

**17 NCAC 07B .4203      CONTRACTORS FOR THE FEDERAL GOVERNMENT**

Sales of items, as the term item is defined in G.S. 105-164.3, to a contractor are exempt from sale and use tax pursuant to G.S. 105-164.13(17), when a contract between the United States Government, or its agencies and instrumentalities, and a contractor contains a title passage clause from the Federal Acquisition Regulation as set out in 48 C.F.R. 1, such that title to items purchased by the contractor for use in performing the contract, pass from the contractor to the United States Government, or its agencies and instrumentalities, prior to any use by the contractor.

*History Note:*      *Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-262; 105-264; 105-467; 105-468; 105-469; 105-483; 105-498; 105-507.2; 105-509.1; 105-510.1; 105-511.3; 105-537; 105-538;*  
*Eff. February 1, 1976;*  
*Amended Eff. September 1, 2006; October 1, 1993; October 1, 1991;*  
*Readopted Eff. February 1, 2024.*