



North Carolina Department of Revenue

Beverly Eaves Perdue
Governor

David W. Hoyle
Secretary

June 27, 2011

MEMORANDUM

To: County Assessors
From: David B. Baker, Director *DBB*
Local Government Division
Re: Exemption for Diplomatic and/or Consular Real Property

The U.S. Department of State, through the Office of Foreign Missions (OFM), has recently requested information from some counties about properties which have received diplomatic exemption. The purpose of this memorandum is to describe the exemption, to outline the information request, and to provide counties with a recommended response.

The exemption is primarily the result of the Vienna Convention on Consular Relations and the Vienna Convention on Diplomatic Relations, which entered into force with respect to the United States in 1969 and 1972, respectively. These Conventions extend the federal government's general immunity from property taxes to certain properties owned by foreign governments, international inter-governmental organizations (such as the United Nations), and/or their staff members. Typically, these properties would be embassies, consular posts, and the residences of their staff members, but could include other properties owned by foreign governments.

There are two purposes of the State Department letter. Primarily, the letter notifies counties of a change in procedure for exempting these properties—whereas the usual former procedure was for the property owner to seek exemption from the local taxing authority, the new procedure requires property owners to direct their exemption requests to the OFM. The OFM, in turn, will verify the property owner's exemption status, and will advise local jurisdictions as to which properties are entitled to exemption. The second purpose of the letter is to request a list of all properties currently exempted under these Conventions, in order to confirm whether the properties should properly be exempted.

We recognize that there are few potentially qualifying properties in North Carolina, and probably fewer still that have been previously listed as exempt. Our recommendation, therefore, to counties receiving the letter, is simply to comply with the request. Even if a county has no such exemptions, that information should be reported back to the OFM, which should then provide the county with a listing of properties that should be exempted. Because these properties are entitled to this exemption at the federal level, no application is required for the exemption.

As of this writing, a summary of the types of property exempted and the exemption authorities is available online at <http://www.state.gov/ofm/property/taxexemption/authorities/index.htm>. The full text of the Conventions is available at <http://www.state.gov/documents/organization/17843.pdf>. Finally, for information concerning these exemptions or the properties affected, the Miami Regional OFM is the designated contact: (305) 442-4943, or OFMMiami@state.gov. If you have any questions concerning our recommendations or interpretation of the exemption, please do not hesitate to contact our office at 919-733-7711.