

6-5. Tax-Exempt Status

- a. Centrally billed GPC accounts are exempt from state tax in every state but require tax exemption forms in certain states. See the [GSA SmartPay website](#) for more information.
- b. For purchases within the U.S., CHs are responsible for notifying vendors of the tax exemption and ensuring no sales tax is included in their purchase, except where applicable. Cardholders must inform the merchant that the purchase is for official U.S. Government purposes and, therefore, is not subject to state or local sales tax.
- c. A/OPCs may request embossing of the statement "U.S. GOVT TAX EXEMPT" when ordering a GPC.
- d. **Exceptions.** Some states (e.g., Hawaii, Illinois) levy a General Excise Tax (GET) on businesses selling tangible personal property which is allowed to be passed on to the Federal Government. Arizona levies a Transaction Privilege Tax (TPT). CHs are required to pay the GET and TPT when applied to a GPC purchase.

Table 6-3: Tax Exemptions

Federal Government Tax Exemption Information

Tax Exempt

Not Tax Exempt

Sales Tax

Certain federal and state excise taxes (e.g., Hawaii and Illinois)

Federal communications excise tax (FAR 29.203)

Tax on labor for work that is performed in that state, e.g., New Mexico Gross Receipts Tax (NMGRT).

Federal highway vehicle users' tax (FAR 29.203)

Commissary surcharges, because they are federally mandated.

Foreign taxes on overseas purchases, unless foreign tax and Status of Forces Agreement (SOFA) will specify.

Fuel purchases

Arizona Transaction Privilege Tax

Parent topic: [Chapter 6 - Operational Guidance and Procedures](#)