6-5. Tax-Exempt Status

a. GSA SmartPay GPC accounts are centrally billed accounts (CBAs) and, as such, should be exempt from state taxes. See the GSA SmartPay website for state-specific information and forms. Cardholders can download a copy of the specific State letter to present to a vendor when the vendor is requesting a tax-exempt certificate.

b. GSA also provides tax exemption best practices for GPC accounts under the heading "Purchase Account" on the linked webpage. Additional information about State sales taxes and CH best practices may be found in GSA Smart Bulletin #020.

c. 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. 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