

# US government entities exempt from tax

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States cannot tax the United States and its departments, institutions, and certain other federal entities.

Taxes these entities are exempt from include:

- Retail sales tax.
- Use tax.
- Business and occupation (B&O) tax.
- Public utility tax.
- Leasehold excise tax.
- Litter tax.

Federal law exempts the following executive branch presidential cabinet departments from state taxation:

- Agriculture.
- Commerce.
- Defense.
- Education.
- Energy.
- Justice.
- Health and Human Services.
- Homeland Security.
- Housing and Urban Development.
- Interior.
- Labor.
- State.
- Transportation.
- Treasury.
- Veterans Affairs.

Additional entities generally exempt from state and local taxation include, but are not limited to:

### ***Federal entities***

- American National Red Cross (Red Cross).
- Farm Credit banks.
- Federally chartered credit unions.

### ***Federal corporate entities***

- Civil Air Patrol (CAP).
- Federal Deposit Insurance Corporation (FDIC).
- Federal Home Loan Bank (FHLB).
- Government National Mortgage Association ("Ginnie Mae").

### ***Federal agencies***

- Federal Emergency Management Administration (FEMA).
- Federal Housing Finance Agency (FHFA).

### ***Other tax-exempt entities***

- Amtrak – National Railroad Passenger Corporation.
- Federal National Mortgage Association ("Fannie Mae").
- Federal Home Loan Mortgage Corporation ("Freddie Mac").
- Student Loan Marketing Association ("Sallie Mae").
- United States Postal Service (USPS), as it is a tax-exempt federal independent agency.

### ***Other taxes that may apply***

- Many of the entities listed are subject to real property tax, including Farm Credit Banks, FHLB, Ginnie Mae, Freddie Mac, Fannie Mae, and Sallie Mae.
- Income earned from sales to these entities may still be subject to tax, depending on the type of income received. This publication only addresses taxing income earned by these entities.

### **References:**

RCW 82.08.0254 - Exemptions – Nontaxable sales.

RCW 82.08.0258 - Exemptions—Sales to federal corporations providing aid and relief.

RCW 82.04.380 - Exemptions—Certain corporations furnishing aid and relief.

RCW 82.04.4286 - Deductions—Nontaxable business.

RCW 82.12.0255 - Exemptions—Nontaxable tangible personal property, warranties, and digital products.

RCW 82.12.0259 - Exemptions—Use of personal property, digital automated services, or certain other services by federal corporations providing aid and relief.

WAC 458-20-190 - Sales to and by the United States and certain entities created by the United States—Doing business on federal reservations—Sales to foreign governments.

ETA 3238.2023 – Interest Received on Direct Obligations of the Federal Government



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