



**DEPARTMENT OF THE NAVY**

OFFICE OF COUNSEL  
NAVY EXCHANGE SERVICE COMMAND  
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**MEMORANDUM**

**From:** Office of Counsel, Navy Exchange Service Command  
**To:** All Interested Parties

**Subj:** TAX EXEMPT STATUS OF NAVY EXCHANGE SERVICE COMMAND (TAX ID #11-1644854) AND ITS BUSINESS LINES

The Navy Exchange Service Command (NEXCOM) is an Echelon III shore command of the Department of the Navy and a nonappropriated fund instrumentality of the United States. It supports multiple business lines on a worldwide basis, including the Ships Store Program, NEXCOM Hospitality Group, Telecommunications Program Office, Uniform Program Management Office, Navy Clothing and Textile Research Facility, and individual Navy Exchange retail stores. As such NEXCOM performs governmental functions. See, e.g., *Champaign-Urbana News Agency Inc. v. J.L. Cummins News Co.*, 632 F.2d 680 (7th Cir. 1980). NEXCOM's contracts, including those issued on behalf of its business lines, are generally considered United States government contracts. As an instrumentality of the federal government, NEXCOM qualifies for all of the immunities of the government (see, e.g., *Standard Oil Co. v. Johnson*, 316 U.S. 481 (1942)), including immunity from state and local taxation. See, e.g., *United States v. Tax Comm'n of Mississippi*, 421 U.S. 599 (1975).

NEXCOM's tax exemption is based on federal law and is not dependent on recognition by the individual states. Individual state tax exemption certificate requirements do not apply to sales to NEXCOM. Neither NEXCOM nor its business lines receive a state retailer's certificate or number. All tangible personal property and services purchased by NEXCOM are either for resale to or consumption by NEXCOM, its business lines, or authorized patrons, and are not subject to taxation by states or localities.

You may wish to retain a copy of this memorandum in your files should you receive inquiries from state or local tax officials. This memorandum remains in effect unless and until rescinded or superseded by the NEXCOM Office of Counsel. Please direct any additional questions on this issue to NEXCOM Office of Counsel at (757) 631-3617 (voice) or (757) 631-3615 (facsimile).

  
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Command Counsel