

US government entities exempt from tax

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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