

no change to the groups covered, and the new descriptions better reflect product coverage.

This final rule is not required to be published for public comment, because it does not change the Federal Supply Groups covered, but just updates the descriptions of the listed product service groups to reflect the current Product and Service Codes Manual. It does not impact which products are subject to the service contract labor standards or trade agreements.

Item IV—Clarification on Justification for Urgent Noncompetitive Awards Exceeding One Year (FAR Case 2014–020)

DoD, GSA, and NASA are issuing a final rule amending the FAR to clarify when a justification for noncompetitive contracts based on urgency, exceeding one year, is needed. The rule comes as a response to Government Accountability Office (GAO) report GAO–14–304, entitled *Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight*, dated March 2014.

This rule is not expected to have a significant impact on small businesses. Contracting officers will benefit from this rule because it clarifies when determinations of exceptional circumstances are needed when awarding a noncompetitive contract on the basis of unusual and compelling urgency, exceeding one year, either at time of award or modified after contract award.

Item V—Prohibition on Contracting With Inverted Domestic Corporations (FAR Case 2014–017)

This rule converts to a final rule, without change, an interim rule that amended the provisions of the FAR that address the continuing Governmentwide statutory prohibition (in effect since fiscal year 2008) on the award of contracts using appropriated funds to any foreign incorporated entity that is an inverted domestic corporation (under section 835 of the Homeland Security Act of 2002, codified at 6 U.S.C. 395) or to any subsidiary of such entity. The interim rule amended FAR 9.108 to revise the FAR coverage, including the language of solicitation provisions and contract clauses, so that it more clearly reflects the ongoing, continuing nature of the statutory prohibition on contracting with inverted domestic corporations and their subsidiaries.

This rule does not have an effect on small business because this rule will only impact an offeror that is a foreign incorporated entity that is treated as an

inverted domestic corporation and wants to do business with the Government. Small business concerns are unlikely to have been incorporated in the United States and then reincorporated in a tax haven.

Item VI—Permanent Authority for Use of Simplified Acquisition Procedures for Certain Commercial Items (FAR Case 2015–010)

This is a final rule to amend FAR subparts 13.5 and 18.2 to implement section 815 of the Carl Levin and Howard P. ‘Buck’ McKeon National Defense Authorization Act for Fiscal Year 2015 (Pub. L. 113–291). Section 815 amends section 4202(e) of the Clinger-Cohen Act of 1996 (Divisions D and E of Pub. L. 104–106; 10 U.S.C. 2304 note) to make permanent the test program for special simplified procedures for purchases of commercial items greater than the simplified acquisition threshold, but not exceeding \$6.5 million (\$12 million for certain acquisitions). This final rule is not required to be published for public comment because it makes permanent a statutory authority that currently exists within the FAR. The rule will not have a significant impact on small business or on Government contracting officers.

Item VII—Technical Amendments

Editorial changes are made at FAR 15.404–2(b)(2), 52.204–16(b)(3), 52.204–18(d), and 52.212–5(e)(1)(ii)(E).

Dated: June 18, 2015.

William Clark,
Director, Office of Government-wide Acquisition Policy, Office of Acquisition Policy, Office of Government-wide Policy.

Federal Acquisition Circular (FAC) 2005–83 is issued under the authority of the Secretary of Defense, the Administrator of General Services, and the Administrator for the National Aeronautics and Space Administration.

Unless otherwise specified, all Federal Acquisition Regulation (FAR) and other directive material contained in FAC 2005–83 is effective July 2, 2015 except for item I which is effective October 1, 2015; item II which is effective November 1, 2015; and items III, IV, and VI which are effective August 3, 2015.

Dated: June 25, 2015.

LeAntha D. Sumpter,
Acting Director of Defense Procurement and Acquisition Policy.

Dated: June 25, 2015.

Jeffrey A. Koses,
Senior Procurement Executive/Deputy CAO, Office of Acquisition Policy, U.S. General Services Administration.

Dated: June 24, 2015.

William P. McNally,
Assistant Administrator, Office of Procurement National Aeronautics and Space Administration.

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION; 48 CFR Parts 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 42, 50, 52, and 53

[FAC 2005–83; FAR Case 2014–022; Item I; Docket No. 2014–0022, Sequence No. 1]

RIN 9000–AM80

Federal Acquisition Regulation; Inflation Adjustment of Acquisition-Related Thresholds

AGENCY: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: DoD, GSA, and NASA are issuing this final rule amending the Federal Acquisition Regulation (FAR) to implement the inflation adjustment of acquisition-related dollar thresholds. A statute requires an adjustment every five years of acquisition-related thresholds for inflation using the Consumer Price Index for all urban consumers, except for the Construction Wage Rate Requirements statute (formerly Davis-Bacon Act), Service Contract Labor Standards statute, and trade agreements thresholds. DoD, GSA, and NASA have also used the same methodology to adjust nonstatutory FAR acquisition-related thresholds.

DATES: *Effective:* October 1, 2015.

FOR FURTHER INFORMATION CONTACT: Mr. Michael O. Jackson, Procurement Analyst, at 202–208–4949, for clarification of content. For information pertaining to status or publication schedules, contact the Regulatory Secretariat at 202–501–4755. Please cite FAC 2005–83, FAR Case 2014–022.

SUPPLEMENTARY INFORMATION:**I. Background**

This rule amends multiple FAR parts to further implement 41 U.S.C. 1908. Section 1908 requires an adjustment every five years (on October 1 of each year evenly divisible by five) of statutory acquisition-related thresholds for inflation, using the Consumer Price Index (CPI) for all urban consumers, except for the Construction Wage Rate Requirements statute (Davis-Bacon Act), Service Contract Labor Standards statute, and trade agreements thresholds (see FAR 1.109). As a matter of policy, DoD, GSA, and NASA also use the same methodology to adjust nonstatutory FAR acquisition-related thresholds.

DoD, GSA, and NASA published a proposed rule in the **Federal Register** at 79 FR 70141 on November 25, 2014. The preamble to the proposed rule contained detailed explanation of—

- What an acquisition-related threshold is;
- What acquisition-related thresholds are not subject to escalation adjustment under this case;
- How the Defense Acquisition Regulations Council and the Civilian Agency Acquisition Council (Councils) analyze statutory and non-statutory acquisition-related thresholds; and
- The effect of this rule on the most heavily-used thresholds.

Two respondents submitted comments on the proposed rule, which are addressed in the following section. The final rule has been coordinated with the Department of Labor and the Small Business Administration in areas of the regulation for which they are the lead agency.

II. Discussion and Analysis

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) reviewed the comments in the development of the final rule. A discussion of the comments is provided as follows:

A. Summary of Changes Between the Proposed Rule and the Final Rule.

Although there were no changes between the proposed rule and the final rule as the result of public comments, some of the thresholds in the final rule are lower than proposed, due to lower inflation than was projected at the time of publication of the proposed rule.

There is no change in the final rule from the proposed frequently-used thresholds identified in the proposed rule:

- The micro-purchase base threshold of \$3,000 (FAR 2.101) is increased to \$3,500.
- The simplified acquisition threshold (FAR 2.101) of \$150,000 is unchanged.
- The FedBizOpps preaward and post-award notices (FAR part 5) remain at \$25,000 because of trade agreements.
- The threshold for use of simplified acquisition procedures for acquisition of commercial items (FAR 13.500) is raised from \$6.5 million to \$7 million.
- The cost or pricing data threshold (FAR 15.403–4) and the statutorily equivalent Cost Accounting Standard threshold are raised from \$700,000 to \$750,000.
- The prime contractor subcontracting plan (FAR 19.702) floor is raised from \$650,000 to \$700,000, and the construction threshold of \$1,500,000 stays the same.
- The threshold for reporting first-tier subcontract information including executive compensation will increase from \$25,000 to \$30,000 (FAR subpart 4.14 and section 52.204–10).

The URL for the location of the current matrix of threshold escalation is provided at FAR 1.109(d).

B. Analysis of Public Comments**1. Inclusion of Specific Dollar Thresholds in Clauses**

Comment: One respondent was of the opinion that when a dollar threshold is stated in the body of the clause, the threshold applies for the life of the contract, but if the clause instead refers to the threshold in the underlying FAR text, the threshold in the clause would automatically adjust when there was a change to the threshold in the FAR text.

Response: The Councils note that the Definitions clause at FAR 52.202–1, as prescribed at FAR 2.201, is to be included in all solicitations and contracts that exceed the simplified acquisition threshold. This clause specifies that, with a few limited exceptions, when a solicitation provision or contract clause uses a word or term that is defined in the FAR, the word or term has the same meaning as that definition in FAR 2.101 in effect at the time the solicitation was issued. Therefore, since the dollar value of the simplified acquisition threshold is included in the definition of “simplified acquisition threshold” in FAR part 2, the dollar threshold that is in effect at the time of issuance of the solicitation stays in effect for the life of the contract, unless the contracting parties agree otherwise.

Likewise, when a clause refers to a threshold in the FAR that is not

included in a definition, the Councils generally presume that the threshold stays fixed for the life of the contract, unless the parties specify otherwise.

Therefore, it should not create discrepancies, whether a clause includes the dollar threshold, or references a definition or other text in the FAR to establish the value of the threshold.

2. Rounding Methodology

Comment: One respondent noted an apparent disproportionate inflation adjustment between the lower and higher dollar thresholds, particularly in the under \$1 million range. The respondent suggested that Congress should use smaller dollar intervals to analyze the adjustment, or adjustments more frequent than every five years.

Response: The Councils have adjusted the thresholds in accordance with the statutory requirement, and cannot use different dollar intervals or adjustment periods unless Congress amends the statute.

C. Other Changes**1. Some Lower Thresholds in Final Rule**

The proposed rule was based on a projected CPI of 245 for March 2015. The final rule is based on an actual CPI of 236.119 for March 2015. The CPI as of the end of March, six months before the effective date of the rule, is used as the cutoff in order to allow time for approval and publication of the final rule.

Because the actual CPI index for March 2015 is about ten points lower than the CPI index projected for that date at the time of the proposed rule, thresholds of at least 10 million dollars are generally proportionally lower than the proposed thresholds. Thresholds of less than \$10 million are frequently unchanged, due to rounding.

2. Thresholds Related to Substantial Bundling

The thresholds at FAR 7.107(b) are nonstatutory thresholds passed based on policy, which were previously escalated by the FAR Council in October 2010. However, subsequent to the publication of the proposed rule under this FAR case 2014–022, the Councils became aware that the Small Business Administration (SBA) issued a final rule in the **Federal Register** at 78 FR 61114 on October 2, 2013, entitled “Acquisition process: Task and Delivery Order Contracts, Bundling, Consolidation”, which incorporated these thresholds into the SBA regulations at 13 CFR 125.2(d)(2)(ii). It is therefore now outside the authority of

the FAR Council to escalate these thresholds, unless SBA first revises their regulations.

3. Cost Accounting Standards Threshold

By law (41 U.S.C. 1502(b)(1)(B)), the threshold for application of the Cost Accounting Standards equals the threshold of cost or pricing data, as escalated. The proposed rule included escalation of the cost or pricing data threshold from \$700,000 to \$750,000, which is retained in the final rule. Therefore, the final rule also includes equivalent escalation of the Cost Accounting Standards threshold at FAR 30.201-4 and the clauses at 52.230-1 through 52.230-5 from \$700,000 to \$750,000.

III. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

IV. Regulatory Flexibility Act

DoD, GSA, and NASA have prepared a Final Regulatory Flexibility Analysis (FRFA) consistent with the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.* The FRFA is summarized as follows:

This final rule amends the Federal Acquisition Regulation to implement 41 U.S.C. 1908 and to amend other acquisition-related dollar thresholds that are based on policy rather than statute in order to adjust for the changing value of the dollar. 41 U.S.C. 1908 requires adjustment every five years of statutory acquisition-related dollar thresholds, except for Construction Wage Rate Requirements statute (Davis-Bacon Act), Service Contract Labor Standards statute, and trade agreements thresholds. While reviewing all statutory acquisition-related thresholds, this case presented an opportunity to also review all nonstatutory acquisition-related thresholds in the FAR that are based on policy. The objective of the case is to maintain the status quo, by adjusting acquisition-related thresholds for inflation.

There were no significant issues raised by the public comments in response to the initial regulatory flexibility analysis.

This rule will likely affect to some extent all small business concerns that submit offers or are awarded contracts by the Federal Government. However, most of the threshold changes in this rule are not expected to have any significant economic impact on small business concerns because they are intended to maintain the status quo by adjusting for changes in the value of the dollar. Often any impact will be beneficial, by preventing burdensome requirements from applying to more and more small dollar value acquisitions, which are the acquisitions in which small business concerns are most likely to participate.

One threshold change in this rule that may temporarily impact small business concerns is the increase of the micro-purchase threshold (FAR 2.101) from \$3,000 to \$3,500. This will temporarily narrow the range of acquisitions automatically set aside for small business concerns, because the simplified acquisition threshold of \$150,000 will not increase at this time (although it may increase to \$200,000 in 2020). To assess the impact of the increase in the micro-purchase threshold from \$3,000 to \$3,500, data was requested from the Federal Procurement Data System—Next Generation (FPDS—NG). For Fiscal Year 2013, there were 83,951 contracts and calls/orders between \$3,000 and \$3,500, with a value of \$272,567,926. Of these actions, 34,828 (value of \$113,280,333) went to small business concerns. We expect that many of these awards will still go to small business concerns, even if there is no longer a requirement to automatically set the procurement aside for small business concerns.

The rule does not impose any new reporting, recordkeeping, or compliance requirements. Changes in thresholds for approved information collection requirements are intended to maintain the status quo and prevent those requirements from increasing over time.

There are no practical alternatives that will accomplish the objectives of the statute.

Interested parties may obtain a copy of the FRFA from the Regulatory Secretariat. The Regulatory Secretariat has submitted a copy of the FRFA to the Chief Counsel for Advocacy of the Small Business Administration.

V. Paperwork Reduction Act

The Paperwork Reduction Act does apply. The changes to the FAR do not impose new information collection requirements that require the approval of the Office of Management and Budget (OMB) under 44 U.S.C. 3501, *et seq.* By adjusting the thresholds for inflation, the status quo for the current information collection requirements are maintained under the following OMB clearance numbers: 9000-0006, titled: Subcontracting Plans/Individual Subcontract Report (SF 294); 9000-0007, titled: Summary Subcontract Report; 9000-0027, titled: Value Engineering Requirements; FAR Sections Affected: Subparts 48.1 and

48.2; 52.248-2 and 52.248-3. 9000-0094, titled: Debarment and Suspension; 9000-0164, titled: Contractor Business Ethics Compliance Program and Disclosure Requirements; 9000-0177, titled: Reporting Executive Compensation and First-tier Subcontract Awards; 1250-0004, titled: OFCCP Recordkeeping and Reporting Requirements—38 U.S.C. 4212, Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended; and 1293-0005, titled: Federal Contractor Veterans Employment Report, VETS-100/VETS-100A.

List of Subjects in 48 CFR Parts 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 42, 50, 52, and 53

Government procurement.

Dated: June 18, 2015.

William F. Clark,

Director, Office of Government-wide Acquisition Policy, Office of Acquisition Policy, Office of Government-wide Policy.

Therefore, DoD, GSA, and NASA amend 48 CFR parts 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 42, 50, 52, and 53 as set forth below:

■ 1. The authority citation for 48 CFR parts 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 15, 16, 17, 19, 22, 25, 28, 30, 42, 50, 52, and 53 continues to read as follows:

Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 51 U.S.C. 20113.

PART 1—FEDERAL ACQUISITION REGULATIONS SYSTEM

1.109 [Amended]

■ 2. Amend section 1.109 by removing from paragraph (d) "FAR Case 2008-024" and adding "FAR Case 2014-022" in its place.

PART 2—DEFINITIONS OF WORDS AND TERMS

■ 3. Amend section 2.101, in paragraph (b)(2) by—

- a. Revising paragraph (1) of the definition "Major System";
- b. In the definition "Micro-purchase threshold" by removing from the introductory text "\$3,000" and adding "\$3,500" in its place; and removing from paragraph (3)(i) "\$15,000" and adding "\$20,000" in its place;
- c. In the definition "Simplified acquisition threshold" by removing from the introductory text "\$150,000," and adding "\$150,000 (41 U.S.C. 134)," in its place; and
- d. In the definition "Small business subcontractor" by removing from paragraphs (1) and (2) "\$10,000" and adding "\$15,000" in their places.

The revision reads as follows.

2.101 Definitions.

* * * * *

(b) * * *

(2) * * *

Major system * * *

(1) The Department of Defense is responsible for the system and the total expenditures for research, development, test, and evaluation for the system are estimated to be more than \$185 million based on Fiscal Year 2014 constant dollars or the eventual total expenditure for the acquisition exceeds \$835 million based on Fiscal Year 2014 constant dollars (or any update of these thresholds based on a more recent fiscal year, as specified in the DoD Instruction 5000.02, "Operation of the Defense Acquisition System");

* * * * *

PART 3—IMPROPER BUSINESS PRACTICES AND PERSONAL CONFLICTS OF INTEREST

3.1004 [Amended]

■ 4. Amend section 3.1004 by removing from paragraphs (a), (b)(1)(i), and (b)(3) "\$5,000,000" and adding "\$5.5 million" in their places.

PART 4—ADMINISTRATIVE MATTERS

4.605 [Amended]

■ 5. Amend section 4.605 by removing from paragraphs (c)(2)(i) and (c)(2)(ii) "\$25,000" and adding "\$30,000" in their places.

4.1102 [Amended]

■ 6. Amend section 4.1102 by removing from paragraph (a)(6) "\$25,000" and adding "\$30,000" in its place.

4.1401 [Amended]

■ 7. Amend section 4.1401 by removing from paragraph (a) "\$25,000" and adding "\$30,000" in its place.

■ 8. Amend section 4.1403 by revising paragraph (a) to read as follows:

4.1403 Contract clause.

(a) Except as provided in paragraph (b) of this section, the contracting officer shall insert the clause at 52.204–10, Reporting Executive Compensation and First-Tier Subcontract Awards, in all solicitations and contracts of \$30,000 or more.

* * * * *

PART 6—COMPETITION REQUIREMENTS

6.204 [Amended]

■ 9. Amend section 6.204 by removing from paragraph (b) "\$20 million" and adding "\$22 million" in its place.

6.302–5 [Amended]

■ 10. Amend section 6.302–5 by removing from paragraphs (b)(4) and (c)(2)(iii) "\$20 million" and adding "\$22 million" in their places.

6.303–1 [Amended]

■ 11. Amend section 6.303–1 by removing from paragraph (b), introductory text, "\$20 million" and adding "\$22 million" in its place.

6.303–2 [Amended]

■ 12. Amend section 6.303–2 by removing from the introductory text of paragraphs (b) and (d) "\$20 million" and adding "\$22 million" in their places.

6.304 [Amended]

- 13. Amend section 6.304 by—
 - a. Removing from paragraph (a)(1) "\$650,000" and adding "\$700,000" in its place;
 - b. Removing from paragraph (a)(2) "\$650,000" and "\$12.5 million" and adding "\$700,000" and "\$13.5 million" in their places, respectively;
 - c. Removing from the introductory text of paragraph (a)(3) "\$12.5 million", "\$62.5 million", and "\$85.5 million" and adding "\$13.5 million", "\$68 million", and "\$93 million" in their places, respectively; and
 - d. Removing from paragraph (a)(4) "\$62.5 million" and "\$85.5 million" and adding "\$68 million" and "\$93 million" in their places, respectively.

PART 7—ACQUISITION PLANNING

7.104 [Amended]

- 14. Amend section 7.104 by—
 - a. Removing from paragraph (d)(2)(i)(A) "\$8 million" and adding "\$9 million" in its place; and
 - b. Removing from paragraph (d)(2)(i)(B) "\$6 million" and adding "\$6.5 million" in its place.

7.107 [Amended]

■ 15. Amend section 7.107 by removing from paragraph (b)(1) "\$94 million" and adding "\$102 million" in its place; and removing from paragraph (b)(2) "\$9.4 million" and "\$94 million" and adding "\$10.2 million" and "\$102 million" in their places, respectively.

PART 8—REQUIRED SOURCES OF SUPPLIES AND SERVICES

8.404 [Amended]

- 16. Amend section 8.404 by removing from paragraph (b)(2) "\$500,000" and adding "\$550,000" in its place.
- 17. Amend section 8.405–3 by—
 - a. Removing from paragraphs (a)(3)(ii) and (a)(3)(iii) "\$103 million" and

adding "\$112 million" in their places; and

■ b. Revising paragraph (a)(7)(v).

The revision reads as follows:

8.405–3 Blanket purchase agreements (BPAs).

(a) * * *

(7) * * *

(v) Determination for a single-award BPA exceeding \$112 million, if applicable (see (a)(3)(ii) of this section);

* * * * *

8.405–6 [Amended]

- 18. Amend section 8.405–6 by—
 - a. Removing from paragraph (d)(1) "\$650,000" and adding "\$700,000" in its place;
 - b. Removing from paragraph (d)(2) "\$650,000" and "\$12.5 million" and adding "\$700,000" and "\$13.5 million" in their places, respectively;
 - c. Removing from the introductory text of paragraph (d)(3) "\$12.5 million", "\$62.5 million", and "\$85.5 million", and adding "\$13.5 million", "\$68 million" and "\$93 million" in their places, respectively; and
 - d. Removing from paragraph (d)(4) "\$62.5 million" and "\$85.5 million" and adding "\$68 million" and "\$93 million" in their places, respectively.

PART 9—CONTRACTOR QUALIFICATIONS

9.104–5 [Amended]

■ 19. Amend section 9.104–5 by removing from paragraph (a)(2) "\$3,000" and adding "\$3,500" in its place.

9.104–7 [Amended]

■ 20. Amend section 9.104–7 by removing from paragraphs (b) and (c)(1) "\$500,000" and adding "\$550,000" in their places.

9.405–2 [Amended]

■ 21. Amend section 9.405–2 by removing from paragraph (b) "\$30,000" and adding "\$35,000" in their places (twice).

9.406–2 [Amended]

■ 22. Amend section 9.406–2 by removing from paragraph (b)(1)(v) "\$3,000" and adding "\$3,500" in its place.

9.407–2 [Amended]

■ 23. Amend section 9.407–2 by removing from paragraph (a)(7) "\$3,000" and adding "\$3,500" in its place.

9.409 [Amended]

- 24. Amend section 9.409 by removing “\$30,000” and adding “\$35,000” in its place.

PART 10—MARKET RESEARCH**10.001 [Amended]**

- 25. Amend section 10.001 by removing from paragraph (d) “\$5 million” and adding “\$5.5 million” in its place.

10.003 [Amended]

- 26. Amend section 10.003 by removing “\$5 million” and adding “\$5.5 million” in its place.

PART 12—ACQUISITION OF COMMERCIAL ITEMS**12.102 [Amended]**

- 27. Amend section 12.102 by removing from the introductory text of paragraph (f)(2) “\$17.5 million” and adding “\$19 million” in its place.

12.203 [Amended]

- 28. Amend section 12.203 by removing “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively.

PART 13—SIMPLIFIED ACQUISITION PROCEDURES**13.000 [Amended]**

- 29. Amend section 13.000 by removing “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively.

13.003 [Amended]

- 30. Amend section 13.003 by—
■ a. Removing from paragraph (b)(1) “\$3,000”, “\$15,000”, and “\$300,000” and adding “\$3,500”, “\$20,000” and “\$350,000” in their places, respectively;
■ b. Removing from paragraph (c)(1)(ii) “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively; and
■ c. Removing from paragraph (g)(2) “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively.

13.005 [Amended]

- 31. Amend section 13.005 by removing from paragraph (a)(2) “\$30,000” and adding “\$35,000” in its place.

13.106–1 [Amended]

- 32. Amend section 13.106–1 by removing from paragraphs (c)(2) and (d) “\$30,000” and adding “\$25,000” in their places.

13.201 [Amended]

- 33. Amend section 13.201 by removing from paragraph (g)(1)(i) “\$15,000” and adding “\$20,000” in its place.

13.303–5 [Amended]

- 34. Amend section 13.303–5 by—
■ a. Removing from paragraph (b)(1) “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively; and
■ b. Removing from paragraph (b)(2) “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively.

13.402 [Amended]

- 35. Amend section 13.402 by removing from paragraph (a) “\$30,000” and adding “\$35,000” in its place.

13.500 [Amended]

- 36. Amend section 13.500 by—
■ a. Removing from paragraph (a) “\$6.5 million” and “\$12 million” and adding “\$7 million” and “\$13 million” in their places, respectively; and
■ b. Removing from the introductory text of paragraph (c) “\$12 million” and adding “\$13 million” in its place.

13.501 [Amended]

- 37. Amend section 13.501 by—
■ a. Removing from paragraph (a)(2)(i) “\$650,000” and adding “\$700,000” in its place;
■ b. Removing from paragraph (a)(2)(ii) “\$650,000” and “\$12.5 million” and adding “\$700,000” and “\$13.5 million” in their places, respectively;
■ c. Removing from paragraph (a)(2)(iii) “\$12.5 million”, “\$62.5 million”, and “\$85.5 million” and adding “\$13.5 million”, “\$68 million”, and “\$93 million” in their places, respectively; and
■ d. Removing from paragraph (a)(2)(iv) “\$62.5 million” and “\$85.5 million” and adding “\$68 million” and “\$93 million” in their places, respectively.

PART 15—CONTRACTING BY NEGOTIATION**15.403–1 [Amended]**

- 38. Amend section 15.403–1 by removing from paragraph (c)(3)(iv) “\$17.5 million” and adding “\$19 million” in its place.

15.403–4 [Amended]

- 39. Amend section 15.403–4 by removing from the introductory text of paragraphs (a)(1) and (a)(1)(iii) “\$700,000” and adding “\$750,000” in its place.

15.404–3 [Amended]

- 40. Amend section 15.404–3 by removing from paragraph (c)(1)(i) “\$12.5 million” and adding “\$13.5 million” in its place.

15.407–2 [Amended]

- 41. Amend section 15.407–2 by removing from paragraph (c)(1) and the introductory text of paragraph (c)(2) “\$12.5 million” and adding “\$13.5 million” in their places.

15.408 [Amended]

- 42. Amend section 15.408 in Table 15–2, “II. Cost Elements” which follows paragraph (n)(2)(iii), by removing from paragraph “A(2)” “\$12.5 million” and adding “\$13.5 million” in its place.

PART 16—TYPES OF CONTRACTS**16.503 [Amended]**

- 43. Amend section 16.503 by removing from paragraph (b)(2) “\$103 million” and adding “\$112 million” in its place; and removing from paragraph (d)(1) “\$12.5 million” and adding “\$13.5 million” in its place.

16.504 [Amended]

- 44. Amend section 16.504 by—
■ a. Removing from the introductory text of paragraph (c)(1)(ii)(D)(1) “\$103 million” and adding “\$112 million” in its place;
■ b. Removing from the introductory text of paragraph (c)(1)(ii)(D)(3) “\$103 million” and adding “\$112 million” in its place; and removing from the end of the paragraph the colon and adding an em dash in its place;
■ c. Removing from the end of paragraph (c)(1)(ii)(D)(3)(i) the period and adding “; and” in its place; and
■ d. Removing from the introductory text of paragraph (c)(2)(i) “\$12.5 million” and adding “\$13.5 million” in its place.

16.505 [Amended]

- 45. Amend section 16.505 by—
■ a. Removing from the introductory text of paragraph (a)(4)(iii)(A) “\$25,000” and adding “\$30,000” in its place;
■ b. Removing from paragraph (b)(1)(i) “\$3,000” and adding “\$3,500” in its place;
■ c. Removing from the paragraph (b)(1)(iv) “\$5 million” and “\$5 million” and adding “\$5.5 million” and “\$5.5 million” in their places, respectively;
■ d. Removing from paragraph (b)(2)(i) “\$3,000” and adding “\$3,500” in its place;
■ e. Removing from the heading of paragraph (b)(2)(ii)(A) “\$3,000” and adding “\$3,500” in its place;

- f. Removing from the paragraph (b)(2)(ii)(C)(1) “\$650,000” and adding “\$700,000” in its place;
- g. Removing from paragraph (b)(2)(ii)(C)(2) “\$650,000” and “\$12.5 million” and adding “\$700,000” and “13.5 million” in their places, respectively;
- h. Removing from paragraph (b)(2)(ii)(C)(3) “\$12.5 million”, “\$62.5 million”, and “\$85.5 million” and adding “13.5 million”, “68 million”, and “93 million” in their places, respectively;
- i. Removing from paragraph (b)(2)(ii)(C)(4) “\$62.5 million” and “\$85.5 million” and adding “68 million” and “93 million” in their places, respectively; and
- j. Removing from the heading of paragraph (b)(6) “\$5 million” and adding “\$5.5 million” in its place; and removing from the introductory text “\$5 million” and adding “\$5.5 million” in its place.

16.506 [Amended]

- 46. Amend section 16.506 by removing from paragraphs (f) and (g) “\$12.5 million” and adding “\$13.5 million” in their places; and removing from paragraph (h) “\$5 million” and adding “5.5 million” in its place.

PART 17—SPECIAL CONTRACTING METHODS**17.108 [Amended]**

- 47. Amend section 17.108 by removing from paragraph (a) “\$12.5 million” and adding “\$13.5 million” in its place; and removing from paragraph (b) “\$125 million” and adding “\$135.5 million” in its place.

17.500 [Amended]

- 48. Amend section 17.500 by removing from paragraph (c)(2) “\$500,000” and adding “\$550,000” in its place.

PART 19—SMALL BUSINESS PROGRAMS**19.203 [Amended]**

- 49. Amend section 19.203 by removing from paragraph (b) “\$3,000” and “\$15,000” and adding “\$3,500” and “\$20,000” in their places, respectively.

19.502–1 [Amended]

- 50. Amend section 19.502–1 by removing from paragraph (b) “\$3,000” and “\$15,000” and adding “\$3,500” and “\$20,000” in their places, respectively.

19.502–2 [Amended]

- 51. Amend section 19.502–2 by—
 - a. Removing from paragraph (a) “\$3,000” and “\$15,000” and adding

“\$3,500” and “\$20,000” in their places, respectively; and

- b. Removing from the end of paragraph (b) “that:” and adding “that—” in its place.

19.702 [Amended]

- 52. Amend section 19.702 by removing from paragraphs (a)(1) and (a)(2) “\$650,000” and adding “\$700,000” in their places.

19.704 [Amended]

- 53. Amend section 19.704 by removing from paragraph (a)(9) “\$650,000” and adding “\$700,000” in its place.

19.708 [Amended]

- 54. Amend section 19.708 by removing from paragraph (b)(1) “\$650,000” and adding “\$700,000” in its place.

19.805–1 [Amended]

- 55. Amend section 19.805–1 by removing from paragraph (a)(2) “\$6.5 million” and adding “\$7 million” in its place.

19.808–1 [Amended]

- 56. Amend section 19.808–1 by removing from paragraph (a) “\$20 million” and adding “\$22 million” in its place.

19.1306 [Amended]

- 57. Amend section 19.1306 by removing from paragraph (a)(2)(i) “\$6.5 million” and adding “\$7 million” in its place.

19.1406 [Amended]

- 58. Amend section 19.1406 by removing from paragraph (a)(2)(i) “\$6 million” and adding “\$6.5 million” in its place; and removing from paragraph (a)(2)(ii) “\$3.5 million” and adding “\$4 million” in its place.

PART 22—APPLICATION OF LABOR LAWS TO GOVERNMENT**22.1103 [Amended]**

- 59. Amend section 22.1103 by removing “\$650,000” and adding “\$700,000” in its place.

22.1303 [Amended]

- 60. Amend section 22.1303 by removing from paragraphs (a) and (c) “\$100,000” and adding “\$150,000” in their places.

22.1310 [Amended]

- 61. Amend section 22.1310 by removing from paragraph (a)(1) “\$100,000” and adding “\$150,000” in its place.

PART 25—FOREIGN ACQUISITION**25.703–2 [Amended]**

- 62. Amend section 25.703–2 by removing from paragraph (a)(2) “\$3,000” and adding “\$3,500” in its place.

25.703–4 [Amended]

- 63. Amend section 25.703–4 by removing from paragraphs (c)(5)(ii), (c)(7)(iii), and (c)(8)(iii) “\$3,000” and adding “\$3,500” in their places.

PART 28—BONDS AND INSURANCE**28.102–1 [Amended]**

- 64. Amend section 28.102–1 by removing from paragraph (b)(1) “\$30,000” and adding “\$35,000” in its place.

28.102–2 [Amended]

- 65. Amend section 28.102–2 by removing from paragraph (c) “\$30,000” and adding “\$35,000” in its place.

28.102–3 [Amended]

- 66. Amend section 28.102–3 by removing from paragraph (b) “\$30,000” and adding “\$35,000” in its place.

PART 30—COST ACCOUNTING STANDARDS ADMINISTRATION**30.201–4 [Amended]**

- 67. Amend section 30.201–4 by removing from paragraph (b)(1) “\$700,000” and adding “\$750,000” in its place.

PART 42—CONTRACT ADMINISTRATION AND AUDIT SERVICES**42.709 [Amended]**

- 68. Amend section 42.709 by removing from paragraph (b) “\$700,000” and adding “\$750,000” in its place.

42.709–6 [Amended]

- 69. Amend section 42.709–6 by removing “\$700,000” and adding “\$750,000” in its place.

42.1502 [Amended]

- 70. Amend section 42.1502 by removing from paragraph (e) “\$650,000” and adding “\$700,000” in its place (twice); and removing from paragraph (f) “\$30,000” and adding “\$35,000” in its place (twice).

PART 50—EXTRAORDINARY CONTRACTUAL ACTIONS AND THE SAFETY ACT

50.102–1 [Amended]

■ 71. Amend section 50.102–1 by removing from paragraph (b) “\$65,000” and adding “\$70,000” in its place.

50.102–3 [Amended]

■ 72. Amend section 50.102–3 by removing from paragraph (b)(4) “\$31.5 million” and adding “\$34 million” in its place; and removing from paragraphs (e)(1)(i) and (e)(1)(ii) “\$65,000” and adding “\$70,000” in their places.

PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

■ 73. Amend section 52.203–13 by revising the date of clause; and removing from paragraph (d)(1) “\$5,000,000” and adding “\$5.5 million” in its place.

The revision reads as follows:

52.203–13 Contractor Code of Business Ethics and Conduct

* * * * *

Contractor Code of Business Ethics and Conduct (Oct 2015)

* * * * *

■ 74. Amend section 52.203–14 by revising the date of the clause; and removing from the introductory text of paragraph (d) “\$5,000,000” and adding “\$5.5 million” in its place.

The revision reads as follows:

52.203–14 Display of Hotline Poster(s).

* * * * *

Display of Hotline Poster(s) (Oct 2015)

* * * * *

■ 75. Amend section 52.204–10 by—
■ a. Revising the date of the clause;
■ b. Removing from paragraphs (d)(2) and (d)(3) “\$25,000” and adding “\$30,000” in their places; and
■ c. Revising paragraph (e).

The revisions read as follows:

52.204–10 Reporting Executive Compensation and First-Tier Subcontract Awards.

* * * * *

Reporting Executive Compensation and First-Tier Subcontract Awards (Oct 2015)

(e) The Contractor shall not split or break down first-tier subcontract awards to a value less than \$30,000 to avoid the reporting requirements in paragraph (d) of this clause.

* * * * *

■ 76. Amend section 52.209–5 by revising the date of the provision; and removing from paragraph (a)(1)(i)(D)

“\$3,000” and adding “\$3,500” in its place.

The revision reads as follows:

52.209–5 Certification Regarding Responsibility Matters.

* * * * *

Certification Regarding Responsibility Matters (Oct 2015)

* * * * *

■ 77. Amend section 52.209–6 by revising the date of the clause; and removing from paragraphs (b), (c), and (e)(1) “\$30,000” and adding “\$35,000” in their places.

The revision reads as follows:

52.209–6 Protecting the Government’s Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment.

* * * * *

Protecting the Government’s Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment (Oct 2015)

* * * * *

■ 78. Amend section 52.212–1 by revising the date of the provision; and removing from paragraph (j) “\$3,000” and adding “\$3,500” in its place (twice).

The revision reads as follows:

52.212–1 Instructions to Offerors—Commercial Items.

* * * * *

Instructions to Offerors—Commercial Items (Oct 2015)

* * * * *

■ 79. Amend section 52.212–3 by revising the date of the provision; and removing from paragraphs (h)(4) and (o)(2)(iii) “\$3,000” and adding “\$3,500” in their places.

The revision reads as follows:

52.212–3 Offeror Representations and Certifications—Commercial Items.

* * * * *

Offeror Representations and Certifications—Commercial Items (Oct 2015)

* * * * *

■ 80. Amend section 52.212–5 by—

- a. Revising the date of the clause;
- b. Revising paragraphs (b)(2), (b)(4), (b)(8), (b)(17)(i), (b)(17)(iv), (b)(29), (b)(31), (b)(34), and (e)(1)(i);
- c. Removing from paragraph (e)(1)(ii) “\$650,000” and adding “\$700,000” in its place;
- d. Revising paragraphs (e)(1)(vi), (e)(1)(viii), and (e)(1)(xiv); and
- e. Amending Alternate II by revising the date of Alternate II and paragraphs

(e)(1)(ii)(A), (e)(1)(ii)(C), (e)(1)(ii)(F), and (e)(1)(ii)(M).

The revisions read as follows:

52.212–5 Contract Terms and Conditions Required to Implement Statutes or Executive Orders—Commercial Items.

* * * * *

Contract Terms and Conditions Required To Implement Statutes or Executive Orders—Commercial Items (Oct 2015)

* * * * *

(b) * * *

____(2) 52.203–13, Contractor Code of Business Ethics and Conduct (Oct 2015) (41 U.S.C. 3509).

* * * * *

____(4) 52.204–10, Reporting Executive Compensation and First-Tier Subcontract Awards (Oct 2015) (Pub. L. 109–282) (31 U.S.C. 6101 note).

* * * * *

____(8) 52.209–6, Protecting the Government’s Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment. (Oct 2015) (31 U.S.C. 6101 note).

* * * * *

____(17)(i) 52.219–9, Small Business Subcontracting Plan (Oct 2015) (15 U.S.C. 637(d)(4)).

* * * * *

____(iv) Alternate III (Oct 2015) of 52.219–9.

* * * * *

____(29) 52.222–35, Equal Opportunity for Veterans (Oct 2015) (38 U.S.C. 4212).

* * * * *

____(31) 52.222–37, Employment Reports on Veterans (Oct 2015) (38 U.S.C. 4212).

* * * * *

____(34) 52.222–54, Employment Eligibility Verification (Oct 2015). (E. O. 12989). (Not applicable to the acquisition of commercially available off-the-shelf items or certain other types of commercial items as prescribed in 22.1803.)

* * * * *

(e)(1) * * *

(i) 52.203–13, Contractor Code of Business Ethics and Conduct (Oct 2015) (41 U.S.C. 3509).

* * * * *

(vi) 52.222–35, Equal Opportunity for Veterans (Oct 2015) (38 U.S.C. 4212).

* * * * *

(viii) 52.222–37, Employment Reports on Veterans (Oct 2015) (38 U.S.C. 4212).

* * * * *

(xiv) 52.222–54, Employment Eligibility Verification (Oct 2015) (E. O. 12989).

* * * * *

Alternate II (Oct 2015). * * *

* * * * *

(e)(1) * * *

(ii) * * *

(A) 52.203–13, Contractor Code of Business Ethics and Conduct (Oct 2015) (41 U.S.C. 3509).

* * * * *

(C) 52.219–8, Utilization of Small Business Concerns (Oct 2015) (15 U.S.C. 637(d)(2) and (3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceeds \$700,000 (\$1.5 million for construction of any public facility), the subcontractor must include 52.219–8 in lower tier subcontracts that offer subcontracting opportunities.

* * * * *

(F) 52.222–35, Equal Opportunity for Veterans (Oct 2015) (38 U.S.C. 4212).

* * * * *

(M) 52.222–4, Employment Eligibility Verification (Oct 2015) (Executive Order 12989).

* * * * *

■ 81. Amend section 52.213–4 by revising the date of the clause and paragraphs (a)(2)(viii), (b)(1)(i), (b)(1)(iv), (b)(1)(vi), and (b)(2)(i) to read as follows:

52.213–4 Terms and Conditions—Simplified Acquisitions (Other Than Commercial Items).

* * * * *

Terms and Conditions—Simplified Acquisitions (Other Than Commercial Items) (Oct 2015)

* * * * *

(a) * * *

(2) * * *

(viii) 52.244–6, Subcontracts for Commercial Items (Oct 2015).

* * * * *

(b) * * *

(1) * * *

(i) 52.204–10, Reporting Executive Compensation and First-Tier Subcontract Awards (Oct 2015) (Pub. L. 109–282) (31 U.S.C. 6101 note) (Applies to contracts valued at \$30,000 or more).

* * * * *

(iv) 52.222–35, Equal Opportunity for Veterans (Oct 2015) (38 U.S.C. 4212) (applies to contracts of \$150,000 or more).

* * * * *

(vi) 52.222–37, Employment Reports on Veterans (Oct 2015) (38 U.S.C. 4212) (applies to contracts of \$150,000 or more).

* * * * *

(2) * * *

(i) 52.209–6, Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Oct 2015) (Applies to contracts over \$35,000).

* * * * *

■ 82. Amend section 52.219–9 by—

■ a. Revising the date of the clause;

■ b. Removing from paragraph (d)(9) and paragraph (l)(2)(i)(C) “\$650,000” and adding “\$700,000” in their places;

■ c. Amending Alternate III by—

■ 1. Revising the date of Alternate III;

■ 2. Removing from paragraph (l)(2)(i)(C) “\$550,000” and “\$1,000,000” and adding “\$700,000” and “\$1.5 million” in their places, respectively.

The revision reads as follows:

52.219–9 Small Business Subcontracting Plan.

* * * * *

Small Business Subcontracting Plan (Oct 2015)

* * * * *

Alternate III (Oct 2015). * * *

* * * * *

■ 83. Amend section 52.222–35 by revising the date of the clause; and removing from paragraph (c) “\$100,000” and adding “\$150,000” in its place.

The revision reads as follows:

52.222–35 Equal Opportunity for Veterans.

* * * * *

Equal Opportunity for Veterans (Oct 2015)

* * * * *

■ 84. Amend section 52.222–37 by revising the date of the clause; and removing from paragraph (g) “\$100,000” and adding “\$150,000” in its place.

The revision reads as follows:

52.222–37 Employment Reports on Veterans.

* * * * *

Employment Reports on Veterans (Oct 2015)

* * * * *

■ 85. Amend section 52.222–54 by revising the date of the clause; and removing from paragraph (e)(2) “\$3,000” and adding “\$3,500” in its place.

The revision reads as follows:

52.222–54 Employment Eligibility Verification.

* * * * *

Employment Eligibility Verification (Oct 2015)

* * * * *

■ 86. Amend section 52.225–25 by revising the date of the provision; and removing from paragraph (c)(3) “\$3,000” and adding “\$3,500” in its place.

The revision text reads as follows:

52.225–25 Prohibition on Contracting With Entities Engaging in Certain Activities or Transactions Relating to Iran—Representation and Certifications.

* * * * *

Prohibition on Contracting With Entities Engaging in Certain Activities or Transactions Relating to Iran—Representation and Certifications (Oct 2015)

* * * * *

■ 87. Amend section 52.230–1 by revising the date of the provision; and removing from paragraph (a) “\$700,000” and adding “\$750,000” in its place.

The revision reads as follows:

52.230–1 Cost Accounting Standards Notices and Certification.

* * * * *

Cost Accounting Standards Notices and Certification (Oct 2015)

* * * * *

■ 88. Amend section 52.230–2 by revising the date of the clause; and removing from paragraph (d) “\$700,000” and adding “\$750,000” in its place.

The revision reads as follows:

52.230–2 Cost Accounting Standards.

* * * * *

Cost Accounting Standards (Oct 2015)

* * * * *

■ 89. Amend section 52.230–3 by revising the date of the clause; and removing from paragraph (d)(2) “\$700,000” and adding “\$750,000” in its place.

The revision reads as follows:

52.230–3 Disclosure and Consistency of Cost Accounting Practices.

* * * * *

Disclosure and Consistency of Cost Accounting Practices (Oct 2015)

* * * * *

■ 90. Amend section 52.230–4 by revising the date of the clause; and removing from paragraph (d)(2) “\$700,000” and adding “\$750,000” in its place.

The revision reads as follows:

52.230–4 Disclosure and Consistency of Cost Accounting Practices-Foreign Concerns.

* * * * *

Disclosure and Consistency of Cost Accounting Practices-Foreign Concerns (Oct 2015)

* * * * *

■ 91. Amend section 52.230–5 by revising the date of the clause; and removing from paragraph (d)(2) “\$700,000” and adding “\$750,000” in its place.

The revision reads as follows:

**52.230–5 Cost Accounting Standards—
Educational Institution.**

* * * * *

**Cost Accounting Standards—
Educational Institution (Oct 2015)**

* * * * *

- 92. Amend section 52.244–6 by—
- a. Revising the date of the clause;
 - b. Revising paragraph (c)(1)(i);
 - c. Removing from paragraph (c)(1)(iii) “\$650,000” and adding “\$700,000” in its place; and
 - d. Revising paragraphs (c)(1)(vi) and (c)(1)(viii).

The revisions read as follows:

**52.244–6 Subcontracts for Commercial
Items.**

* * * * *

**Subcontracts for Commercial Items (Oct
2015)**

* * * * *

(c)(1) * * *

(i) 52.203–13, Contractor Code of Business Ethics and Conduct (Oct 2015) (41 U.S.C. 3509), if the subcontract exceeds \$5.5 million and has a performance period of more than 120 days. In altering this clause to identify the appropriate parties, all disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Contracting Officer.

* * * * *

(vi) 52.222–35, Equal Opportunity for Veterans (Oct 2015)(38 U.S.C. 4212(a));

* * * * *

(viii) 52.222–37, Employment Reports on Veterans (Oct 2015)(38 U.S.C. 4212).

* * * * *

- 93. Amend section 52.248–3 by revising the date of the clause; and

removing from paragraph (h) “\$65,000” and adding “\$70,000” in its place.

The revision reads as follows:

52.248–3 Value Engineering-Construction.

* * * * *

**Value Engineering-Construction (Oct
2015)**

* * * * *

PART 53—FORMS**53.219 [Amended]**

- 94. Amend section 53.219 by removing “(Rev. 8/2014)” and adding “(Rev. 10/2015)” in its place.
- 95. Revise section 53.301–294 to read as follows:

**53.301–294 Subcontracting Report for
Individual Contracts.**

BILLING CODE 6820–EP–P

SUBCONTRACTING REPORT FOR INDIVIDUAL CONTRACTS <i>(See instructions on reverse)</i>				OMB Control Number: 9000-0006 Expiration Date: 04/30/2016	
Public reporting burden for this collection of information is estimated to average 55.34 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Acquisition Policy Division, Regulatory Secretariat, GSA, Washington, DC 20405.					
1. CORPORATION, COMPANY, OR SUBDIVISION COVERED				3. DATE SUBMITTED	
a. COMPANY NAME				4. REPORTING PERIOD FROM INCEPTION OF CONTRACT THRU:	
b. STREET ADDRESS				☐ MAR 31 ☐ SEPT 30 YEAR	
c. CITY		d. STATE		e. ZIP CODE	
2. CONTRACTOR IDENTIFICATION NUMBER				5. TYPE OF REPORT	
☐ REGULAR ☐ FINAL ☐ REVISED					
6. ADMINISTERING ACTIVITY (Please check applicable box)					
☐ ARMY ☐ NAVY ☐ AIR FORCE		☐ GSA ☐ DOE ☐ DEFENSE CONTRACT MANAGEMENT AGENCY		☐ NASA ☐ OTHER FEDERAL AGENCY (Specify)	
7. REPORT SUBMITTED AS (Check one and provide appropriate number)			8. AGENCY OR CONTRACTOR AWARDED CONTRACT		
☐ PRIME CONTRACTOR			a. AGENCY'S OR CONTRACTOR'S NAME		
☐ SUBCONTRACTOR			b. STREET ADDRESS		
9. DOLLARS AND PERCENTAGES IN THE FOLLOWING BLOCKS:			c. CITY		
☐ DO INCLUDE INDIRECT COSTS ☐ DO NOT INCLUDE INDIRECT COSTS			d. STATE		
			e. ZIP CODE		
SUBCONTRACT AWARDS					
TYPE	CURRENT GOAL		ACTUAL CUMULATIVE		
	WHOLE DOLLARS	PERCENT	WHOLE DOLLARS	PERCENT	
10a. SMALL BUSINESS CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
10b. LARGE BUSINESS CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
10c. TOTAL (Sum of 10a and 10b.)		100.0%		100.0%	
11. SMALL DISADVANTAGED BUSINESS (SDB) CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
12. WOMEN-OWNED SMALL BUSINESS (WOSB) CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
13. HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) AND MINORITY INSTITUTIONS (MI) (If applicable) (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
14. HUBZone SMALL BUSINESS (HUBZone SB) CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
15. VETERAN-OWNED SMALL BUSINESS CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
16. SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS CONCERNS (Dollar Amount and Percent of 10c.) (SEE SPECIFIC INSTRUCTIONS)					
17. ALASKA NATIVE CORPORATIONS (ANCs) AND INDIAN TRIBES THAT HAVE NOT BEEN CERTIFIED BY THE SMALL BUSINESS ADMINISTRATION AS SMALL DISADVANTAGED BUSINESSES (Dollar Amount) (SEE SPECIFIC INSTRUCTIONS)					
18. ALASKA NATIVE CORPORATIONS (ANCs) AND INDIAN TRIBES THAT ARE NOT SMALL BUSINESSES (Dollar Amount) (SEE SPECIFIC INSTRUCTIONS)					

Previous Edition is Not Usable

STANDARD FORM 294 (REV. 10/2015)

Prescribed by GSA-FAR (48 CFR 53.219(a))

19. REMARKS

20a. NAME OF INDIVIDUAL ADMINISTERING SUBCONTRACTING PLAN

20b. TELEPHONE NUMBER

AREA CODE

NUMBER

GENERAL INSTRUCTIONS

1. This report is not required for small businesses.
2. This report is not required for commercial items for which a commercial plan has been approved, nor from large businesses in the Department of Defense (DOD) Test Program for Negotiation of Comprehensive Subcontracting Plans. The Summary Subcontract Report (SSR) is required for contractors operating under one of these two conditions and should be submitted to the Government in accordance with the instructions on that form.
3. This form collects subcontract award data from prime contractors/subcontractors that: (a) hold one or more contracts over \$700,000 (over \$1,500,000 for construction of a public facility); and (b) are required to report subcontracts awarded to Small Business (SB), Small Disadvantaged Business (SDB), Women-Owned Small Business (WOSB), HUBZone Small Business (HUBZone SB), Veteran-Owned Small Business (VOSB) and Service-Disabled Veteran-Owned Small Business concerns under a subcontracting plan. For the Department of Defense (DOD), the National Aeronautics and Space Administration (NASA), and the Coast Guard, this form also collects subcontract award data for Historically Black Colleges and Universities (HBCUs) and Minority Institutions (MIs).
4. This report is required for each contract containing a subcontracting plan and must be submitted to the administrative contracting officer (ACO) or contracting officer if no ACO is assigned, semi-annually, during contract performance for the periods ended March 31st and September 30th. A separate report is required for each contract at contract completion. Reports are due 30 days after the close of each reporting period unless otherwise directed by the contracting officer. Reports are required when due, regardless of whether there has been any subcontracting activity since the inception of the contract or since the previous report.
5. Only subcontracts involving performance in the United States or its outlying areas should be included in this report with the exception of subcontracts under a contract awarded by the State Department or any other agency that has statutory or regulatory authority to require subcontracting plans for subcontracts performed outside the United States and its outlying areas.
6. Purchases from a corporation, company, or subdivision that is an affiliate of the prime/subcontractor are not included in this report.
7. Subcontract award data reported on this form by prime contractors/subcontractors shall be limited to awards made to their immediate subcontractors. Credit cannot be taken for awards made to lower tier subcontractors unless you have been designated to receive an SB and SDB credit from an Alaska Native Corporation (ANC) or Indian tribe.
8. FAR 19.703 sets forth the eligibility requirements for participating in the subcontracting program.
9. Actual achievements must be reported on the same basis as the goals set forth in the contract. For example, if goals in the plan do not include indirect and overhead items, the achievements shown on this report should not include them either.

SPECIFIC INSTRUCTIONS

BLOCK 2: For the Contractor Identification Number, enter the nine-digit Data Universal Numbering System (DUNS) number that identifies the specific contractor establishment. If there is no DUNS number available that identifies the exact name and address entered in Block 1, contact Dun and Bradstreet Information Services at 1-866-705-5711 or via the Internet at <http://www.dnb.com>. The contractor should be prepared to provide the following information: (i) Company legal business name. (ii) Tradestyle, doing business, or other name by which your entity is commonly recognized. (iii) Company physical street address, city, state and ZIP Code. (iv) Company mailing address, city, state and ZIP Code (if separate from physical). (v) Company telephone number. (vi) Date the company was started. (vii) Number of employees at your location. (viii) Chief executive officer/key manager. (ix) Line of business (industry). (x) Company Headquarters name and address (reporting relationship within your entity).

BLOCK 4: Check only one. Note that all subcontract award data reported on this form represents activity since the inception of the contract through the date indicated on this block.

BLOCK 5: Check whether this report is a "Regular," "Final," and/or "Revised" report. A "Final" report should be checked only if the contractor has completed the contract or subcontract reported in Block 7. A "Revised" report is a change to a report previously submitted for the same period.

BLOCK 6: Identify the department or agency administering the majority of subcontracting plans.

BLOCK 7: Indicate whether the reporting contractor is submitting this report as a prime contractor or subcontractor and the prime contract or subcontract number.

BLOCK 8: Enter the name and address of the Federal department or agency awarding the contract or the prime contractor awarding the subcontract.

BLOCK 9: Check the appropriate block to indicate whether indirect costs are included in the dollar amounts in blocks 10a through 16. To ensure comparability between the goal and actual columns, the contractor may include indirect costs in the actual column only if the subcontracting plan included indirect costs in the goal.

BLOCKS 10a through 18: Under "Current Goal," enter the dollar and percent goals in each category (SB, SDB, WOSB, VOSB, service-disabled VOSB, and HUBZone SB) from the subcontracting plan approved for this contract. (If the original goals agreed upon at contract award have been revised as a result of contract modifications, enter the original goals in Block 19. The amounts entered in Blocks 10a through 16 should reflect the revised goals.) There are no goals for Blocks 17 and 18. Under "Actual Cumulative," enter actual subcontract achievements (dollars and percent) from the inception of the contract through the date of the report shown in Block 4. In cases where indirect costs are included, the amounts should include both direct awards and an appropriate prorated portion of indirect awards. However, the dollar amounts reported under "Actual Cumulative" must be for the same period of time as the dollar amounts shown under "Current Goal." For a contract with options, the current goal should represent the aggregate goal since the inception of the contract. For example, if the contractor is submitting the report during Option 2 of a multiple year contract, the current goal would be the cumulative goal for the base period plus the goal for Option 1 and the goal for Option 2.

BLOCK 10a: Report all subcontracts awarded to SBs including subcontracts to SDBs, WOSB, VOSB, service-disabled VOSB, and HUBZone SBs. For DOD, NASA, and Coast Guard contracts, include subcontracting awards to HBCUs and MIs. Include subcontracts awarded to ANCs and Indian tribes that are not small businesses and that are not certified by the SBA as SDBs where you have been designated to receive their SB and SDB credit. Where your company and other companies have been designated by an ANC or Indian tribe to receive SB and SDB credit for a subcontract awarded to the ANC or Indian tribe, report only the portion of the total amount of the subcontract that has been designated to your company.

BLOCK 10b: Report all subcontracts awarded to large businesses (LBs) and any other-than-small businesses. Do not include subcontracts awarded to ANCs and Indian tribes that have been reported in 10a above.

BLOCK 10c: Report on this line the total of all subcontracts awarded under this contract (the sum of lines 10a and 10b).

BLOCKS 11 - 16: Each of these items is a subcategory of Block 10a. Note that in some cases the same dollars may be reported in more than one block (e.g., SDBs owned by women or veterans).

BLOCK 11: Report all subcontracts awarded to SDBs (including WOSB, VOSB, service-disabled VOSBs, and HUBZone SB SDBs). Include subcontracts awarded to ANCs and Indian tribes that have not been certified by SBA as SDBs where you have been designated to receive their SDB credit. Where your company and other companies have been designated by an ANC or Indian tribe to receive their SDB credit for a subcontract awarded to the ANC or Indian tribe, report only the portion of the total amount of the subcontract that has been designated to your company. For DoD, NASA, and Coast Guard contracts, include subcontracting awards to HBCUs and MIs.

BLOCK 12: Report all subcontracts awarded to WOSBs (including SDBs, VOSBs (including service-disabled VOSBs), and HUBZone SBs that are also WOSBs).

BLOCK 13: (For contracts with DoD, NASA, and Coast Guard): Report all subcontracts with HBCUs/MIs. Complete the column under "Current Goal" only when the subcontracting plan establishes a goal.

BLOCK 14: Report all subcontracts awarded to HUBZone SBs (including WOSBs, VOSBs (including service-disabled VOSBs), and SDBs that are also HUBZone SBs).

BLOCK 15: Report all subcontracts awarded to VOSBs including service-disabled VOSBs (and including SDBs, WOSBs, and HUBZone SBs that are also VOSBs).

BLOCK 16: Report all subcontracts awarded to service-disabled VOSBs (including SDBs, WOSBs, and HUBZone SBs that are also service-disabled VOSBs).

BLOCK 17: Report all subcontracts awarded to ANCs and Indian tribes that are reported in Block 11, but have not been certified by SBA as SDBs.

BLOCK 18: Report all subcontracts awarded to ANCs and Indian tribes that are reported in Block 10a, but are not small businesses.

BLOCK 19: Enter a short narrative explanation if (a) SB, SDB, WOSB, VOSB, service-disabled VOSB, or HUBZone SB accomplishments fall below that which would be expected using a straight-line projection of goals through the period of contract performance; or (b) if this is a final report, any one of the six goals were not met.

DEFINITIONS

1. Direct Subcontract Awards are those that are identified with the performance of one or more specific Government contract(s).

2. Indirect costs are those which, because of incurrence for common or joint purposes, are not identified with specific Government contracts; these awards are related to Government contract performance but remain for allocation after direct awards have been determined and identified to specific Government contracts.

DISTRIBUTION OF THIS REPORT

For the Awarding Agency or Contractor:

The original copy of this report should be provided to the contracting officer at the agency or contractor identified in Block 8. For contracts with DOD, a copy should also be provided to the Defense Contract Management Agency (DCMA) at the cognizant Defense Contract Management Area Operations (DCMAO) office.

For the Small Business Administration (SBA):

A copy of this report must be provided to the cognizant Commercial Market Representative (CMR) at the time of a compliance review. It is NOT necessary to mail the SF 294 to SBA unless specifically requested by the CMR.

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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 1 and 52

[FAC 2005-83; FAR Case 2015-006; Item II; Docket No. 2015-0006, Sequence No. 1]

RIN 9000-AM85

Federal Acquisition Regulation; Prohibition on Contracting With Inverted Domestic Corporations— Representation and Notification

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: DoD, GSA, and NASA are issuing a final rule amending the Federal Acquisition Regulation (FAR) to require additional actions by contractors to assist contracting officers in ensuring compliance with the Governmentwide statutory prohibition on the use of appropriated (or otherwise made available) funds for contracts with any foreign incorporated entity that is an inverted domestic corporation or to any subsidiary of such entity.

DATES: *Effective:* November 1, 2015.

FOR FURTHER INFORMATION CONTACT: Mr. Michael O. Jackson, Procurement Analyst, at 202-208-4949, for clarification of content. For information pertaining to status or publication schedules, contact the Regulatory Secretariat at 202-501-4755. Please cite FAC 2005-83, FAR Case 2015-006.

SUPPLEMENTARY INFORMATION:

I. Background

DoD, GSA, and NASA published a proposed rule in the **Federal Register** at 79 FR 74558 on December 15, 2014, to revise the provisions of the FAR that address the continuing Governmentwide statutory prohibition (in effect since fiscal year 2008) on the use of appropriated (or otherwise made available) funds for contracts with any foreign incorporated entity that is an inverted domestic corporation (under section 835 of the Homeland Security Act of 2002, codified at 6 U.S.C. 395) or any subsidiary of such entity. The rule modifies the existing representation and adds a requirement to notify the

contracting officer if the contractor becomes an inverted domestic corporation, or a subsidiary of an inverted domestic corporation, during performance of the contract.

One respondent submitted a comment in response to the proposed rule.

II. Discussion and Analysis

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) reviewed the comments in the development of the final rule. A discussion of the comments is provided as follows:

A. Summary of Significant Changes

There is no change from the proposed rule in response to the public comment received.

B. Analysis of Public Comments

Comment: The respondent stated that a particular contract is in violation of Federal law, because the contractor merged with a corporation outside the United States.

Response: The Councils are not enforcement agencies, and are not in a position to assess whether the merger of two companies resulted in an entity that meets all the criteria in the applicable definition of “inverted domestic corporation.” This comment does not address the substance of the proposed rule, which proposed to require additional actions by contractors to assist contracting officers in ensuring compliance with the Governmentwide statutory prohibition on the use of appropriated (or otherwise made available) funds for contracts with any foreign incorporated entity that is an inverted domestic corporation (under 6 U.S.C. 395) or to any subsidiary of such entity. Contractors with the modified clause in their contracts will be required to make a positive representation with the offer as to their status as an inverted domestic corporation, and notify the contracting officer if they become an inverted domestic corporation during contract performance, as defined in the statute. The contracting activity will take appropriate action if the contractor notifies the Government in accordance with the clause that it has become an inverted domestic corporation, or if investigation by the appropriate Government agency determines that the contractor became an inverted domestic corporation during contract performance and failed to notify the Government of its change in status.

III. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs

and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

IV. Regulatory Flexibility Act

DoD, GSA, and NASA certify that this rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, *et seq.*, because this rule will only impact an offeror that is an inverted domestic corporation or a subsidiary of an inverted domestic corporation and wants to do business with the Government. It is expected that the number of small entities impacted by this rule will be minimal. Small business concerns are unlikely to have been incorporated in the United States (or, if a partnership, established in the United States) and then subsequently incorporated in a foreign country; the major participants in these transactions are reportedly large multinational corporations. For the definition of “small business”, the Regulatory Flexibility Act refers to the Small Business Act, which in turn allows the U.S. Small Business Administration (SBA) Administrator to specify detailed definitions or standards (5 U.S.C. 601(3) and 15 U.S.C. 632(a)). The SBA regulations at 13 CFR 121.105 discuss who is a small business: “(a)(1) Except for small agricultural cooperatives, a business concern eligible for assistance from SBA as a small business is a business entity organized for profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor”.

V. Paperwork Reduction Act

The Paperwork Reduction Act (44 U.S.C. Chapter 35) applies. The rule contains information collection requirements. OMB has cleared this information collection requirement under OMB Control Number 9000-0190,