



Office of the Chief  
Acquisition Officer

**Date:** September 29, 2025

**From:** Darnese M. Wilkerson, Chief Acquisition Officer *DMW*

**To:** Office of the Chief Acquisition Officer (OCAO)

**Subject:** CLASS DEVIATION (CD) in Support of Executive Order (EO) 14275, "Restoring Common Sense to Federal Procurement" - Deviation to FAR Part 29, Taxes

## 1. Purpose

This Class Deviation (CD) implements the FAR Council's model deviation text for FAR Part 29, Taxes. This action aligns with Executive Order (EO) 14275, "Restoring Common Sense to Federal Procurement," and the Revolutionary FAR Overhaul (RFO) initiative.

The revised FAR Part 29 enhances usability by restructuring and rewriting the Part using plain language and was updated to be more direct, active, and accessible. Key changes include:

- **Guidance on Tax Problems:** Contracting officers are now required to request assistance from legal counsel when tax issues arise. This action was previously encouraged but is now mandatory.
- **Federal Excise Taxes:** Contracting officers are now required to request offers on a tax-exclusive basis when the Government is exempt from federal excise taxes, unless it is inappropriate for the circumstances. This was also previously encouraged but is now mandatory.
- **State and Local Taxes:** The language governing the application of State and local taxes has been logically reorganized and renumbered to improve the flow of information. For example, rules for the North Carolina Sales and Use Tax Act have been elevated to a standalone section for increased visibility and usability.
- **Clauses and Provisions:** Most solicitation provisions and contract clauses in Subpart 29.4 have been retained with plain language edits because they are tied to specific tax law.

## 2. Background

EO 14275, signed on April 15, 2025, established a policy that the FAR should contain only provisions required by statute or those essential for sound procurement. To implement this EO, the Office of Federal Procurement Policy (OFPP) is leading the Revolutionary FAR Overhaul (RFO) initiative, supported by the Federal Acquisition Regulatory Council. The initiative aims to eliminate unnecessary regulations and policies across all levels of the federal government.

Further guidance was provided by OMB Memorandum M-25-26, "Overhauling the Federal Acquisition Regulation," issued on May 2, 2025.

## **FAR Streamlining**

As part of the RFO, the FAR will be streamlined to include only statutory requirements. Non-statutory content will be moved to new buying guides, collectively known as the Strategic Acquisition Guidance (SAG). The Council will first issue model deviation guidance by FAR part, followed by formal rulemaking through the notice and comment process. Agencies have 30 days to issue class deviations based on the model text once released.

**A. Streamlining Agency Acquisition Supplements:** Agencies must streamline their FAR supplements by removing regulations not based on statute or executive orders and by aligning with the FAR Council's deviation guidance. Supporting policies must also be updated to reflect these changes. This is an excellent opportunity for NARA to formally publish a streamlined NARA FAR Supplement, ensuring consistency with the new FAR.

**B. FAR Buying Guides and Supplemental Companion Guides (CG):** As the FAR and agency supplements are streamlined, helpful non-regulatory content will be moved to these new FAR Buying Guides. These guides will offer practical instructions and best practices for implementing effective contracting methods, including those related to competition. The RFO Part 8 model deviation text is a plain language version that will be adhered to by all NARA contracting personnel.

## **3. Summary of Changes**

RFO FAR Part 29, strengthens clarity and focus, ensuring procedures that support tax-related requirements are easier to understand and apply. Statutory requirements retained in the RFO FAR Part 29 model deviation include, but are not limited to, the following:

- Imposition of Tax (26 U.S.C. § 4041)
- Exemptions (26 U.S.C. § 4053)
- Gas Guzzler Tax (26 U.S.C. § 4064)
- Certain Tax Free Sales (26 U.S.C. § 4221)
- Tax Exemptions (26 U.S.C. § 4293 and § 4483)
- Imposition of Tax on Certain Foreign Procurement (26 U.S.C. § 5000C)
- Transportation of Humanitarian Relief Supplies to Foreign Countries (10 U.S.C. § 402)
- Foreign Disaster Assistance (10 U.S.C. § 404)
- Domestic Emergency Assistance (10 U.S.C. § 2557)
- Humanitarian Assistance (10 U.S.C. § 2561)

Change	Description
<b>Retained</b>	<ul style="list-style-type: none"> <li>● Subpart 29.1, Guidance for resolving tax problems: Guidance now requires Contracting Officer to request assistance from assigned legal counsel when tax issues arise.</li> <li>● Subpart 29.2, Federal Excise Taxes: Contracting officers are now required to request offers on a tax-exclusive basis when the law exempts the Government from federal excise taxes</li> <li>● Subpart 29.3, Language governing state and local taxes: The language governing application of state and local taxes has been logically reorganized and renumbered to: <ul style="list-style-type: none"> <li>○ improve the flow of information</li> <li>○ make the subpart more intuitive for users.</li> </ul> </li> <li>● The following clause and provisions were revised with plain language: <ul style="list-style-type: none"> <li>○ 52.229-1: State and Local Taxes</li> <li>○ 52.229-2: North Carolina State and Local Sales and Use Tax</li> <li>○ 52.229-3: Federal, State, and Local Taxes</li> <li>○ 52.229-4: Federal, State, and Local Taxes (State and Local Adjustments)</li> <li>○ 52.229-5: Remains “Reserved”</li> <li>○ 52.229-6: Taxes-Foreign Fixed-Price Contracts</li> <li>○ 52.229-7: Taxes-Fixed-Price Contracts with Foreign Governments</li> <li>○ 52.229-8: Taxes-Foreign Cost-Reimbursement Contracts</li> <li>○ 52.229-9: Taxes-Cost-Reimbursement Contracts with Foreign Governments</li> <li>○ 52.229-10: State of New Mexico Gross Receipts and Compensating Tax</li> <li>○ 52.229-11: Tax on Certain Foreign Procurements—Notice and Representation</li> <li>○ 52.229-12: Tax on Certain Foreign Procurements</li> </ul> </li> </ul>
<b>Removed</b>	<ul style="list-style-type: none"> <li>● FAR Subpart 2.0309, Matter requiring Special Consideration: information in regrading special consideration matters is removed and contend regarding North Carolina taxes are reflected in 2.303.</li> <li>● FAR subsection 29.402-4, Taxes for foreign contracts in Afghanistan: This section is removed in its entirety. Related clauses deleted in their entirety: <ul style="list-style-type: none"> <li>○ 52.229-13: Taxes – foreign Contracts in Afghanistan</li> <li>○ 52.229-14 Taxes - Foreign Contracts Afghanistan (North Atlantic Treaty Organization Status of Forces Agreement)</li> </ul> </li> <li>● The following definitions are deleted in their entirety:</li> <li>● Definitions: <ul style="list-style-type: none"> <li>○ North Atlantic Treaty Organization (NATO) Forces</li> <li>○ U.S. Forces in Afghanistan</li> </ul> </li> </ul>

#### **4. Instructions**

The NARA acquisition workforce shall follow the RFO Part 29 deviated text instead of FAR Part 29 as codified at 48 CFR Chapter 1, Subchapter B, Part 29. The FAR Council's RFO text is available at [FAR Overhaul - FAR Part 29 - Acquisition.gov](#) and is incorporated by reference into this deviation.

#### **5. Applicability**

The requirements in this CD apply to all solicitations and contract actions issued or awarded on or after **October 1, 2025**.

#### **6. Authority**

This class deviation is issued under the authority of Executive Order 14275 and OMB Memorandum M-25-26, 48 CFR Subpart 1.4.

#### **7. Effective Date**

This CD is effective as of the date signed and shall remain in effect until the provisions of the RFO are formally implemented in the FAR through a final rulemaking.

**Darnese M. Wilkerson,**  
Chief Acquisition Officer

cc: NGC