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31.205–35 Relocation costs.

(a) Relocation costs are costs incident to the permanent change of assigned work location (for a period of 12 months or more) of an existing employee or upon recruitment of a new employee. The following types of relocation costs are allowable as noted, subject to the limitations in paragraphs (b) and (f) of this subsection:

(1) Costs of travel of the employee and members of the employee’s immediate family (see 31.205–46) and transportation of the household and personal effects to the new location.

(2) Costs of finding a new home, such as advance trips by the employee or the spouse, or both, to locate living quarters, and temporary lodging during the transition period for the employee and members of the employee’s immediate family.

(3) Closing costs incident to the disposition of the actual residence owned by the employee when notified of the transfer (e.g., brokered fees, legal fees, appraisal fees, points, and finance charges), except that these costs, when added to the costs described in paragraph (a)(4) of this subsection, shall not exceed 14 percent of the sales price of the property sold.

(4) Continuing costs of ownership of the vacant former actual residence being sold, such as maintenance of building and grounds (exclusive of fixing up expenses), utilities, taxes, property insurance, and mortgage interest, after the settlement date or lease date of a new permanent residence, except that these costs, when added to the costs described in paragraph (a)(3) of this subsection, shall not exceed 14 percent of the sales price of the property sold.

(5) Other necessary and reasonable expenses normally incident to relocation, such as disconnecting and connecting household appliances; automobile registration; driver’s license and use taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and purchase of insurance against damage to or loss of personal property while in transit.

(b) Help-wanted advertising costs are unallowable if the advertising—

(1) Does not describe specific positions or classes of positions; or

(2) Includes material that is not relevant for recruitment purposes, such as extensive illustrations or descriptions of the company’s products or capabilities.

new home, less the fair market rent for
the vacated home times 3 years.
(9) Costs of canceling an unexpired
lease.
(10) Payments for increased employee
income or Federal Insurance Contribu-
tions Act (26 U.S.C. chapter 21) taxes
incident to allowable reimbursed relo-
cation costs.
(11) Payments for spouse employment
assistance.
(b) The costs described in paragraph
(a) of this subsection must also meet
the following criteria to be considered
allowable:
(1) The move must be for the benefit
of the employer.
(2) Reimbursement must be in ac-
cordance with an established policy or
practice that is consistently followed
by the employer and is designed to mo-
tivate employees to relocate promptly
and economically.
(3) The costs must not be otherwise
unallowable under subpart 31.2.
(4) Amounts to be reimbursed shall
not exceed the employee’s actual ex-
penses, except as provided for in para-
graphs (b)(5) and (b)(6) of this sub-
section.
(5) For miscellaneous costs of the
type discussed in paragraph (a)(5) of
this subsection, a lump-sum amount,
not to exceed $5,000, may be allowed in
lieu of actual costs.
(6)(i) Reimbursement on a lump-sum
basis may be allowed for any of the fol-
lowing relocation costs when ade-
quately supported by data on the indi-
vidual elements (e.g., transportation,
lodging, and meals) comprising the
build-up of the lump-sum amount to be
paid based on the circumstances of the
particular employee’s relocation:
(A) Costs of finding a new home, as
discussed in paragraph (a)(2) of this
subsection.
(B) Costs of travel to the new loca-
tion, as discussed in paragraph (a)(1) of
this subsection (but not costs for the
transportation of household goods).
(C) Costs of temporary lodging, as
discussed in paragraph (a)(2) of this
subsection.
(ii) When reimbursement on a lump-
sum basis is used, any adjustments to
reflect actual costs are unallowable.
(c) The following types of costs are
unallowable:
(1) Loss on the sale of a home.
(2) Costs incident to acquiring a
home in the new location as follows:
(i) Real estate brokers’ fees and com-
misions.
(ii) Costs of litigation.
(iii) Real and personal property in-
surance against damage or loss of prop-
erty.
(iv) Mortgage life insurance.
(v) Owner’s title policy insurance
when such insurance was not pre-
viously carried by the employee on the
old residence. (However, the cost of a
mortgage title policy is allowable.)
(vi) Property taxes and operating or
maintenance costs.
(3) Continuing mortgage principal
payments on a residence being sold.
(4) Costs incident to furnishing eq-
uity or nonequity loans to employees
or making arrangements with lenders
for employees to obtain lower-than-
market rate mortgage loans.
(d) If relocation costs for an em-
ployee have been allowed either as an
allocable indirect or direct cost, and
the employee resigns within 12 months
for reasons within the employee’s con-
trol, the contractor shall refund or
credit the relocation costs to the Gov-
ernment.
(e) Subject to the requirements of
paragraphs (a) through (d) above, the
costs of family movements and of per-
sonnel movements of a special or mass
nature are allowable. The cost, how-
ever, should be assigned on the basis of
work (contracts) or time period bene-
fited.
(f) Relocation costs (both outgoing
and return) of employees who are hired
for performance on specific contracts
or long-term field projects are allow-
able if—
(1) The term of employment is 12
months or more;
(2) The employment agreement spe-
cifically limits the duration of employ-
ment to the time spent on the contract
or field project for which the employee
is hired;
(3) The employment agreement pro-
vides for return relocation to the em-
ployee’s permanent and principal home
immediately prior to the outgoing re-
location, or other location of equal or
lesser cost; and
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31.205–38 Selling costs.

(a) “Selling” is a generic term encompassing all efforts to market the contractor’s products or services, some of which are covered specifically in other subsections of 31.205. The costs of

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