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March 25, 2013

DEPARTMENT OF TAXATION ANNOUNCEMENT NO. 2013-03

RE: General excise tax exemption for Foreign Diplomats and Consular Officials as applied to purchases and leases of personal or official motor vehicles

The State of Hawaii hosts diplomatic missions[1] staffed by numerous foreign diplomats and consular officials. Gross receipts from sales made to foreign diplomats and consular officials may be exempt from both General Excise Tax (GET) and Transient Accomodations Tax (TAT). See Tax Announcement No. 2011-25 for general guidance regarding this exemption. The United States Department of State (State Department) has recently revised its authorization procedures for state tax exemptions on the purchase and lease of official and personal motor vehicles. This Announcement is meant to inform vendors of the procedures and provide instructions for compliance.

The State Department, through its Office of Foreign Missions (OFM), issues *Motor Vehicle Tax-Exemption Letters* to authorize the exemption of sales or leases of motor vehicles to foreign missions and their members. *Motor Vehicle Tax-Exemption Letters* are issued to the entity or person that plans to sell or lease a motor vehicle to such missions or members and are the sole means of obtaining the exemption. Diplomatic Tax Exemption Cards held by foreign missions and their members may not substitute for a *Motor Vehicle Tax-Exemption Letter*.

It is the responsibility of the seller or lessor to contact OFM during normal business hours to request the issuance of a *Motor Vehicle Tax-Exemption Letter*. The seller or lessor must provide the following information to OFM when making a request:

1. The seller/lessor's name, mailing address, and telephone and fax numbers;
2. The color, year, make, and model of the motor vehicle that the mission or accredited mission member is planning 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 Department-issued Personal Identification Number (PID). (Note that individuals must also present proof of their diplomatic or consular status to the seller/lessor

[1] A mission is a group of people from one state (i.e., sovereign country or nation) present in another state (in this case, the United States), for the purpose of representing that state in the receiving state. In other words, a mission is a foreign country's embassies and consuls, and the diplomats and consuls who work for them.

– i.e., valid passport which contains their current "A series" or "G series" visa, or Department-issued protocol identification card, or Department-issued driver's license, or Department-issued Diplomatic Tax Exemption Card.)

If OFM authorizes the exemption, a uniquely numbered *Motor Vehicle Tax-Exemption Letter* will be issued to the seller or lessor. As stated above, this letter is the formal notification of eligibility for the exemption and is the sole method of obtaining the exemption. A sample letter is attached to this Announcement.

After receiving a *Motor Vehicle Tax-Exemption Letter* and completing the sale or lease of the covered motor vehicle or vehicles, the seller or lessor must send all original ownership documents directly to OFM to ensure the motor vehicle is properly registered and titled. OFM will issue permanent registration documentation and diplomatic license plates upon receipt of all documentation. OFM will also send a title to the indicated lien holder. Sales covered by a *Motor Vehicle Tax-Exemption Letter* are to be treated as an out of state registration. The seller or lessor may issue a temporary registration if proof of sufficient insurance is provided.

Requests for a *Motor Vehicle Tax-Exemption Letter* should be directed to the San Francisco regional OFM office. The office can be contacted by telephone at 415-744-2910 or by electronic mail at OFMSFCustomerService@state.gov . Further information regarding the exemption for the sale or lease of motor vehicles can be found online at www.state.gov/ofm/tax/vehicle/index.htm .

For more information related to this Announcement, please contact the Department of Taxation Administrative Rules Office at 808-587-1577.

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