OKLAHOMA TAX COMMISSION

TAX POLICY AND RESEARCH DIVISION
TONY MASTIN, DIRECTOR

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October 5, 2005

Re: Sales taxability of purchases made by Hurricane Katrina evacuees pursuant to debit cards or disaster relief vouchers; Our File No. LR-05-173

I am writing in response to your recent inquiry regarding whether sales tax is due on purchases made with disaster relief vouchers or debit cards issued to victims of Hurricane Katrina. Purchases of tangible personal property and services by Hurricane Katrina evacuees pursuant to a FEMA or Red Cross debit card are exempt from sales tax as sales to the federal government or its instrumentalities.

Both the FEMA debit cards and the Red Cross client assistance debit cards are issued by J.P. Morgan Chase and are MasterCard branded. The FEMA debit cards are embossed with "FEMA ASSISTANCE" and will all carry the same bank identification number, 511393. The Red Cross debit cards are embossed with "RED CROSS CLIENT" and bear the symbol of the Red Cross and the designation "American Red Cross". The Red Cross client assistance debit cards will all carry the same bank identification number, 5145.

Additionally, purchases made pursuant to Red Cross, FEMA or Salvation Army vouchers written for various supplies or services where the merchants are later reimbursed or paid by the Red Cross, FEMA, or Salvation Army are not subject to sales tax.

A vendor, in order to properly document the exempt nature of the purchases made with one of the described debit cards, must obtain either a copy of the debit card or the purchaser's name and the number referenced on the face of the FEMA or Red Cross debit card used to make the purchase. Regarding purchases made pursuant to Red Cross, FEMA or Salvation Army vouchers, a vendor must retain in their records a copy of the voucher used to make the purchase.

Sincerely,

OKLAHOMA TAX COMMISSION

Christy J. Caesar

Christy J. Caesar
Tax Policy Analyst