

## **Destefano, Lisbeth CIV NAVFAC MIDLANT, CI**

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**From:** Destefano, Lisbeth CIV NAVFAC MIDLANT, CI  
**Sent:** Wednesday, May 27, 2015 10:21  
**To:** Destefano, Lisbeth CIV NAVFAC MIDLANT, CI  
**Subject:** FW: FFE not subject to Virginia state sales tax per 06-12-2014 ruling  
**Signed By:** LISBETH.DESTEFANO@NAVY.MIL

-----Original Message-----

**From:** Noland, Margaret (Peggy) M CIV NAVFAC MIDLANT, CI  
**Sent:** Monday, August 04, 2014 4:40 PM  
**To:** Dawson, Susan E CIV NAVFAC MIDLANT, CI; Destefano, Lisbeth CIV NAVFAC MIDLANT, CI; Gray, Rosemary G CIV NAVFAC MIDLANT, CI; Holden, Rebecca A CIV NAVFAC MIDLANT, CI; Kahles, Amanda S CIV NAVFAC MIDLANT, ACI; McKinley, Christine CIV NAVFAC MIDLANT, CI; Perry, Ann B CIV NAVFAC MIDLANT, CI  
**Cc:** Nimmich, David L CIV NAVFAC MIDLANT, Counsel; Kahler, Kimberly R CIV NAVFAC MIDLANT, ACQ; Sweeney, Sean M CIV NAVFAC MIDLANT, CI; Armstrong, Kimberly G CIV NAVFAC MIDLANT, CI; Rule, Tina C. NAVFAC MIDLANT, PWD Little Creek  
**Subject:** FFE not subject to Virginia state sales tax per 06-12-2014 ruling  
**Importance:** High

All,

Effective immediately, please request that Virginia state sales tax be removed from our FFE packages per attached guidance provided by NAVFAC MIDLANT Counsel. Please forward this email to your CMs for distribution to GCs and their interior designers for action.

1. Per guidance in the attached document, Rulings of the Tax Commissioner 14-91 dated 06-12-2014, please remove the state sales tax line item from product Bills of Materials (BOM) and Final Cost Summaries from FFE packages for projects in Virginia.

++"As discussed below, the Subcontractor and Contractor may procure the FFE exempt of the Retail Sales and Use Tax as an exempt sale for resale. Further, the contractor's sale to the Agency will qualify for the governmental exemption."

++"Any person who contracts ... to perform construction, reconstruction, installation, repair, or any other service with respect to real estate or fixtures thereon, and in connection therewith to furnish tangible personal property ... to have purchased such tangible personal property for use or consumption. Any sale, distribution, or lease to or storage for such person is deemed a sale, distribution, or lease to or storage for the ultimate consumer and not for resale."

++"Subsection 4 of Va. Code § 58.1-609.1 provides an exemption from the Retail Sales and Use Tax for "tangible personal property for use or consumption by the Commonwealth, any political subdivision of the Commonwealth, or the United States."

2. Based on the above ruling, tax would not apply to freight. Please continue to identify freight fees as a separate line item.

3. Per guidance in the attached document, Rulings of the Tax Commissioner 96-52 Design Taxability, dated 04-19-1996, design fees should not be taxed provided that "...the charge for services is billed separately from the tangible personal property." Please continue to identify any design and project management fees as separate line items and request that vendors invoice the GCs separately for these services.

Please refer any questions or disputes from vendors to me and I will forward to Counsel for discussion.

V/r

Peggy

Margaret (Peggy) Noland, CID, GGP  
Supervisory Interior Designer  
Technical Discipline Coordinator  
NAVFAC MIDLANT

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USPS Mailing Address:  
ATTN: Peggy Noland, Bldg Z140, Ste 124  
Commanding Officer  
NAVFAC MIDLANT  
9742 Maryland Ave  
Bldg Z140, Ste 124  
Norfolk, VA 23511

Other Delivery Services (FEDEX, UPS, etc.):  
ATTN: Peggy Noland  
NAVFAC MIDLANT  
9324 Virginia Ave, Bldg Z140, Ste 124  
Norfolk, VA 23511

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