

THE STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL  
COLUMBIA

OPINION NO. \_\_\_\_\_

March 26, 1991

SUBJECT: Taxation and Revenue - Sales Tax - Federal  
Credit Unions.

SYLLABUS: Federally chartered credit unions are instru-  
mentalities of the Federal Government. Be-  
cause of such, the sale of tangible personal  
property to a federal credit union is exempt  
from the sales tax.

TO: Mr. E. Gregorie Frampton  
Executive Director  
South Carolina Tax Commission

FROM: Joe L. Allen, Jr. *JLA*  
Chief Deputy Attorney General

QUESTION: Are federal credit unions instrumentalities of  
the Federal Government and hence exempt from payment of the  
South Carolina sales tax?

APPLICABLE LAW: S.C. Code Ann. Section 12-36-2120(2)  
(Supp. 1990).

DISCUSSION:

In Opinions of this office of December 11, 1974 and July 1,  
1986, we advised that federal credit unions were instrumen-  
talities of the Federal Government. In the 1974 Opinion,  
reference was made to the Board of Director's Manual for  
Federal Credit Unions, page 43, where it is stated that  
federal credit unions were instrumentalities of the Federal  
Government. The 1986 Opinion cited the case of United  
States v. State of Maine, 524 F.Supp. 1056 (1981).

Subsequent to the issuance of the 1986 Opinion, the United  
States Court of Appeals, Sixth Circuit, decided on appeal in  
the case of United States v. Michigan, 851 F.2d 803 (1988).  
There the Court of Appeals affirmed the District Court's  
holding that a federal credit union was an instrumentality  
of the United States. We, therefore, advise that it contin-

Mr. E. Gregorie Frampton  
Page Two

March 26, 1991

ues to be the opinion of this office that a federal credit union is an instrumentality of the Federal Government.

Section 12-36-2120(2) exempts from the sales tax tangible personal property sold to the Federal Government. The sale of tangible personal property to a federally chartered credit union is thus exempt from the sales tax.

CONCLUSION:

Federally chartered credit unions are instrumentalities of the Federal Government. Because of such, the sale of tangible personal property to a federal credit union is exempt from the sales tax.

JLAJr:wcg