

228.371

(1) The cost of hull insurance exceeds the replacement cost of the aircraft;

(2) Insurance is not available (*e.g.*, high-risk experimental flights and operations of aircraft in a war zone); or

(3) Ground or flight activities that involve contractor-owned and contractor-operated aircraft may pose risk to Government aircraft (*e.g.*, due to close proximity in flight).

228.371 Additional clauses.

(a) Use the clause at 252.228-7000, Reimbursement for War-Hazard Losses, when—

(1) The clause at FAR 52.228-4, Worker's Compensation and War-Hazard Insurance Overseas, is used; and

(2) The head of the contracting activity decides not to allow the contractor to buy insurance for war-hazard losses.

(b) Use the clause at 252.228-7001, Ground and Flight Risk, in solicitations and contracts—

(1) For the acquisition, development, production, modification, maintenance, repair, flight, or overhaul of aircraft owned by or to be delivered to the Government, except those solicitations and contracts—

(i) That are strictly for activities incidental to the normal operations of the aircraft (*e.g.*, refueling operations, minor non-structural actions not requiring towing such as replacing aircraft tires due to wear and tear);

(ii) That are awarded for purchase under FAR part 12 procedures;

(iii) For which a non-DoD customer (including an FMS customer per 225.7305) has decided to allow the use of commercial insurance or other self-insurance;

(iv) For commercial derivative aircraft with an FAA certificate of airworthiness maintained to FAA standards. Performance under the exception in this paragraph (b)(1)(iv) must be at a licensed and certified FAA repair station rated for the type of aircraft and work to be maintained. This exception does not apply to contracts requiring flights with contractor crewmembers;

(v) Under which the aircraft are to be dismantled and removed from the inventory; or

(vi) Under which the aircraft are classified as Group 1 or 2 unmanned aircraft systems per DoD Instruction

48 CFR Ch. 2 (10-1-24 Edition)

(DoDI) 6055.07, Mishap Notification, Investigation, Reporting, and Record Keeping, and the purchase price of the air vehicle, including installed Government-furnished equipment, is below the cost threshold for a Class C mishap per DoDI 6055.07; or

(2) Involving aircraft not owned by or to be delivered to the Government, only if the contracting officer decides that it is in the best interest of the Government. See 228.370-3.

(c) The clause at 252.228-7003, Capture and Detention, may be used when contractor employees are subject to capture and detention and may not be covered by the War Hazards Compensation Act (42 U.S.C. 1701 *et seq.*).

(d) Use the clause at 252.228-7005, Mishap Reporting and Investigation Involving Aircraft, Missiles, and Space Launch Vehicles, in solicitations and contracts that involve the manufacture, modification, overhaul, or repair of aircraft, missiles, and space launch vehicles.

(e) Use the clause at 252.228-7006, Compliance with Spanish Laws and Insurance, in solicitations and contracts for services or construction to be performed in Spain, unless the contractor is a Spanish concern.

(f) Use the clause at 252.228-7007, Public Aircraft and State Aircraft Operations—Liability, in solicitations and contracts that do not include the clause at 252.228-7001 but involve public aircraft operations or state aircraft operations.

[56 FR 36404, July 31, 1991, as amended at 57 FR 42631, Sept. 15, 1992; 62 FR 34125, June 24, 1997; 63 FR 69006, Dec. 15, 1998; 75 FR 32644, June 8, 2010; 84 FR 65312, Nov. 27, 2019. Redesignated and amended at 88 FR 17349, Mar. 22, 2023; 88 FR 25512, Apr. 27, 2023]

PART 229—TAXES

Subpart 229.1—General

Sec.

229.101 Resolving tax problems.

229.170 Reporting of foreign taxation on U.S. assistance programs.

229.170-1 Definition.

229.170-2 Policy.

229.170-3 Reports.

229.170-4 Contract clause.

Subpart 229.2—Federal Excise Taxes

229.204 Federal excise tax on specific foreign contract payments.

Subpart 229.4—Contract Clauses

229.402 Foreign contracts.
229.402-70 Additional provisions and clauses.

Subpart 229.70—Special Procedures for Overseas Contracts

AUTHORITY: 41 U.S.C. 1303 and 48 CFR chapter 1.

SOURCE: 56 FR 36405, July 31, 1991, unless otherwise noted.

Subpart 229.1—General

229.101 Resolving tax problems.

(a) Within DoD, the agency-designated legal counsels are the defense agency General Counsels, the General Counsels of the Navy and Air Force, and for the Army, the Chief, Contract Law Division, Office of the Judge Advocate General. For additional information on the designated legal counsels, see PGI 229.101(a).

(b) For information on fuel excise taxes, see PGI 229.101(b).

(c) For guidance on directing a contractor to litigate the applicability of a particular tax, see PGI 229.101(c).

(d) For information on tax relief agreements between the United States and European foreign governments, see PGI 229.101(d).

[70 FR 8538, Feb. 22, 2005, as amended at 71 FR 14100, Mar. 21, 2006]

229.170 Reporting of foreign taxation on U.S. assistance programs.

229.170-1 Definition.

Commodities, as used in this section, means any materials, articles, supplies, goods, or equipment.

[70 FR 57192, Sept. 30, 2005]

229.170-2 Policy.

(a) By law, bilateral agreements with foreign governments must include a provision that commodities acquired under contracts funded by U.S. assistance programs shall be exempt from taxation by the foreign government. If taxes or customs duties nevertheless are imposed, the foreign government

must reimburse the amount of such taxes to the U.S. Government (Section 579 of Division E of the Consolidated Appropriations Act, 2003 (Pub. L. 108-7), as amended by Section 506 of Division D of the Consolidated Appropriations Act, 2004 (Pub. L. 108-199), and similar sections in subsequent acts).

(b) This foreign tax exemption—

(1) Applies to a contract or sub-contract for commodities when—

(i) The funds are appropriated by the annual foreign operations appropriations act; and

(ii) The value of the contract or sub-contract is \$500 or more;

(2) Does not apply to the acquisition of services;

(3) Generally is implemented through letters of offer and acceptance, other country-to-country agreements, or Federal interagency agreements; and

(4) Requires reporting of noncompliance for effective implementation.

[70 FR 57192, Sept. 30, 2005]

229.170-3 Reports.

The contracting officer shall submit a report to the designated Security Assistance Office when a foreign government or entity imposes tax or customs duties on commodities acquired under contracts or subcontracts meeting the criteria of 229.170-2(b)(1). Follow the procedures at PGI 229.170-3 for submission of reports.

[70 FR 57192, Sept. 30, 2005]

229.170-4 Contract clause.

Use the clause at 252.229-7011, Reporting of Foreign Taxes—U.S. Assistance Programs, in solicitations and contracts funded with U.S. assistance appropriations provided in the annual foreign operations appropriations act.

[70 FR 57192, Sept. 30, 2005]

Subpart 229.2—Federal Excise Taxes

SOURCE: 87 FR 65517, Oct. 28, 2022, unless otherwise noted.

229.204 Federal excise tax on specific foreign contract payments.

The contracting officer shall not authorize the Governmentwide commercial purchase card as a method of payment during any contract period of performance if the contract includes the clause at FAR 52.229-12, Tax on Certain Foreign Procurements, unless the contract also includes the clause at 252.229-7014, Full Exemption from Two-Percent Excise Tax on Certain Foreign Procurements, indicating that the contractor is fully exempt from the tax.

Subpart 229.4—Contract Clauses

SOURCE: 62 FR 34125, June 24, 1997, unless otherwise noted.

229.402 Foreign contracts.**229.402-70 Additional provisions and clauses.**

(a) Use the basic or the alternate of the clause at 252.229-7001, Tax Relief, in solicitations and contracts when a contract will be awarded to a foreign concern for performance in a foreign country.

(1) Use the basic clause in solicitations and contracts when the contract will be performed in a foreign country other than Germany.

(2) Use the alternate I clause in solicitations and contracts when the contract will be performed in Germany.

(b) Use the clause at 252.229-7002, Customs Exemptions (Germany), in solicitations and contracts requiring the import of U.S. manufactured products into Germany.

(c)(1) Use the clause at 252.229-7003, Tax Exemptions (Italy), in solicitations and contracts when contract performance will be in Italy.

(2) Use the provision at 252.229-7012, Tax Exemptions (Italy)—Representation, in solicitations that contain the clause at 252.229-7003, Tax Exemptions (Italy). If the solicitation includes the provision at FAR 52.204-7, do not separately list 252.229-7012 in the solicitation.

(d) Use the clause at 252.229-7004, Status of Contractor as a Direct Contractor (Spain), in solicitations and contracts requiring the import into Spain of supplies for construction, de-

velopment, maintenance, or operation of Spanish-American installations and facilities.

(e)(1) Use the clause at 252.229-7005, Tax Exemptions (Spain). If the solicitation includes the provision at FAR 52.204-7, do not separately list 252.229-7013 in the solicitation., in solicitations and contracts when contract performance will be in Spain.

(2) Use the provision at 252.229-7013, Tax Exemptions (Spain)—Representation, in solicitations that contain the clause at 252.229-7005, Tax Exemptions (Spain).

(f) Use the clause at 252.229-7006, Value Added Tax Exclusion (United Kingdom), in solicitations and contracts when contract performance will be in the United Kingdom.

(g) Use the clause at 252.229-7007, Verification of United States Receipt of Goods, in solicitations and contracts when contract performance will be in the United Kingdom.

(h) Use the clause at 252.229-7008, Relief from Import Duty (United Kingdom), in solicitations issued and contracts awarded in the United Kingdom.

(i) Use the clause at 252.229-7009, Relief from Customs Duty and Value Added Tax on Fuel (Passenger Vehicles) (United Kingdom), in solicitations issued and contracts awarded in the United Kingdom for fuels (gasoline or diesel) and lubricants used in passenger vehicles (excluding taxis).

(j) Use the clause at 252.229-7010, Relief from Customs Duty on Fuel (United Kingdom), in solicitations issued and contracts awarded in the United Kingdom that require the use of fuels (gasoline or diesel) and lubricants in taxis or vehicles other than passenger vehicles.

(k) Use the clause at 252.229-7014, Full Exemption from Two-Percent Excise Tax on Certain Foreign Procurements, in contracts that include the clause at FAR 52.229-12, Tax on Certain Foreign Procurements, when the contractor has—

(1) Represented that it is a foreign person in response to the provision at FAR 52.229-11, Tax on Certain Foreign Procurements—Notice and Representation; and

(2) Indicated that it is fully exempt from the tax for reasons cited on their

IRS Form W-14, Certificate of Foreign Contracting Party Receiving Federal Procurement Payments.

[62 FR 34125, June 24, 1997, 77 FR 19130, Mar. 30, 2012; 78 FR 37989, June 25, 2013; 78 FR 40043, July 3, 2013; 79 FR 58700, Sept. 30, 2014; 80 FR 81469, Dec. 30, 2015; 85 FR 74612, Nov. 23, 2020; 87 FR 65517, Oct. 28, 2022]

Subpart 229.70—Special Procedures for Overseas Contracts

SOURCE: 70 FR 6375, Feb. 7, 2005, unless otherwise noted.

NOTE: To obtain tax relief for overseas contracts, follow the procedures at PGI 229.70.

PART 230—COST ACCOUNTING STANDARDS ADMINISTRATION

Subpart 230.2—CAS Program Requirements

Sec.
230.201 Contract requirements.
230.201-5 Waiver.

AUTHORITY: 41 U.S.C. 1303 and 48 CFR chapter 1.

SOURCE: 56 FR 36406, July 31, 1991, unless otherwise noted.

Subpart 230.2—CAS Program Requirements

230.201 Contract requirements.

SOURCE: 88 FR 73237, Oct. 25, 2023, unless otherwise noted.

230.201-5 Waiver.

(a)(1)(A) The military departments and the Principal Director, Defense Pricing, Contracting, and Acquisition Policy (DPCAP), Office of the Under Secretary of Defense (Acquisition and Sustainment)—

(1) May grant CAS waivers that meet the conditions in FAR 30.201-5(b)(1); and

(2) May grant CAS waivers that meet the conditions in FAR 30.201-5(b)(2), provided the cognizant Federal agency official granting the waiver determines that—

(i) The property or services cannot reasonably be obtained under the contract, subcontract, or modification, as applicable, without granting the waiver;

(ii) The price can be determined to be fair and reasonable without the application of the Cost Accounting Standards; and

(iii) There are demonstrated benefits to granting the waiver.

(B) Follow the procedures at PGI 230.201-5(a)(1) for submitting waiver requests to the Principal Director, DPCAP.

(2) The military departments shall not delegate CAS waiver authority below the individual responsible for issuing contracting policy for the department.

(e) By November 30th of each year, the military departments shall provide a report to the Office of the Principal Director, DPCAP (Contract Policy) of all waivers granted under FAR 30.201-5(a), during the previous fiscal year, for any contract, subcontract, or modification expected to have a value of \$15 million or more. See PGI 230.201-5(e) for format and guidance for the report. The Principal Director, DPCAP, will submit a consolidated report to the CAS Board and the congressional defense committees.

[71 FR 69495, Dec. 1, 2006, as amended at 77 FR 52254, Aug. 29, 2012; 88 FR 73237, Oct. 25, 2023; 89 FR 60832, July 29, 2024]

PART 231—CONTRACT COST PRINCIPLES AND PROCEDURES

Subpart 231.1—Applicability

Sec.
231.100 Scope of subpart.
231.100-70 Contract clause.

Subpart 231.2—Contracts With Commercial Organizations

231.205 Selected costs.
231.205-1 Public relations and advertising costs.
231.205-6 Compensation for personal services.
231.205-18 Independent research and development and bid and proposal costs.
231.205-19 Insurance and indemnification.
231.205-22 Lobbying and political activity costs.
231.205-70 External restructuring costs.
231.205-71 Costs related to counterfeit electronic parts and suspect counterfeit electronic parts.