

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 1105. Government Exemption.

(a) Except as provided in subsection (b), the United States and Commonwealth Governments, their departments, agencies and instrumentalities, but not their contractors, are specifically exempt from any liability to pay any tax imposed by this division other than such taxes required to be withheld from another person and paid over to the Secretary.

(b) Taxes imposed by this Division shall apply to the Commonwealth Governments, its departments, agencies and instrumentalities for income or revenue derived from the conduct of activities or goods, merchandise or commodities brought into the Commonwealth for purposes of excise tax which are not substantially related to the exercise or performance of such department, agency, or instrumentality's government purpose. The Secretary shall prescribe regulations to clarify what activities are substantially related to the exercise or performance of a department, agency, or instrumentality's government purpose.

Source: PL 3-11, § 106; repealed and reenacted by PL 14-35, § 3 (1105).