

SECTION .4200 - SALES TO THE UNITED STATES GOVERNMENT OR AGENCIES THEREOF

17 NCAC 07B .4201 IN GENERAL

(a) Sales made directly to the United States Government, or any qualifying agency or instrumentality thereof, are not subject to the sales and use tax, pursuant to G.S. 105-164.13(17). Qualifying United States Government agencies are divisions of the federal government. Qualifying United States instrumentalities are non-governmental agencies that act independently and whose obligations are backed by the federal government, whose enabling legislation or charter is to provide a necessary public service and are immune from sales and use tax under federal law. In order for a transaction to be a sale to the United States Government, or qualifying agency or instrumentality thereof, the entity shall purchase the the item directly from the retailer and make payment directly to the retailer with its own funds. For example, meals and lodging billed to and paid for by the federal government are not subject to sales and use tax, however meals and lodging billed to and paid for by a federal employee who is subsequently reimbursed by the federal government are subject to sales and use tax.

(b) Examples of qualifying United States Government agencies and instrumentalities thereof include the Departments of Defense, United States Armed Forces, federally operated hospitals, American Red Cross, Federal Reserve banks, federal land banks, federal housing projects, federal housing authorities, United States Postal Service, or any other department of the federal government whose activities are directly under federal control and whose purchases are paid for from the federal treasury.

(c) Sales made to the following organizations shall not be subject to sales and use tax, pursuant to G.S. 105-164.13(17), provided that the organization is authorized by the regulations of the Departments of Defense or a branch of the United States Armed Forces: United States Armed Forces Activities Funds, post exchanges, officers' mess funds, noncommissioned officers funds and other voluntary unincorporated organizations of United States Armed Forces personnel.

*History Note: Authority G.S. 105-164.13; 105-262; 105-264;
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