



**Income & Miscellaneous
Tax Division**
Sam W. Mitchell Building

Montana Department of
REVENUE

P. O. Box 5805
Helena, Montana 59604-5805

MEMORANDUM

DATE February 1, 1999

TO: All Facility Owners/Managers

FROM: Bill Kloker, Tax Program Manager

RE: Lodging Tax and Federal Governmental Employee Credit Card Purchases

The federal government **no longer uses** the IMPAC Visa card with the prefix 4716, or the American Express card with the prefix 3783 9 (they expired 11/30/98). These cards were used by employees of the federal government and were billed directly to the federal government. Therefore, they were exempt from Montana's Accommodation Tax.

Starting December 1, 1998, new cards were issued. They contain a circle of stars with the words "Smart Pay" and "GSA" on the face of the cards. The cards that will be used are Visa with a prefix of 4486 or 4716 and MasterCard with a prefix of 5568. The key is the 6th number from the left on the card, in determining whether or not the card is exempt. **If that 6th number from the left is 0, 6, 7, 8, or 9 the Accommodations charge is exempt** because those cards are billed directly to the federal government. If the 6th number from the left is a 1, 2, 3, or 4 the card is billed to the employee and is subject to the Accommodations Tax.

There is one complicated exception to this scheme. The Department of Interior's MasterCard issued by NationsBank with the tax-exempt ID number 14001849 on the face of the card and the account number begins with 5568 16. This card at first glance would appear to be tax exempt because the 6th number from the left is a "6". However this card is billed directly to the employee for accommodation charges. Therefore, you must collect the Accommodations Tax for this card in most cases. The other exemption is for employees who work for the Bureau of Reclamation which is part of the Department of Interior. If the employee presents identification showing that he or she is employed by the Bureau of Reclamation the charges are exempt.

The enclosed sheets summarize how to tell which cards are subject and which cards are exempt.

If you have any questions, please call me at (406) 444-1930, or write to the address above.

4% LODGING FACILITY TAX

The federal government is using a new system of credit cards starting 11/30/98 which affects how you determine if a lodging tax must be charged.

If the cards contain the following numbers they are taxable and you must collect the tax:

4486 1 or 4716 Visa
4486 2 or 4716 Visa
4486 3 or 4716 Visa
4486 4 or 4716 Visa

5568 1 MasterCard
5568 2 MasterCard
5568 3 MasterCard
5586 4 MasterCard

If the cards contain the following numbers, they are exempt do not collect the tax:

4486 0 or 4716 Visa	5568 0 MasterCard
4486 6 or 4716 Visa	5568 6 MasterCard
4486 7 or 4716 Visa	5568 7 MasterCard
4486 8 or 4716 Visa	5586 8 MasterCard
4486 9 or 4716 Visa	5586 9 MasterCard

Exception

US Department of Interior
Tax Exempt I.D. 140001849

5568 16
(The tax must be collected unless used by
a Bureau of Reclamation employee)