

EXEMPTION OF HOTEL/MOTEL TAX WHEN  
TRAVELING ON OFFICIAL BUSINESS

Generally, the United States Government is constitutionally immune from payment of state and local taxes when payment for goods or services is direct. However, this immunity is not applicable when the employee incurs such taxes on lodging or other subsistence expenses during official travel and is later reimbursed for these expenses. The Federal Government is exempt from state and local taxes in such cases only when the individual state or local tax authority specifically grants and exemption to the Federal Government or to the employee as a representative of the Federal Government.

There are certain state and local Governments which do offer specific exemptions to Federal employees for state and/or local occupancy taxes on lodging. These authorities require presentation of prescribed state or municipal exemption certificate forms. Due to differing requirements of the various state and local tax authorities, each and every tax statute and regulation would have to be reviewed on a nationwide basis to determine all applicable exemptions available to Government employees. The administrative cost to initiate, maintain and/or monitor such a program and to stock and distribute the necessary state and/or local tax exemption forms would be prohibitive. However, we have identified a limited number of state and local Governments which offer specific exemptions to Federal employees on official business travel for transient occupancy taxes on lodgings.

HUD employees traveling on official business to the locations indicated below should request appropriate lodging tax exemption forms from one of the following:

1. Administrative Officer
2. Headquarters Imprest Fund Cashier
3. Administrative
4. Hotel or motel registration clerks upon check-in (not all hotel/motels stock form)

State and/or local Governments known to offer exemptions include:

1. Alexandria, Virginia (no forms needed)
2. Anchorage, Alaska
3. Fresno, California
4. Los Angeles, California
5. New York City
6. New York State
7. Norfolk, Virginia
8. Prince Georges County, Maryland

Appendix F

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State and/or local Governments known not to offer exemptions include:

1. Arlington, Virginia
2. Fairfax, Virginia
3. District of Columbia
4. Montgomery County, Maryland

Upon checking into a hotel or motel, travelers should:

1. provide lodging occupancy tax exemption forms to the registration clerk;
  2. request a lodging occupancy tax exemption form from the registration clerk;
  3. when information is not known, determine from the registration clerk whether the state or local tax authority grants an exemption to Federal employees traveling on official business.
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