

29.202 General exemptions.

No Federal manufacturers' or special-fuels excise taxes are imposed in many *contracting* situations as, for example, when the *supplies* are for any of the following:

(a) The exclusive use of any State or political subdivision, including the District of Columbia (26 U.S.C. 4041 and 4221).

(b) *Shipment* for export to a foreign country or an outlying area of the *United States*. *Shipment* must occur within 6 months of the time title passes to the Government. When the exemption is claimed, the words "for export" *must* appear on the contract or purchase document, and the *contracting officer* *must* furnish the seller proof of export (see 26 CFR 48.4221-3).

(c) Further manufacture, or resale for further manufacture (this exemption does not include tires and inner tubes) (26 CFR 48.4221-2).

(d) Use as fuel *supplies*, ships or sea stores, or legitimate equipment on vessels of war, including (1) aircraft owned by the *United States* and constituting a part of the armed forces and (2) guided missiles and pilotless aircraft owned or chartered by the *United States*. When this exemption is to be claimed, the purchase *should* be made on a tax-exclusive basis. The *contracting officer* *shall* furnish the seller an exemption certificate for *Supplies* for Vessels of War (an example is given in 26 CFR 48.4221-4(d)(2) ; the IRS will accept one certificate covering all orders under a single contract for a specified period of up to 12 calendar quarters) (26 U.S.C. 4041 and 4221).

(e) A nonprofit educational organization (26 U.S.C. 4041 and 4221).

(f) *Emergency* vehicles (26 U.S.C. 4053 and 4064(b)(1)(c)).

Parent topic: Subpart 29.2 - Federal Excise Taxes