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DEPARTMENT OF REVENUE AND FINANCE

GERALD D. BAIR, DIRECTOR

January 29, 1999

General Services Administration  
Federal Supply Service  
Services Acquisition Center (FCXC)  
Attn: Rosemarie Dunn  
1941 Jefferson Davis Highway, Room 507  
Arlington VA 22202

Dear Ms. Davis:

You requested written confirmation of how Iowa handles sales tax on purchases made with SmartPay credit cards.

Iowa will continue to exempt from sales tax purchases made with the new SmartPay cards that are directly billed to the federal government. We will continue to tax purchases made using cards which are billed to individual government employees.

Iowa uses exemption certificates as a tool for retailers to protect themselves from tax liability from sales they make without charging sales tax. We will not prohibit a retailer from requiring an exemption certificate to be completed, but will allow the exemption provided they can document in another way that the sale was made using a SmartPay card directly billed to the federal government.

Please feel free to contact me directly if I can be of further assistance.

Sincerely,

Wayne Cooper  
Taxpayer Services Manager

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E-Mail: [wcooper@iadr.f.e-mail.com](mailto:wcooper@iadr.f.e-mail.com)  
Fax: 515-242-6487