

17 NCAC 07B .4202 EXEMPT SALES TO THE UNITED STATES GOVERNMENT

(a) Retailer Records. -- A retailer that makes sales directly to the United States Government, or a qualifying agency or instrumentality thereof, shall retain copies of any Certificates of Exemption, Form E-595E, purchase requisitions or affidavits, or other documentation provided to substantiate the exemption from sales and use tax, pursuant to G.S. 105-164.13(17). Qualifying United States Government agencies are divisions of the federal government and qualifying 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. Pursuant to G.S. 105-164.22, copies of the documentation shall be available for inspection by the Secretary of Revenue or the Secretary's agents upon request. Documentation shall be kept until the statute of limitations to request a refund and to be issued a proposed assessment have expired, as set out in G.S. 105-241.6 and G.S. 105-241.8.

(b) United States Government Credit Card Program – GSA Smartpay. -- Under the program, credit cards may be centrally billed or individually billed.

- (1) Centrally billed charges are billed directly to and paid directly by the United States Government and are exempt from sales and use tax, pursuant to G.S. 105-164.13(17).
- (2) Individually billed charges are billed to and paid by the federal employee who is then reimbursed by the United States Government. Individually billed charges are subject to sales and use tax, pursuant to G.S. 105-164.4.

(c) Non-GSA Smartpay credit card programs implemented by qualifying agencies or instrumentalities of the United States Government are exempt from sales and use tax, pursuant to G.S. 105-164.13(17), when the charges are centrally billed and directly paid by the qualifying agency or instrumentality.

History Note: *Authority G.S. 105-164.4; 105-164.13; 105-164.22; 105-262; 105-264;*
Eff. February 1, 1976;
Amended Eff. September 1, 2006; April 1, 1997; January 1, 1995; October 1, 1993; October 1,
1991; August 1, 1988;
Readopted Eff. January 1, 2024.