



**U.S. Department
of Transportation**

1200 New Jersey Ave., S.E.
Washington, DC 20590

Office of the Secretary
of Transportation

SUBJECT: Class Deviation No. 2025-11 from the Federal Acquisition Regulation for FAR Part 29 in Support of Executive Order 14275 on Restoring Common Sense to Federal Procurement

FROM: Chrishaun Jones
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TO: Department of Transportation Chiefs of the Contracting Offices

- I. Purpose:** This class deviation (CD) is issued under Federal Acquisition Regulation (FAR) part 1 and Transportation Acquisition Regulation (TAR) part 1201 and authorizes a class deviation to FAR part 29 for purposes of implementing the Federal Acquisition Regulatory Council's (the Council's) model deviation text to FAR part 29.
- II. Effective Date:** Immediately
- III. Background:** On April 15, 2025, [Executive Order \(E.O.\) 14275 on Restoring Common Sense to Federal Procurement](#) was signed. Section 2 of the E.O. establishes the policy that the FAR "should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed."

The FAR is being updated to:

- Remove language that is not required by statute
- Remove duplicative or outdated language
- Clarify or provide more plain language
- Revise language for the new FAR framework
- Retain language necessary for governmentwide acquisition standards.

This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative.

FAR part 29, Taxes, has been updated to be more direct, active, and accessible. The main objective was to rewrite the complex tax requirements in plain language, leading to an approximate 20% reduction in word count.

Statutory requirements retained in the RFO FAR part 29 model deviation include, but are not limited to, the following:

- 26 U.S.C. § 4041, Imposition of tax

- 26 U.S.C. § 4053, Exemptions
- 26 U.S.C. § 4064, Gas guzzler tax
- 26 U.S.C. § 4221, Certain tax-free sales
- 26 U.S.C. § 4293 and § 4483, Tax exemptions
- 26 U.S.C. § 5000C, Imposition of tax on certain foreign procurement
- 10 U.S.C. § 402, Transportation of humanitarian relief supplies to foreign countries
- 10 U.S.C. § 404, Foreign disaster assistance
- 10 U.S.C. § 2557, Domestic emergency assistance
- 10 U.S.C. § 2561, Humanitarian assistance

The following table is not an exhaustive list but includes notable updates to FAR part 29.

Change	Description
Retained	<ul style="list-style-type: none"> • Revisions made to the “Scope of Part” at 29.000 are minor plain language adjustments. The substantive scope of the part remains. • Subpart 29.1 - Guidance for resolving tax problems is retained at 29.101; however, contracting officers are now required to request assistance from assigned legal counsel when tax issues arise. It was previously encouraged, but not required, to do so. • Subpart 29.2 - Federal Excise Taxes is retained; however contracting officers are now required to request offers on a tax-exclusive basis when the law exempts the Government from federal excise taxes, unless inappropriate for the circumstances. It was previously encouraged, but not required, to do so. • Subpart 29.3 - The language governing application of State and Local Taxes has been logically reorganized and renumbered. This restructuring improves the flow of information, making the subpart more intuitive for users. For instance, the specific rules for the North Carolina Sales and Use Tax Act, previously located in a sub-paragraph, have been elevated to a standalone section, increasing their visibility and usability. • Subpart 29.4 - Most of the solicitation provisions, contract clauses, and prescriptions are retained, with plain language edits where appropriate, because they are tied to specific tax law. • Clauses and provisions retained with plain language adjustments include: <ul style="list-style-type: none"> ○ 52.229-1, State and Local Taxes. ○ 52.229-2, North Carolina State and Local Sales and Use Tax ○ 52.229-3, Federal, State, and Local Taxes. ○ 52.229-4, Federal, State, and Local Taxes (State and Local Adjustments) ○ 52.229-5, Remains “Reserved” ○ 52.229-6, Taxes-Foreign Fixed-Price Contracts.

	<ul style="list-style-type: none"> ○ 52.229-7, Taxes-Fixed-Price Contracts with Foreign Governments ○ 52.229-8, Taxes-Foreign Cost-Reimbursement Contracts. ○ 52.229-9, Taxes-Cost-Reimbursement Contracts with Foreign Governments ○ 52.229-10, State of New Mexico Gross Receipts and Compensating Tax ○ 52.229-11, Tax on Certain Foreign Procurements–Notice and Representation ○ 52.229-12, Tax on Certain Foreign Procurements
Removed	<ul style="list-style-type: none"> ● Definitions of North Atlantic Treaty Organization (NATO) Forces, and U.S. Forces in Afghanistan have been removed. ● Information in Section 29.304, Matters requiring special consideration has been removed or relocated, as appropriate. Subsection 29.402-4, prescribing tax requirements for foreign contracts in Afghanistan has been removed in its entirety, along with the following clauses prescribed in that section: <ul style="list-style-type: none"> ○ 52.229-13, Taxes Foreign Contracts in Afghanistan ○ 52.229-14, Taxes Foreign Contracts in Afghanistan (North Atlantic Treaty Organization Status of Forces Agreement)

IV. Required Actions: All DOT Operating Administrations (OAs), the Office of the Secretary of Transportation (OST), and the Office of the Inspector General (OIG), excluding the Federal Aviation Administration (FAA) per TAR 1201.104(d) shall follow the [RFO part 29 model deviation text](#) instead of FAR part 29 as codified at 48 CFR chapter 1. The Council’s RFO part 29 model deviation text is available at [Acquisition.gov/far-overhaul](https://www.acquisition.gov/far-overhaul) and is incorporated by reference into this CD. A line-out version of the changes may also be found [here](#) for reference.

Heads of the Contracting Activities (HCAs) must ensure this deviation is disseminated to the acquisition workforce and ensure compliance with the requirements in the revised FAR part 29 guidance.

V. Applicability: This CD applies to all DOT OAs, OST, and OIG, excluding the FAA in accordance with TAR 1201.104(d).

VI. Expiration Date: This CD will remain in effect until it is incorporated into the FAR or is otherwise rescinded, whichever occurs first.

VII. Point of Contact: Questions or comments regarding this deviation may be directed to DOTAcquisitionPolicy@dot.gov.