufficient time to resolve questions concerning tax exemption. It is not uncommon for states or municipalities to require hotels to obtain a completed "Tax Exemption Certificate" from a guest requesting the exemption of taxes on their stay.

Although the Department actively promotes the Diplomatic Tax-Exemption Program, qualifying travelers may find that they need to inform hotels and other vendors about their tax-exempt privileges. If a hotel refuses to honor a valid assertion of exemption from tax, foreign mission members may take one or a combination of the following actions:

- a) refer the hotel staff to the OFM website www.state.gov/ofm;

b) provide the hotel staff with the Department's publications

The Diplomatic Customer, copies of which are available on OFM's website <http://www.state.gov/documents/organization/99399.pdf>;

c) provide the hotel with a copy of this note;

d) during normal business hours, contact OFM in Washington, D.C. by telephone at (202) 895-3500 option 2 or by electronic mail to OFMTaxCustoms@state.gov, or contact the appropriate OFM Regional Office (Chicago, Houston, Los Angeles, Miami, New York and San Francisco).

Department of State,

Washington, October 20, 2008.

A handwritten signature in black ink, appearing to be "RAB", written over a horizontal line.