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48 CFR Chapter 1
Federal Acquisition Regulation; Rules

DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Chapter 1

[Docket No. FAR 2015–0051, Sequence No. 3]

Federal Acquisition Regulation; Federal Acquisition Circular 2005–83; Introduction

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

ACTION: Summary presentation of final rules.

SUMMARY: This document summarizes the Federal Acquisition Regulation (FAR) rules agreed to by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) in this Federal Acquisition Circular (FAC) 2005–83. A companion document, the *Small Entity Compliance Guide* (SECG), follows this FAC. The FAC, including the SECG, is available via the Internet at *http://www.regulations.gov.*

DATES: For effective dates see the separate documents, which follow.

FOR FURTHER INFORMATION CONTACT: The analyst whose name appears in the table below in relation to the FAR case. Please cite FAC 2005–83 and the specific FAR case number. For information pertaining to status or publication schedules, contact the Regulatory Secretariat at 202–501–4755.

RULES LISTED IN FAC 2005–83

Item	Subject	FAR Case	Analyst
I	Inflation Adjustment of Acquisition—Related Thresholds	2014–022	Jackson.
II	Prohibition on Contracting with Inverted Domestic Corporations—Representation and Notification.	2015–006	Jackson.
III	Update to Product and Service Codes	2015–008	Jackson.
IV	Clarification on Justification for Urgent Noncompetitive Awards Exceeding One Year	2014–020	Jackson.
V	Prohibition on Contracting with Inverted Domestic Corporations	2014–017	Jackson.
VI	Permanent Authority for Use of Simplified Acquisition Procedures for Certain Commercial Items.	2015–010	Jackson.
VII	Technical Amendments		

SUPPLEMENTARY INFORMATION:
Summaries for each FAR rule follow. For the actual revisions and/or amendments made by these rules, refer to the specific item numbers and subjects set forth in the documents following these item summaries. FAC 2005–83 amends the FAR as specified below:

Item I—Inflation Adjustment of Acquisition-Related Thresholds (FAR Case 2014–022)

This final rule amends the FAR to implement 41 U.S.C. 1908, which requires an adjustment every five years of acquisition-related thresholds for inflation using the Consumer Price Index for all urban consumers, except 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.

This is the third review of FAR acquisition-related thresholds. The Councils published a proposed rule in the **Federal Register** at 79 FR 70141 on November 25, 2014.

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 $1.5 million 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 52.204–10).

Item II—Prohibition on Contracting With Inverted Domestic Corporations—Representation and Notification (FAR Case 2015–006)

This final rule amends the provision and clause of the FAR that address the continuing Government-wide 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. In particular, this rule modifies the existing representation at FAR 52.209–2 and adds a requirement in the clause at 52.209–10 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.

This rule will not have any significant effect on most contractors, because few contractors are expected to become an inverted domestic corporation or a subsidiary of an inverted domestic corporation during contract performance. Small business concerns are particularly unlikely to have been incorporated in the United States and then reincorporated in a tax haven.

Item III—Update to Product and Service Codes (FAR Case 2015–008)

DoD, GSA, and NASA are revising the FAR to update the descriptions of the Federal product and service codes to conform to the Federal Procurement Data System Product and Service Codes Manual, August 2011 Edition. There is 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.

[FR Doc. 2015–16205 Filed 7–1–15; 8:45 am]

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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.