

**SECURING SALE-TAX EXEMPTIONS  
ON FEDERAL CONSTRUCTION PROJECTS**

**ISSUE:** How can a contractor secure an exemption from sales and use taxes for itself and its subcontractors in connection with a Federal building project?

**ANSWER:** The contractor may use its existing, State-issued, tax exemption number.

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Neither the General Services Administration ("GSA") nor any other branch of the Federal Government will allow a General Contractor to make use of the Government's tax-exempt status, despite being employed as an independent contractor during the performance of a Federal project. Instead, in accordance with Part 29.303 of the Federal Acquisition Regulations ("FAR"), the Federal Government will provide a letter confirming that a particular Contractor is in its employ for the duration of a particular project ("Work Description Letter").

Accordingly, the General Contractor should:

- (a) Request that a Work Description Letter be issued by the Contracting Officer responsible for the project; and
- (b) Employ its existing Sales Tax Exemption number or, if they did not have one, apply for one.

The General Contractor's Sales Tax Exemption number may be used by subcontractors subject to control and oversight.