

**SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS
PART 829—TAXES**

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AUTHORITY: 40 U.S.C. 121(c) and 48 CFR 1.301-1.304.

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829.000 Scope of part.

This part states the policies and procedures for the following:

- (a) Exemptions of alcohol products purchased for use by the VA medical care program from Federal excise taxes.
- (b) Specified refund procedures for State and local taxes.

SUBPART 829.2 – FEDERAL EXCISE TAXES**829.202 General exemptions.****829.202-70 Tax exemptions for alcohol products.**

(a) General. (1) VA is permitted to procure spirits to be used for non-beverage purposes free of tax under the Alcohol and Tobacco Tax and Trade Bureau (TTB) regulations (see 27 CFR 19.538 and 19.539, 20.241 through 20.246, 22.161 and 22.162, 22.171 through 22.176, 24.293, and 25.181 through 25.185). The use of tax-free alcohol, whiskey, beer, wine, and denatured spirits for non-beverage purposes shall include, but is not limited to, medicinal and scientific purposes.

(2) The Executive Director and Chief Operating Officer, National Acquisition Center, and the Head of the Contracting Activity may sign application permits on Department of Treasury-TTB Form 5150.33, Spirits for Use of The United States. This authority may not be delegated.

(b) Whiskey, alcohol, and denatured alcohol. (1) The contracting officer may obtain application forms for tax-free purchases from the TTB Distribution Center, P.O. Box 5950, Springfield, VA 22150-5950. The completed forms must be submitted to the Associate Director (Compliance Operations), Alcohol and Tobacco Tax and Trade Bureau, Washington, DC 20226.

(2) Permits previously issued on Alcohol, Tobacco, and Firearms (ATF) Form 1444, Tax-Free Spirits for Use of United States, remain valid until surrendered or cancelled. A copy of the current ATF Form 1444 or TTB Form 5150.33 must be made available to the supplier with the initial order. The permit number only needs to be referenced on any future orders with the same supplier.

(3) Contracting officers may make purchases of excise tax-free whiskey and alcohol only from qualified distillery plants or bonded dealers. The accountable officer must ensure that accurate records of all receipts, usage, and destruction of tax-free distilled spirits are maintained at each

medical center and must conduct a semi-annual physical inventory of the tax-free alcohol in the possession of the medical center (see 27 CFR 22.161 and 22.162).

(c) Wine. No tax exemption form or ATF/TTB permit is required for the tax-free procurement of wine from bonded wine premises. The purchase order must show the kind, quantity, and alcohol content of the wine and must state the purpose for which wine is to be used (see 27 CFR 24.293). An extra copy of a properly executed purchase order may be furnished to the bonded wine premises from which wine is purchased to facilitate record keeping.

(d) Beer. The contracting officer may procure tax-free beer only from licensed breweries and only when such product is prescribed for patients' therapeutic use.

(1) The contracting officer must submit an application for a TTB permit to purchase tax-free beer in letter form to the Director of the nearest TTB Regional Office or to the Director, Alcohol and Tobacco Tax and Trade Bureau, Washington, DC 20226. The following information must be included:

- (i) Name and address of facility.
- (ii) Specific purpose for which the beer will be used.
- (iii) Quantity proposed to buy each month, year, etc.
- (iv) Name and address of brewery.
- (v) Copy of document authorizing the head of the contracting activity to sign the request (i.e., paragraph (a)(2) of this section).

(2) The contracting officer must obtain a separate permit for each brewery from which beer is to be purchased.

SUBPART 829.3 – STATE AND LOCAL TAXES

829.302 Application of State and local taxes to the Government.

(a) If a vendor refuses to sell at a price exclusive of the State and local tax, the contracting officer must use Standard Form (SF) 1094, U.S. Tax Exemption Certificate, as a basis for billing taxing authorities for a refund of taxes paid.

(b) A contracting officer may not furnish an SF 1094 to a vendor or use SF 1094 to claim reimbursement from the taxing authority when the total amount of State and local tax on any one purchase is \$10 or less.

829.302-70 Purchases made from patients' funds.

The contracting officer shall insert the clause at 852.229-70, Sales or use taxes, in solicitations and contracts when items are to be purchased solely from the personal funds of patients.

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