

## REG-1-072, United States Government and Federal Corporations

072.01 Sales to the United States (U.S.) government, its agencies, instrumentalities, and corporations wholly owned by the U.S. government are exempt from sales and use tax. However, sales to institutions chartered or created under federal authority, but which are not directly operated and controlled by the U.S. government for the benefit of the public, are generally taxable.

072.02 Absent an express waiver of intergovernmental immunity by statute, federal corporations that are performing a federal function are instrumentalities of the U.S. and are exempt from sales and use tax. Examples include, but are not limited to:

072.02A Farm Credit Banks, (previously Federal Land Banks) and other national or local operating entities chartered or administered by the Farm Credit System, including Federal Land Credit Associations, the Central Bank for Cooperatives, the Regional Banks for Cooperatives, the Federal Farm Mortgage Corporation, Production Credit Associations, and Agricultural Credit Associations;

072.02B The Federal Deposit Insurance Corporation;

072.02C Corporations administered by the U.S. Department of Agriculture to support agriculture, including Commodity Credit Corporations and the Federal Crop Insurance Corporation;

072.02D A Federal Reserve Bank;

072.02E Corporations chartered by the U.S. government to issue, subsidize, or guarantee home loans, including the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Government National Mortgage Association (Ginnie Mae);

072.02F The Student Loan Marketing Association (Sallie Mae);

072.02G A Federal Credit Union;

072.02H The National Railroad Passenger Corporation, and the Amtrak Commuter Services Corporation (Amtrak); and

072.02I The American National Red Cross and all its chartered units.

072.03 Any federal corporation not listed above that claims a sales tax exemption has the burden of proving the exemption to the Nebraska Department of Revenue (Department).

072.04 A federal corporation is presumed to be sales tax exempt if the purchases are ordered on prescribed U.S. government forms and payment is made by issuing U.S. government warrants.

072.05 Sales by agencies and corporations of the U.S. government are taxable, but the obligation to collect and remit the sales tax cannot be imposed on the agency or corporation, unless collection is specifically permitted by federal law.

072.05A If the agency or corporation does not collect the sales tax, the purchaser must remit use tax directly to the Department.

072.05B No sales or use tax is owed for purchases made from commissaries, base exchanges, ships' stores, or voluntary, unincorporated organizations of personnel of any branch of the Armed Forces of the U. S. by any person authorized to make these purchases.

072.06 Certain foreign diplomatic personnel have been granted sales tax exemptions by federal treaty. These diplomatic personnel are issued tax exemption identification cards by the U.S. Department of State or the American Institute in Taiwan that indicate the specific taxes from which the person is exempt, and the monetary or other limits imposed on the use of the exemption. Diplomatic personnel with tax exemption identification cards must pay sales tax on all purchases that are beyond the scope of the tax exemption card or that are beyond the monetary or other limits of the card. Diplomatic personnel without the identification card must pay sales or use tax on all purchases.

*(Neb. Rev. Stat. § 77-2704.02, Department of Employment v. United States, 385 U.S. 355, 17 L Ed 2d 414, 87 S Ct 464 (1966), United States v. District of Columbia, 558 F.Supp.213, 218 (1982), reversed as moot, 709 F.2d 1521, U.S.App.D.C. 295(1983), and 4 U.S.C. § 107. July 3, 2013.)*