

**Florida Department of Revenue
Tax Information Publication**

TIP 05A01-17

Date: November 30, 2005

**Red Cross Client Assistance Cards
and FEMA Assistance Cards**

In response to the recent hurricanes, the American Red Cross (Red Cross) has begun issuing Client Assistance Cards (similar to debit cards), the more traditional vouchers (similar to purchase orders), and checks (direct cash assistance) to assist storm victims with temporary housing, food, and other necessities. The Red Cross qualifies as both a charitable I.R.C. Section 501(c)(3) organization and as an instrumentality of the Federal Government.

Also in response to the recent hurricanes, the Federal Emergency Management Agency (FEMA) has begun issuing assistance cards to provide storm victims with funds for temporary housing, food, and other necessities. FEMA also qualifies as an agency of the Federal Government.

Client Assistance Cards:

Red Cross: The Florida Department of Revenue considers purchases made with the Red Cross Client Assistance Cards to be exempt purchases by the Red Cross **to the extent they are authorized purchases (see below)**. Therefore, all qualified sales shall be considered exempt from sales and use tax. No exemption exists, however, for purchases of taxable items made directly by storm victims using personal funds, including cash obtained by accessing funds through the Client Assistance Cards.

FEMA: FEMA assistance cards can be used as debit cards and converted directly into cash. Therefore the Florida Department of Revenue considers purchases made with such cards to be the equivalent of cash purchases that are fully taxable.

Instructions to Retailers Regarding Purchases with a Red Cross Client Assistance Card

Retailers should confirm that a Red Cross Client Assistance card is being used to pay for the items purchased.

A notation should be made by the Retailer in a manner that can be traced to the record of the purchase.

Retailers should follow the instructions provided by the Red Cross regarding obtaining the Florida Consumer's Certificate of Exemption to document the exempt purchase, which can be found on the Red Cross website at www.redcross.org/pubs/taxexempt.

As noted on the back of the card, the Red Cross **does not allow** the cards to be used to purchase **alcohol, tobacco,**

or firearms. Use of the card will be denied for specified Merchant Category Codes - package stores, cigar stores and stands, dating and escort services, and massage parlors; also, betting at races, court costs, fines, and bail and bond payments. **Sales by Retailers of taxable items prohibited by the Red Cross for purchase are not tax exempt.**

On-road fuel cannot be purchased exempt from fuel tax with a Red Cross Client Assistance Card.

The purchase of a taxable item paid for with cash is subject to sales and use tax, even if the purchaser asserts that the cash was received from FEMA, the Red Cross, or any other charitable organization.

If the purchase total is more than the amount available on the card, any portion of the purchase of taxable items paid for with cash or other personal funds is taxable.

Red Cross Frequently Asked Questions - Client Assistance Cards

www.capecodredcross.org/nmanagerpro/attachments/cac_national_faq.pdf

Instructions to Retailers Regarding Purchases with a FEMA Assistance Card

Taxable purchases made with a FEMA assistance card are taxable.

The purchase of a taxable item paid for with cash is subject to sales and use tax, even if the purchaser asserts that the cash was received from FEMA, the Red Cross, or any other charitable organization.

Vouchers:

Vouchers issued by the Red Cross and FEMA function as direct purchases by those organizations as they specify the items to be sold to the holder and those organizations pay the vendor directly. As such, the use of Vouchers issued by the Red Cross or FEMA for otherwise taxable purchases is exempt from sales and use tax by Florida Statutes.

Checks:

Checks issued by the Red Cross and FEMA result in direct cash assistance to the recipients, and therefore purchases made with funds received through checks issued by the Red Cross or FEMA are not exempt from tax.

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Click on the *Tax Our Quick Survey* button.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at www.myflorida.com/dor. Or call Taxpayer Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.