



## Department of Business License

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January 9, 2008

## GOVERNMENT EXEMPTIONS FROM TRANSIENT LODGING TAX

### ATTN: CONTROLLER

The purpose of this letter is to notify transient lodging establishments that there have not been changes to our policy concerning government exemptions from transient lodging tax as prescribed in the most recent guidance letter dated August 30, 2005. However, we have made major modifications to documentation requirements for United State (U.S.) government (including U.S. and foreign military) and federal credit unions paying with credit union credit cards. Please note that the new documentation requirements will be *effective March 1, 2008*.

Please refer to the revised matrix that summarizes tax-exempt entities, payment methods, and documentation requirements (see attached "Summary of Documentation Requirements for Transient Lodging Tax Exemptions" dated January 9, 2008).

Details on changes in documentation requirements and additional guidance on administering government exemptions are included in this letter. **Please refer to this letter and the supporting documents when determining the validity and record requirements for government exemptions.**

Clark County Code sections 4.08.025, 4.09.030 and 4.10.020 state that transient lodging exemptions will be given for rent paid **directly by the United States, State of Nevada, federally chartered credit unions, and foreign diplomats properly registered with the United States.**

Based on the above code requirements, a purchase of lodging by a federal, State of Nevada or federally chartered credit union employee traveling on official business is exempt from tax only when payment is made directly by the government agency/instrumentality pursuant to direct billing. Personal payment (i.e. cash, personal check, or personal credit card) by an employee is *not* exempt regardless of whether the employee has an exemption certificate, travel order, cash advance, or is subsequently reimbursed by the government agency/instrumentality for lodging cost.

## **U.S. Government and military -Use of Federal Travel Credit Cards and Documentation Requirements**

Clark County recognizes transient lodging tax exemptions on those credit card purchases that are billed directly to the federal government. Lodging purchases made with the following federal government travel credit cards are exempt:

**Start with 4486 and the sixth digit is 0, 6, 7, 8 or 9**

**Start with 4716 and the sixth digit is 0, 6, 7, 8 or 9**

**Start with 5568 and the sixth digit is 0, 6, 7, 8 or 9**

### **Example**

<b>Credit Card Number Sequence:</b>						
<b>#1</b>	<b>#2</b>	<b>#3</b>	<b>#4</b>	<b>#5</b>	<b>#6</b>	<b>#7-#16</b>
<b>4</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>X</b>	<b>0, 6, 7, 8 or 9</b>	<b>XX XXXX XXXX</b>
<b>4</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>X</b>	<b>0, 6, 7, 8 or 9</b>	<b>XX XXXX XXXX</b>
<b>5</b>	<b>5</b>	<b>6</b>	<b>8</b>	<b>X</b>	<b>0, 6, 7, 8 or 9</b>	<b>XX XXXX XXXX</b>

Currently, the following types of federal travel cards are used:

**Centrally Billed** – Credit card purchases are billed directly to and paid directly by the federal government. Centrally billed credit cards utilize the account numbers listed above. **Purchases made with this type of card are exempt.**

**Individually Billed** – Credit card purchases are billed directly to and paid directly by the federal employee. The credit card account numbers begin with 4486, 4716 or 5568 the sixth digit in the account number is 1, 2, 3 or 4. **Purchases with individually billed credit cards are not exempt regardless of whether the employee has a federal exemption certificate, travel orders or is subsequently reimbursed by the federal government.**

The above credit card information was obtained from the United States General Services Administration. Enclosed is an explanation letter that can be given to federal travelers that are not eligible for an exemption from transient lodging tax.

Transient lodging tax exemptions are only given for purchases that meet the above criteria. Certain government employees may carry “generic credit cards” which for security reasons do not utilize the government numbering sequence. Purchases made with this type of credit card or any other type of credit card that does not specifically meet the above criteria are not exempt from transient lodging tax.

Effective March 1, 2008, a copy of credit cards is no longer required for room tax exemption. Instead, settlement folios and *system records (electronic or paper) showing the required “payment” credit card numbers* are necessary for audit purposes.

Some examples of acceptable system records are: electronic or paper guest settlement information, the original or a copy of “merchant receipt”, or electronic evidence of direct pay

credit card number. Note that credit card records prepared separately from the sales transactions (e.g. manually prepared worksheets) are *not* acceptable for audit purposes.

### **Federal Credit Union – Documentation Requirements**

The Department has discontinued the required use of the standard “NCUA authorized exemption letter”. Instead, documentation required for audit purposes varies depending on the payment methods as detailed below.

**Direct payment by federal credit union:** The preferred method of payment by a federal credit union for transient lodging tax exemption is a “direct payment” from the federal credit union to the transient lodging establishment. In which case, only guest’s settlement folio (showing lodging cost and payment method) and a copy of evidence of direct payment (e.g. wire transfer, corporate check, and charges to corporate master credit account) will be required for audit purposes.

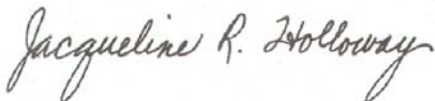
**Federal credit union credit card issued in individual’s name:** For transient lodging payments made with federal credit union credit cards in individual’s name, the Department no longer requires a copy of the credit card used in settlement of lodging cost. Instead, effective March 1, 2008, the new Department-issued form titled “**TRANSIENT LODGING TAX EXEMPTION FORM FOR FEDERAL CREDIT UNION**” should be properly completed by a federal credit union manager and maintained, along with a copy of settlement folio, for audit review by the Department. A blank copy of the new form is attached here for your convenience. The new form can also be obtained via the Department’s website: [http://www.co.clark.nv.us/business\\_license](http://www.co.clark.nv.us/business_license) under “Government Exemption Guidance Transient Lodging”.

**Others:** Other methods of payment for lodging costs by room guests such as: cash, personal checks, personal credit cards, and wire transfers from personal accounts do NOT qualify as “direct payment” by federal credit unions. Thus, *no exemption is allowed*.

Industry letters, guidance, and documentation on transient lodging tax exemptions are also available on our website at [http://www.co.clark.nv.us/business\\_license/FAQ.htm](http://www.co.clark.nv.us/business_license/FAQ.htm)

**If you have any questions, please contact Alan Bacon, Assistant Audit Manager at (702) 455-6297.**

Sincerely,



Jacqueline R. Holloway  
Director



**SUMMARY OF DOCUMENTATION REQUIREMENTS  
FOR TRANSIENT LODGING TAX EXEMPTIONS**

Contact: Alan Bacon, Assistant Audit Manager (702) 455-6297

Website - [http://www.co.clark.nv.us/business\\_license](http://www.co.clark.nv.us/business_license)

Department of Business License  
500 S. Grand Central Pky, 3<sup>rd</sup> Floor  
PO BOX 551810  
Las Vegas, NV 89155-1810

01/09/08

Clark County Code sections 4.08.025, 4.09.030 and 4.10.020 state that transient lodging exemptions will be given for rent paid directly by the United States, state of Nevada, federally chartered credit unions, and foreign diplomats properly registered with the United States.

Based on the above code requirements, a purchase of lodgings by a federal, state of Nevada or federally chartered credit unions employee traveling on official business is exempt from tax only when payment is made directly by the government agency/instrumentality pursuant to direct billing. Personal payment of transient lodging by an employee is not exempt regardless of whether the employee has an exemption certificate, travel orders, cash advance, or is subsequently reimbursed by the government agency/instrumentality.

Type of Exemption	Payment Type	Documentation Required
<b>United States Government, U.S. Military, and Foreign Military (i.e. Joint Training, Red Flag)</b>	<b>A Federal Government credit card in individual's name must meet the following criteria to qualify for an exemption:</b>  Start with 4486 and the sixth digit is 0, 6, 7, 8 or 9 Start with 4716 and the sixth digit is 0, 6, 7, 8 or 9 Start with 5568 and the sixth digit is 0, 6, 7, 8 or 9 (example - 5568 X6XX XXXX XXXX)	1. Settlement folio showing lodging cost and payment method; and 2. System record generated directly from the sales transaction showing the "payment" credit card number. Examples are: Electronic or paper system guest settlement folio or "merchant receipt".
	<b>Direct payment made by federal agency/instrumentality</b>	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by the U.S. or foreign government (e.g. copy of payment check or wire transfer information).
<b>State of Nevada</b>	<b>Direct payment made by State of Nevada</b>	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by State of Nevada
<b>Foreign Diplomats, Consular Officers, and Staff Members</b>	(No specific requirement)	1. Settlement folio showing lodging cost; and 2. Copy of Diplomat Tax Exemption Card (personal/mission).
<b>Federal Credit Union</b>	<b>A federal credit union credit card in individual's name</b>	1. Settlement folio showing lodging cost and payment method; and 2. "TRANSIENT LODGING TAX EXEMPTION FORM"* properly completed by management personnel of the federal credit union.  * A blank form is attached with this letter, and can also be obtained via <a href="http://www.co.clark.nv.us/business_license">http://www.co.clark.nv.us/business_license</a> "Government Exemption Guidance Transient Lodging"
	<b>Direct payment made by the federal credit union</b>	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by the federal credit union
<b>American Red Cross</b>	<b>American Red Cross issued payment</b>	1. Settlement folio showing lodging cost and payment method; and 2. Documentation showing the direct payment by the American Red Cross.

**SEE ADDITIONAL GUIDANCE ON OTHER SIDE**



**SUMMARY OF DOCUMENTATION REQUIREMENTS  
FOR TRANSIENT LODGING TAX EXEMPTIONS**

**Contact: Alan Bacon, Assistant Audit Manager (702) 455-6297**

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## **Additional Guidance**

### **Organizations that are not Exempt**

- Non Profits
- Local governments
- State governments other than the State of Nevada
- Credit Unions that are *not* federally chartered
- Government contractors
- Tribal governments

### **Foreign Diplomats, Consular Officers and Staff Members**

Diplomat tax exemption cards are non-transferable; only the person whose photograph appears on the card may use it.

Documentation on government exemptions is also available on our website at [http://www.co.clark.nv.us/business\\_license](http://www.co.clark.nv.us/business_license)

If you have any questions, please contact Alan Bacon at (702) 455-6297.



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January 9, 2008

**ATTN: FEDERAL EMPLOYEE**

**RE: TRANSIENT LODGING CREDIT CARD PURCHASES**

Clark County Code sections 4.09.030, 4.08.025 and 4.10.020 state that transient lodging exemptions will be given for rent paid **directly by the United States**. Based on these code requirements, purchases using federal travel credit cards with the following number sequences are exempt from transient lodging tax:

**Start with 4486 and the sixth digit is 0, 6, 7, 8 or 9 (example - 4486 X6XX XXXX XXXX)**  
**Start with 4716 and the sixth digit is 0, 6, 7, 8 or 9 (example - 4716 X6XX XXXX XXXX)**  
**Start with 5568 and the sixth digit is 0, 6, 7, 8 or 9 (example - 5568 X6XX XXXX XXXX)**

The above "centrally billed" credit cards are directly billed to and paid by the federal government.

Federal government travel credit cards for which charges are billed directly to federal employees "individually billed" are **not exempt regardless of whether the employee has a federal exemption certificate, travel orders or is subsequently reimbursed by the federal government**.

Clark County's position is in accordance with determinations made by the Department of Justice (DOJ) and the Comptroller General. Both the DOJ and the Comptroller General have found that purchases of lodging by a federal employee traveling on government business are exempt from tax only when payment is made directly by the federal government pursuant to direct billing.

Transient lodging tax exemptions are only given for credit card purchases that meet the above criteria. Certain government employees may carry "generic credit cards" which for security reasons do not utilize the government numbering sequence. Purchases made with these credit cards are not exempt from transient lodging tax.

Furthermore, additional information on federal tax exemptions can be found at the following GSA websites:

<http://apps.fss.gsa.gov/services/gsa-smartpay/taxletter/>  
<http://fss.gsa.gov/webtraining/trainingdocs/traveltraining/reservations.cfm>  
[http://www.gsa.gov/Portal/gsa/ep/contentView.do?programId=10121&channelId=-13498&oid=12002&contentId=10597&pageTypeId=8199&contentType=GSA\\_BASIC&programPage=%2Fep%2Fprogram%2FgsaBasic.jsp&P=FCXM](http://www.gsa.gov/Portal/gsa/ep/contentView.do?programId=10121&channelId=-13498&oid=12002&contentId=10597&pageTypeId=8199&contentType=GSA_BASIC&programPage=%2Fep%2Fprogram%2FgsaBasic.jsp&P=FCXM)

If you have any additional questions, please contact me at (702) 455-6297.

Sincerely,

J. Alan Bacon  
Assistant Audit Manager

**CLARK COUNTY  
DEPARTMENT OF BUSINESS LICENSE  
TRANSIENT LODGING TAX EXEMPTION FORM  
FOR FEDERAL CREDIT UNION**

**NOTE:** This form is needed only for transient lodging payments made with federal credit union credit cards in “individual” name. This form should be completed by the *federal credit union* requesting exemption from transient lodging (room) tax imposed by Clark County Business License Department. Licensees should retain a properly completed form for audit purposes. This form shall NOT be used for any other purposes, or for the time period not specified herein.

Section 122 of the Federal Credit Union Act (12 U.S.C. 1768) exempts federal credit unions from all taxes imposed by the United States or by any state, territorial, or local taxing authority, except for local real or personal property tax. Specifically, these exemptions apply only when a federal credit union makes “direct” payments; and DO NOT APPLY when a federal credit union simply “reimburses” employees or gives cash advances for expenses incurred by the employees.

**Name of *Federal Credit Union*:** \_\_\_\_\_

**Charter Number:** \_\_\_\_\_

I hereby certify that credit card payments for lodging costs are made *directly* by the above named federal credit union. *Proof of such direct payments shall be made available for review by Clark County Business License Department upon request.*

Furthermore, I certify that, for the *current travel period:* \_\_\_\_\_, the following are individuals whose transient lodging costs are paid directly by the above named Federal Credit Union; thus, are eligible for exemption from transient lodging tax imposed by Clark County, Nevada while on their official business travel.

(Please *list names of tax-exempted individuals*; attach additional sheets if needed):

**Federal Credit Union Manager Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Phone Number:** \_\_\_\_\_