

FDA Staff Manual Guides, Volume III – General Administration

Financial Management

Travel

State and Local Lodging Tax Exemptions

Effective Date: 06/24/2021

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1. Purpose.

The Office of Financial Management (OFM), Division of Travel Services (DTS) is responsible for providing travel guidance to Food and Drug Administration (FDA) staff.

This SMG contains the policies and procedures for claiming exemptions from payment of state and/or local lodging taxes only. Other taxes or lodging fees are not covered by this policy.

2. Background.

The FTR requires employees on official travel to exercise the same care in incurring expenses that a prudent (financially responsible) person would exercise if traveling on personal business. This includes claiming a Federal exemption from payment of state and/or local taxes on lodging wherever this option is available to employees on official travel. Not all states and localities offer tax exemption, and some locations do not specify a form on which to claim the exemption.

3. Reference/Authority.

FDA policy is consistent with guidance set forth by the following policies

regarding travel lodging taxes:

- A. HHS Travel Policy Manual: <https://psc.gov/transportation-services/resources/HHS-Travel-Policy-Manual.pdf>
- B. Federal Travel Regulations (FTR) 301-11.27 – 301-11.30: <https://www.gsa.gov/policy-regulations/regulations/federal-travel-regulation-fty/i1206091#i1204253>
- C. GSA.gov: State Tax Exempt Information <https://www.gsa.gov/travel/plan-book/state-tax-exemption-information-for-government-charge-cards>

4. Definitions.

- A. **Government Travel Charge Card:** GSA SmartPay Centrally Billed Account (CBA) and Individually Billed Account (IBA) travel charge cards used for business travel.
- B. **Lodging Taxes:** State sales tax applied to lodging cost.
- C. **Lodging Tax Exemption:** U.S. Government personnel is free from obligation or liability to pay state taxes for lodging expenses in certain states.

5. Policy.

A. General

1. FDA is prohibited from reimbursing lodging taxes if travel occurs in a tax-exempt state or locality unless there is a valid exception listed in §5.B. Tax-exempt status can be found on either GSA's website or the SmartPay website.
2. Individuals on official government travel must familiarize themselves about the tax exemption status of each location prior to departing on official travel.
3. Improper payment of state or local lodging taxes are the responsibility of the traveler.
 - a. The FDA must be reimbursed for lodging taxes if they were claimed for a tax-exempt state or locality and paid out on a travel voucher.
 - b. If a traveler does not remit payment back to the FDA, the amount of the overpayment will be treated as a debt which may include the accrual of interest and wage garnishment.

4. Travelers should make every effort to obtain and use any locally-approved lodging facility tax exemption form.
 - a. In the event there is no locally approved or lodging facility-provided form, the traveler should present a copy of his/her official Travel Authorization with their Government ID card and Government Travel Charge card
 - b. Employees should inquire about availability of state and/or local tax exemption for Federal official duty travel directly with the lodging establishment.
 - c. Failure to inquire, resulting in payment of state and/or local tax in an exempt area, may result in denial of reimbursement for the lodging tax.
 5. Voucher claims must not include domestic lodging tax reimbursement unless they have a valid reason to pay lodging taxes as described in §5.B.
- B. Valid reasons for lodging taxes to be paid and reimbursed to the traveler include:
1. State does not offer tax exemption to Federal travelers; or
 2. State offers tax exemption, but lodging establishment refused to acknowledge the exemption.
 - a. A traveler must have made every effort to obtain the lodging tax exemption and
 - b. Include proper justification and supporting documentation of efforts to obtain reimbursement from the establishment for the lodging tax with voucher.

6. Responsibilities.

A. Traveler:

1. Determine if the trip they are taking is to a state or locality exempt from lodging taxes.
2. Complete state or locality exemption forms
3. If taxes are charged in an exempt state or locality, contact the hotel and request a refund of the taxes.
4. Pay back any overpayment for improperly reimbursed lodging taxes

5. Provide justifications and documentation for any instance where the lodging establishment refused to acknowledge an exemption (§5.B.2)

B. Travel Approver:

1. Review reimbursements for unallowable expenses including taxes in tax-exempt states and localities.
2. Deny reimbursement of lodging taxes if requested for tax-exempt states and localities unless the lodging establishment refused to acknowledge the exemption and the traveler has met the criteria in §5.B.2.

C. Office of Financial Management, Accounts Receivable

1. Invoice travelers by mail and email for reimbursements of unallowable lodging taxes
2. Collections of debts owed to the FDA

D. Office of Financial Management, Division of Travel Services (DTS)

1. Review and monitor compliance with this SMG
2. Notify Center/Office compliance officers of instances of overpaid lodging taxes and
3. Notify OFM Accounts Receivable of instances of overpaid lodging taxes, required to be reimburse to the FDA, for invoicing to the traveler

7. Procedures.

A. Determining and Requesting State and Locality Tax-Exemption

1. Check GSA's website or the SmartPay website for tax-exemption status of travel location
2. Inquire directly with the lodging establishment about availability of state and/or local tax exemption for Federal official duty travel and request information about appropriate forms as necessary.
3. Complete any required tax-exemption forms.
4. Present any required tax-exemption forms, Travel Authorization with Government ID card and Government Travel Charge card when checking in to the lodging establishment.

B. Documentation of efforts to obtain reimbursement

1. Traveler should send an e-mail to the lodging establishment requesting that the lodging tax be reimbursed since they are a government employee who was on official government travel and is entitled to the GSA tax exemption.
2. If the lodging establishment agrees to reimburse the taxes to the travel card, then the traveler will receive a credit on the travel card, and they should amend their voucher request to remove the tax reimbursement.
3. If the establishment refuses to reimburse the taxes to the travel card, then the traveler should upload the e-mail correspondence with their voucher to obtain reimbursement for the tax.

C. Overpayment of Lodging Taxes

1. Complete the payment submission form FDA 3618 using the information from your travel voucher, checking the box for Travel Voucher Overpayment and include a copy of the travel voucher with the payment submission form.
2. Send the check to the Office of Financial Management.
3. Upload copies of the form and check into the travel voucher in the electronic travel system.

9. Effective Date.

This policy is effective as of June 24, 2021 signed by Sahra I. Torres-Rivera, Deputy Chief Financial Officer, Office of Finance Budget and Acquisition.

10. Document History – SMG 2343.5 State and Local Lodging Tax Exemptions

Status (I, R, C)	Date Approved	Location of Change History	Contact	Approving Official
Initial	06/22/2021	N/A	OC/OO/OFBA/OFM	Sahra I. Torres-Rivera, Deputy Chief Financial Officer (DCFO)

10. Appendix.

Form FDA 3618:

<http://inside.fda.gov:9003/downloads/administrative/forms/fda/ucm012813.pdf>

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