State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
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TRENTON NJ 08646-0269

CHRISTINE TODD WHITMAN
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In reply respond to:
(609) 292-5994
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April 29, 1999

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

Dear Ms. Dunn:

This is in reply to your letter of February 24, 1999 addressed to all states and commonwealths. The State of New Jersey Division of Taxation has received the General Services Administration's information on the federal government's new credit card program called "GSA SmartPay."

The State of New Jersey will continue to extend sales and use tax exemption to all purchases by federal employees that are paid directly from a federal government account. Purchases made by federal employees using funds from their own account, even though they may be subsequently reimbursed by the government, are subject to New Jersey sales and use tax.

We understand from the GSA SmartPay program information that there are four types of Smartpay cards with specialized uses:

1. **Purchase Cards**

-- Printed on Front - "United States of America - SmartPay for Official Government **Purchases** Only U.S. Government Tax Exempt"

-- Only used to purchase tangible personal property

-- Visa or MasterCard

-- Billed directly to and paid by U.S. Government

-- Transactions **Exempt** from New Jersey Sales and Use Tax

2. **Fleet Cards**

-- Printed on Front - "United States of America - SmartPay for Official Government **Fleet Use** Only"

-- Only used to purchase fuel, repair services and other items related to vehicles, airplanes, boats and equipment.

-- Voyager or MasterCard

-- Billed directly to and paid by U. S. Government

-- Transactions **Exempt** from New Jersey Sales and Use Tax

3. **Travel Cards**

-- Printed on Front - "United States of America - SmartPay for Official Government **Travel** Only"

-- Only used to purchase lodging, meals, airfare, car rentals, etc.

-- Visa or MasterCard

-- May or may not be billed directly to and paid by U.S. Government

-- **Exempt** Transactions
Transactions billed directly to and paid by the U.S. Government are exempt from New Jersey Sales and Use Tax. SmartPay travel cards having a 0,6,7,8 or 9 as the 6th digit of the card account # are government directly billed and paid and result in tax exempt transactions.

-- **Taxable** Transactions
Transactions billed to and paid by federal employees from their own accounts (even though subsequently reimbursed by the government) are subject to New Jersey Sales and Use Tax. SmartPay travel cards having a 1,2,3 or 4 as the 6th digit of the card account # are federal employee billed and paid and result in taxable transactions.

4. **Integrated Cards**

-- Printed on Front - "United States of America – SmartPay for Official Government Use Only"

-- Used for any combination of purchase, travel or fleet services.

-- Visa or MasterCard

-- May or may not be billed directly to and paid by U.S. Government

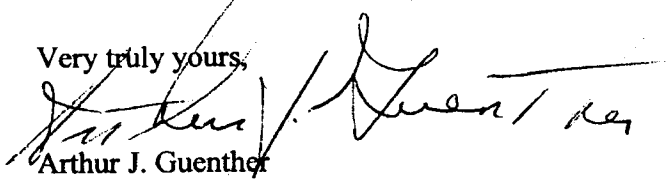
-- **Exempt** Transactions
Transactions billed directly to and paid by the U.S. Government are exempt from New Jersey Sales and Use Tax. SmartPay Integrated cards when used for tangible personal property purchases or fleet purchases are always government directly billed and paid and result in exempt transactions. SmartPay Integrated cards **used for travel purchases** having a 0,6,7,8 or 9 as the 6th digit of the card account # are also government directly billed and paid and result in exempt transactions.

-- **Taxable** Transactions
Transactions billed to and paid by federal employees from their own accounts (even though subsequently reimbursed by the government) are subject to New Jersey Sales and Use Tax. SmartPay Integrated cards **used for travel purposes** having a 1,2,3, or 4 as the 6th digit of the card account # are federal employee billed and paid and result in taxable transactions.

In order to document a sales tax exempt transaction when a SmartPay card is used, New Jersey will require that the vendor retain in his records the merchant copy of the SmartPay credit card transaction record showing the credit card number. We will not require a special exemption certificate, letter or form as additional documentation; however, a copy of the contract, when applicable, or purchase order or travel authorization on official letterhead signed by a qualified officer should be provided to the vendor.

If additional clarification is needed do not hesitate to contact me at (609) 292-5994.

Very truly yours,



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AJG:mlp