



**DEPARTMENT OF REVENUE**  
**TAX POLICY DIVISION**  
**INDIANA GOVERNMENT CENTER NORTH**  
**ROOM N248**

October 16, 2001

Ms. Rosemarie Dunn  
GSA/FSS/FCXC  
ATTN: GSA SmartPay Program  
1941 Jefferson Davis Highway, Room 507  
Arlington, VA 22202

Re: Taxability of Federal Credit Purchases

Dear Ms. Dunn:

This advisory letter is written in response to your correspondence received by the Department on October 4, 2001. In your letter you state that the GSA, hereinafter referred to as the taxpayer, has changed the process of its credit card program for the United States Government. The taxpayer has replaced the U.S. government's purchase cards (I.M.P.A.C) with one consolidated card. The new program is called "GSA Smartpay" with multiple contractors providing the financing. The cards issued have unique prefixes and account numbers, government designed artwork, and wording that it is for use by the United States of America. In your letter you ask that Indiana continue to recognize that credit card purchases made and paid directly by the Federal Government are tax exempt and make such statement with a written confirmation. Additionally, you ask whether the Federal Government needs to provide a tax exemption certificate when making purchases.

For purchases made by the United States Government to be exempt from sales/use tax the purchases must be directly invoiced, and paid by, the United States Government, and must be made for a governmental function as provided by Rule 45 IAC 2.2-5-49. The information submitted by the Federal Government indicates that all the above requirements are satisfied, hence, purchases made with the Government "Smartpay" card are not subject to sales/use tax. In addition, the Federal Government does not need to issue an exemption certificate when making these purchases.

Please note that the opinions and conclusions expressed in this advisory letter are those of the writer, therefore, not binding on the Department. Should you have any questions, please feel free to contact me at 317-232-2104.

Sincerely,

Handwritten signature of Robert P. Whaley in cursive.

Robert P. Whaley  
Policy Analyst

Handwritten signature of Thomas D. Conley in cursive.

Thomas D. Conley  
Administrator