

Lodging – Government Exemptions

Lodging paid by Government employees with cash, personal check, or personal credit card is subject to sales tax. Purchases by employees who are reimbursed by the government are taxable.

Lodging paid directly from Government funds is exempt from sales tax.

United States Government

Many Federal employees use a government issued Travel Card. **Most Travel Cards are billed directly to the individual and are subject to sales tax.** However, some Travel Cards are billed directly to the government. Travel Cards billed directly to the government are exempt from sales tax.

The government credit card number must be kept as documentation if the purchase is exempt.

Travel Cards have a blue border, a U.S. flag, and a jet. The card is imprinted: “For Official Government Travel Only.” This card can be used for meals, lodging, rental cars, and similar travel-related venues. Travel cards start with 4486, 4614, 5568, or 5565.

- **Purchases made with Travel cards that have a sixth digit of 1, 2, 3, or 4 are subject to sales tax.**
- **Purchases made with Travel Cards that have a sixth digit of 0, 6, 7, 8, or 9 are exempt from sales tax.**



Other Federal credit cards such as the **Fleet Card, Purchase Card, and Department of Interior Card** are billed directly to the government and are exempt from sales tax.

Federal Government information on the Travel Card is available at:
<https://smartpay.gsa.gov/about-gsa-smartpay/tax-information/state-response-letter>

State of South Dakota and public or municipal corporations of the State of South Dakota

Lodging paid directly from the State of South Dakota is exempt from sales tax. State employees may have a credit card labeled “Citibank the Business Card”. Because this is an individual’s card, not a State Government credit card, purchases made with this card are subject to sales tax.

Lodging paid directly from a South Dakota public school, municipality, county or other government entity is exempt from sales tax. Payments made by individuals are subject to sales tax even if they are traveling for government business.

Other States

Lodging paid directly by the states of Alaska, Colorado, Delaware, Indiana, Montana, New Hampshire, North Dakota, Ohio, Oregon, and West Virginia is exempt. This exemption includes lodging purchased by public schools and state universities from those states.

Indian Tribes

Lodging paid directly from Tribal Government funds is exempt from sales tax.

Documentation: Government entities must provide an exemption certificate to the vendor or the vendor must keep documentation to show the purchase was paid from government funds. Documentation may include a purchase order or a check stub. Government entities do not need to provide an exemption number on the exemption certificate. When a purchase is made with a government credit card, an imprint or copy of the credit card must be kept as documentation.