



## ITG FAQ #3 Answer-How does IRC section 7871 economically benefit Tribal governments?

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Tribal governments provide certain services to their members. In certain specific areas, [IRC section 7871](#) places the tribal governments on the same footing as State and local governments that provide similar services to their citizens. The tribal governments save the cost of excise taxes for certain fuels and manufacturing. The tribal governments, under certain circumstances, are able to raise financing through issuance of tax-exempt bonds.

Tribal governments can be the recipients of income tax deductible charitable gifts, as well as, the recipients of funds deductible from estate and gift taxes. Tribal governments can provide employee benefits to their employees the same as state and local governments in terms of fringe benefits, accident and health plans, and employee annuities. This is a partial list of benefits provided by IRC section 7871. The full impact of section 7871 is presented in the statute, however, the courts, regulations, and other authorities, to which the Service looks for guidance, have yet to interpret all of the statute provisions.

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