

# Special Notice

*Intended audience: US government employees*

**Oct. 25, 2018**

## How to document your United States government credit card purchases

By Nov. 30, 2018, the U.S. General Services Administration (GSA) SmartPay® 3 program will provide charge card services to the federal government and its employees for official business. On Nov. 30, 2018, this program replaces the SmartPay® 2 program.

Your transactions are only exempt from retail sales tax if the federal government pays for them. **If you are a federal employee with an Individually Billed Account (IBA), you must pay sales tax on your purchases, even though the federal government may reimburse you.**

GSA SmartPay® 3 charge cards issued under the program will have specific account number prefixes, as seen in the chart below. Citibank and US Bank will issue GSA SmartPay® 3 accounts. The GSA SmartPay® program provides four business lines: Purchase, Travel, Fleet, and Integrated. Your account can be a Centrally Billed Account (CBA) or Individually Billed Account (IBA). You can find a description of account, business lines, and associated numbering schemes below. .

Centrally Billed Account transactions are directly billed to and paid by federal government agencies. All CBA transactions are exempt from state sales taxes.

## Accepting SmartPay® 3 cards

Exempt GSA SmartPay® 3 Cards have several designs. Whether the sale is exempt from retail sales tax depends on the card type.

**If the credit card is a ...**

**Then the sale is...**



- Purchase card (red) embossed with "For Official Government Use Only"
- You may not use this card for travel

- **Exempt**

PO BOX 47478 | OLYMPIA, WASHINGTON 98504-7478 | 360-705-6705 | [Dor.Wa.Gov](http://Dor.Wa.Gov)

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## If the credit card is a ...

## Then the sale is...



- Fleet card (green) embossed with “For Official Government Use Only”
- You can only use this card for vehicle fuel and maintenance

- **Exempt**



- Travel card (blue) embossed with “For Official Government Use Only”

- **Exempt if** the sixth digit from the left is 6, 7, 8, 9, or 0.



- Tax Advantage Travel card (gray) embossed with “For Official Government Use Only”

- **Exempt if** the sixth digit from the left is 5.



- Integrated card (gold) embossed with “For Official Government Use Only”

- **Exempt**

## Records you need to keep

To document the retail sales tax exemption on sales federal employees make with an eligible card, you must keep the following information in addition to a receipt:

- federal employee's name
- federal government agency's name
- type of agency card (e.g., purchase card, fleet card, travel card, integrated card)
- expiration date of credit card
- name of credit card company
- the sixth digit of the card (for Travel or Tax Advantage Travel cards)

## **Business and occupation tax**

Gross income from sales of tangible personal property or retail services to the federal government is subject to retailing business and occupation (B&O) tax. The retail sales tax exemption does not extend to B&O tax.

## **More information**

For more information on the cards issued under the GSA SmartPay® 3 Program, visit the [GSA website](#).

Also see our [Special Notice Paying for lodging with a United States government credit card](#).