

Acquisition Management Policy - (7/2019)

3.4 Bonds, Insurance, and Taxes

3.4.1 Bonds and Insurance

3.4.1.1 Applicability Revised 7/2008

3.4.1.2 Policy Revised 10/2010

3.4.2 Taxes

3.4.2.1 Applicability

3.4.2.2 Policy

3.4 Bonds, Insurance, and Taxes

3.4.1 Bonds and Insurance

3.4.1.1 Applicability Revised 7/2008

This section applies to construction contracts subject to the Miller Act, and to any other contracts that the CO determines would benefit from use of bonds, guarantees, and insurance to protect FAA's interest.

3.4.1.2 Policy Revised 10/2010

The FAA will comply with the intent of the Miller Act (40 U.S.C. 270a-270f) by requiring payment and performance bonds for construction contracts over \$150,000. The FAA may also require proposal guarantees, payment bonds, performance bonds, and insurance for any contract when necessary to protect FAA's interests.

3.4.2 Taxes

3.4.2.1 Applicability

This section prescribes guidance for (a) using tax clauses in contracts (including foreign contracts), (b) asserting immunity or exemption from taxes, and (c) obtaining tax refunds. It explains Federal, State, and local taxes on certain products and services acquired by executive agencies and the applicability of such taxes to the Federal Government. It is for the general information of Government personnel and does not present the full scope of the tax laws and regulations.

3.4.2.2 Policy

The FAA policy is to provide appropriate contract clauses for (a) Federal Excise Taxes levied on the sale or use of particular products or services, (b) exemption of Federal Excise Taxes, and (c) exemption of Federal purchases and property from state and local taxes. The service organization must use the appropriate clauses for the tax situation at hand.