COMPTROLLER OF PUBLIC ACCOUNTS
STATE OF TEXAS
AUSTIN, 78774

February 26, 1999

Rosemarie Dunn, Services Acquisition Center
General Services Administration
Federal Supply Service
Washington, DC 20406 E-mail rosemarie.dunn@gsa.gov

Dear Ms. Dunn

This is in response to your letter dated February 24, 1999, concerning the taxability of purchases of taxable items made by federal government employees using "GSA SmartPay" cards issued by Citibank, First National Bank of Chicago, NationsBank, Mellon Bank and U.S. Bank. This new consolidated program replaces the former United States Government's purchase cards (I.M.P.A.C.), travel cards (American Express), and fleet cards (Wright Express). We have no record of having received your December 10, 1998 letter. I apologize for any inconvenience you may have had as a result.

Purchases made by employees using the new "GSA SmartPay" credit cards will be exempt from Texas state and local sales and use taxes if:

- the credit cards state on their face "UNITED STATES OF AMERICA "GSA SmartPay" FOR OFFICIAL USE ONLY - U.S. GOVT TAX EXEMPT";
- the cardholders are authorized only to make purchases for official government purposes; and
- the purchases are paid for directly by the U.S. Government.

The federal tax number on the credit card will not affect Texas retailers' ability to accept the credit card or the U.S. Government's exempt status.

Texas Tax Code §151.309 exempts governmental entities. Governmental entities are not required to prove exempt status per Comptroller Rule 3.322(c).

Rules and other tax information are on the Comptroller's website, <www.window.state.tx.us>.

If you have any questions or need more information, I'll be glad to help you. Please call me toll free at 1-800-531-5441, extension 5-0330. The direct line is 512/475-0330. You may also write to Tax Policy Division, Comptroller of Public Accounts.

Sincerely,

Bettie Peterson
Tax Policy Division