

Frequently Asked Questions

Tax Exemption Status for Federal Agencies

Federal government agencies are periodically asked to provide documentation that substantiates tax-exemption status when purchasing or licensing goods and services. The purpose of this FAQ is to generally address questions FEDLINK hears about tax exemption status. This FAQ does not provide specific tax guidance or advice, nor is it intended to be comprehensive of the topic. Federal agency-specific tax guidance or advice requires consultation with your agency counsel.



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Questions

Where do I find documentation that addresses tax exemption for federal agencies?

What information can FEDLINK provide to support federal agencies with tax exemptions for the assisted acquisitions FEDLINK provides?

How can I get a government-issued document to show tax exemption status for my agency?

Can I provide the agency's tax exemption number to the vendor versus supplying a copy of the exemption document?

Are there other tax considerations, and where can I find more information?

→ Where do I find documentation that addresses tax exemption for federal agencies?

Generally, the federal government cannot tax itself, meaning that federal agencies are exempt or immune from federal taxes. Federal agencies are generally also immune from state and local taxes for direct purchases or licenses, per the [Supremacy Clause of the U.S. Constitution](#) as interpreted by case law ([McCulloch v. Maryland](#), 17 U.S. 316 (1819)).

See also [3 Principles of Federal Appropriations Law](#) (GAO Redbook) at 3-361 (4th ed. 2017) and Federal Acquisition Regulation (FAR) [Subpart 29.3 State and Local Taxes](#).

→ What information can FEDLINK provide to support federal agencies with tax exemptions for the assisted acquisitions FEDLINK provides?

FEDLINK is happy to provide a copy of our state tax-exempt form from Washington, D.C., since the FEDLINK brick & mortar address is located there. However, FEDLINK does not have any other state tax-exempt forms, nor do we have state tax-exempt forms for our customers. Since FEDLINK processes Transfer Pay orders on behalf of FEDLINK members, our tax-exempt form is considered the form of record. Direct Express customers would provide their agency form.

→ How can I get a government-issued document to show tax exemption status for my agency?

The Internal Revenue Service (IRS) states:

As a special service to government entities, IRS will issue a “[governmental information letter](#)” free of charge. This letter describes government entity exemption from Federal income tax and cites applicable Internal Revenue Code sections pertaining to deductible contributions and income exclusion. Most organizations and individuals will accept the governmental information letter as the substantiation they need. Government entities can request a governmental information letter by calling toll free at 877-829-5500.

The agency counsel or financial services department may be able to provide this document. Additionally, states, districts, and territories often publish exemption information online. See the [District of Columbia](#) as an example.

→ Can I provide the agency’s tax exemption number to the vendor versus supplying a copy of the exemption document?

FEDLINK will provide the Library of Congress exemption number for Transfer Pay customers and vendors.

Direct Express customers provide the exemption number for their agencies. For Direct Express, the agency number to provide is the number for the agency in direct contact with the vendor. Often, supplying the number to the vendor is sufficient.

→ Are there other tax considerations, and where can I find more information?

There are specific requirements to follow for tax exemptions, particularly as they relate to federal contracts. The Federal Acquisition Regulation (FAR) [Part 29 - Taxes](#) provides more information. Questions arising in this area should be directed to agency counsel.

➔ List of Resources

Federal Acquisitions Regulations

- » General tax information, see the Federal Acquisitions Regulations (FARs):
 - [FAR 29 - Taxes](#)
 - FAR Subparts
 - › [29.3 State and local taxes](#)
 - › [29.204 Federal excise tax on specific foreign contract payments](#)
 - › [29.402 Foreign contracts](#)
- » [Regulations by federal agency on Acquisition.gov](#)

Other Federal Authorities

- » [Supremacy Clause of the U.S. Constitution](#)
- » [McCulloch v. Maryland](#), 17 U.S. 316 (1819)
- » Library of Congress, FEDLINK specific statutes:
 - [FEDLINK's program authority and eligibility](#)
 - [FEDLINK's statutory authority](#): Section 103 of P.L. 106-481 (2 U.S.C. 182c)
- » [3 Principles of Federal Appropriations Law](#) (GAO Redbook) at 3-361 (4th ed. 2017)

Internal Revenue Service (IRS)

- » [Governmental Information Letter](#)
- » [Tax information for Indian Tribal Governments](#)

State, Regional, and Foreign Authorities

- » [§ 47-2005. Tax Exemptions](#): Code of the District of Columbia
- » [GSA SmartPay, State Tax Legal History](#)
- » International (foreign, not domestic): See FAR Subparts
 - [29.204 Federal excise tax on specific foreign contract payments](#)
 - [29.402 Foreign contracts](#)
- » State, districts, territories: See region-specific guidance online by regional authority