

Important Notice Regarding Federal Credit Card Program GSA SmartPay® 2

As of November 30, 2008, the federal government updated its credit card program. The General Services Administration (GSA) has entered into a series of contracts with a variety of card-issuing banks under the program named GSA SmartPay® 2. Samples of the new card designs are available at www.gsa.gov/gsasmartpay. The following information is provided to assist Alabama vendors in determining whether or not tax applies to transactions paid by GSA SmartPay® 2 cards.

The GSA SmartPay® 2 program provides four business lines (card types): Purchase, Travel, Fleet, and Integrated (includes fleet, travel and/or purchase functionality and offers a single card for all purchases.) These cards/accounts can be Centrally Billed Accounts (CBAs) or Individually Billed Accounts (IBAs).

Centrally Billed Accounts (CBAs) are charge card accounts in which **all** charges are billed directly to the federal government and paid directly by the federal government to the issuing bank. (Sales tax is not due on credit card purchases which are centrally billed to and paid by the federal government. Lodgings tax is not due on charges for lodgings which are centrally billed to and paid by the federal government.)

Individually Billed Accounts (IBAs) are charge card accounts in which charges are paid directly by the cardholder/federal employee to the issuing bank; the federal employee is then reimbursed by the government. (Sales tax and lodgings tax are due on credit card transactions where the purchases or charges for lodgings are billed to and paid by federal employees, who are then reimbursed by the federal government.)

- **Purchase Cards** are for purchasing general supplies and services. All federal government GSA SmartPay® 2 Purchase cards are centrally billed. Therefore, transactions paid for with this card are tax-exempt.
- **Fleet Cards** are for purchasing fuel and supplies for government vehicles. All federal government GSA SmartPay® 2 Fleet cards are centrally billed. Purchases of tangible personal property paid for with this card are exempt from sales taxes. However, purchases of fuel paid for by this card are not exempt from state fuel excise taxes.
- **Travel Cards** are for paying travel expenses related to official government travel (airline, hotel, meals, incidentals). Federal government GSA SmartPay® 2 Travel cards may be centrally billed **or** individually billed. The Travel card uses the 6th digit of the account number to identify whether the account is a Centrally Billed Account or an Individually Billed Account. **If the sixth digit is 1, 2, 3, or 4, the transactions against the Travel card are individually billed to the federal employee, and, therefore, the transactions are subject to applicable taxes.** See the chart below.
- **Integrated Cards** – Two or more business lines (card types) whose processes are integrated into one card.
 - All Fleet and Purchase type transactions on a GSA SmartPay® 2 integrated card are centrally billed. Purchases of tangible personal property paid for with this card are exempt from sales taxes. However, purchases of fuel paid for by this card are not exempt from state fuel excise taxes.
 - Travel functionality on a GSA SmartPay® 2 integrated card may be centrally billed or individually billed. The numbering structure for Integrated Cards to differentiate between centrally and/or individually billed transactions will be specific to each agency/ organization using the integrated card. This information will be provided on the GSA SmartPay® website (www.gsa.gov/gsasmartpay) as it becomes available.

Department of the Interior: With the exception of the purchase of meals and incidental travel expenses which are individually billed and subject to sales tax, transactions paid for with the Department of the Interior's integrated card are centrally billed and exempt from sales and lodgings tax. Purchases of fuel paid for by this card are not exempt from state fuel excise taxes.

The Department of the Interior GSA SmartPay 2 charge cards can be identified by their unique prefixes and account numbers, government-designed artwork, and wording that indicates that the card is for official transactions for the U. S. Government. The Department of the Interior Integrated Card account numbers begin with 5568 26.

	Purchase	Travel	Fleet	Debit/Prepaid
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Prefix (1st four digits)	5568 - MasterCard	5568 - MasterCard	5565 - MasterCard	5564 - MasterCard
	5565 - MasterCard	5565 - MasterCard	5568 - MasterCard	5568 - MasterCard
	4716 - Visa	4486 - Visa	8699 - Voyager	5565 - MasterCard
	4614 - Visa	4614 - Visa		4614 - Visa
	4486 - Visa			
6th Digit	NA	0	CBA	NA
		1	IBA	
		2 - 4	IBA	
		5	Reserved	
		6 - 9	CBA	

Questions concerning this notice may be directed to this office at the address or numbers shown below.

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Sales, Use & Business Tax Division
P.O. Box 327710
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Notices to Taxpayers