

and in the case of an authority in which an Office of Inspector General is established by chapter 4 of title 5 or by any other Federal law, to the Inspector General of that authority.

(Added Pub. L. 99-509, title VI, §6103(a), Oct. 21, 1986, 100 Stat. 1947; amended Pub. L. 117-286, §4(b)(57), Dec. 27, 2022, 136 Stat. 4349; Pub. L. 118-159, div. E, title LII, §5203(h), Dec. 23, 2024, 138 Stat. 2443.)

#### Editorial Notes

##### AMENDMENTS

2024—Subsec. (a). Pub. L. 118-159 added subsec. (a) and struck out former subsec. (a) which read as follows: “A hearing under section 3803(d)(2) of this title with respect to a claim or statement shall be commenced within 6 years after the date on which such claim or statement is made, presented, or submitted.”

2022—Subsec. (c). Pub. L. 117-286 substituted “chapter 4 of title 5” for “the Inspector General Act of 1978”.

#### § 3809. Regulations

Within 180 days after the date of enactment of this chapter, each authority head shall promulgate rules and regulations necessary to implement the provisions of this chapter. Such rules and regulations shall—

(1) ensure that investigating officials and reviewing officials are not responsible for conducting the hearing required in section 3803(f) of this title, making the determinations required by subsections (f) and (h) of section 3803 of this title, or making collections under section 3806 of this title; and

(2) require a reviewing official to include in any notice required by section 3803(a)(2) of this title a statement which specifies that the reviewing official has determined that there is a reasonable prospect of collecting, from a person with respect to whom the reviewing official is referring allegations of liability in such notice, the amount for which such person may be liable.

(Added Pub. L. 99-509, title VI, §6103(a), Oct. 21, 1986, 100 Stat. 1947.)

#### Editorial Notes

##### REFERENCES IN TEXT

The date of enactment of this chapter, referred to in text, means the date of enactment of Pub. L. 99-509 which was approved Oct. 21, 1986.

#### [§ 3810. Repealed. Pub. L. 104-66, title III, § 3001(c)(1), Dec. 21, 1995, 109 Stat. 734]

Section, added Pub. L. 99-509, title VI, §6103(a), Oct. 21, 1986, 100 Stat. 1947, required annual reports to Congress.

#### § 3811. Effect on other law

(a) This chapter does not diminish the responsibility of any agency to comply with the provisions of chapter 35 of title 44.

(b) This chapter does not supersede the provisions of section 3512 of title 44.

(c) For purposes of this section, the term “agency” has the same meaning as in section 3502(1) of title 44.

(Added Pub. L. 99-509, title VI, §6103(a), Oct. 21, 1986, 100 Stat. 1948.)

#### § 3812. Prohibition against delegation

Any function, duty, or responsibility which this chapter specifies be carried out by the Attorney General or an Assistant Attorney General designated by the Attorney General, shall not be delegated to, or carried out by, any other officer or employee of the Department of Justice.

(Added Pub. L. 99-509, title VI, §6103(a), Oct. 21, 1986, 100 Stat. 1948.)

### CHAPTER 39—PROMPT PAYMENT

Sec.	
3901.	Definitions and application.
3902.	Interest penalties.
3903.	Regulations.
3904.	Limitations on discount payments.
3905.	Payment provisions relating to construction contracts.
[3906.]	Repealed.]
3907.	Relationship to other laws.

#### Editorial Notes

##### AMENDMENTS

1998—Pub. L. 105-362, title XIII, §1301(c)(2)(C), Nov. 10, 1998, 112 Stat. 3293, struck out item 3906 “Reports”.

1988—Pub. L. 100-496, §9(b), Oct. 17, 1988, 102 Stat. 2463, added item 3905 and redesignated former items 3905 and 3906 as 3906 and 3907, respectively.

#### § 3901. Definitions and application

(a) In this chapter—

(1) “agency” has the same meaning given that term in section 551(1) of title 5 and includes an entity being operated, and the head of the agency identifies the entity as being operated, only as an instrumentality of the agency to carry out a program of the agency.

(2) “business concern” means—

(A) a person carrying on a trade or business; and

(B) a nonprofit entity operating as a contractor.

(3) “proper invoice” is an invoice containing or accompanied by substantiating documentation the Director of the Office of Management and Budget may require by regulation and the head of the appropriate agency may require by regulation or contract.

(4) for the purposes of determining a payment due date and the date upon which any late payment interest penalty shall begin to accrue, the head of the agency is deemed to receive an invoice—

(A) on the later of—

(i) the date on which the place or person designated by the agency to first receive such invoice actually receives a proper invoice; or

(ii) on the 7th day after the date on which, in accordance with the terms and conditions of the contract, the property is actually delivered or performance of the services is actually completed, as the case may be, unless—

(I) the agency has actually accepted such property or services before such 7th day; or

(II) the contract (except in the case of a contract for the procurement of a

brand-name commercial product for authorized resale) specifies a longer acceptance period, as determined by the contracting officer to be required to afford the agency a practicable opportunity to inspect and test the property furnished or evaluate the services performed; or

(B) on the date of the invoice, if the agency has failed to annotate the invoice with the date of receipt at the time of actual receipt by the place or person designated by the agency to first receive such invoice.

(5) a payment is deemed to be made on the date a check for payment is dated or an electronic fund transfer is made.

(6) a contract to rent property is deemed to be a contract to acquire the property.

(b) This chapter applies to the Tennessee Valley Authority. However, regulations prescribed under this chapter do not apply to the Authority, and the Authority alone is responsible for carrying out this chapter as it applies to contracts of the Authority.

(c) This chapter applies to the United States Postal Service. However, the Postmaster General shall be responsible for issuing the implementing procurement regulations, solicitation provisions, and contract clauses for the United States Postal Service.

(d)(1) Notwithstanding subsection (a)(1) of this section, this chapter, except section 3907 of this title, applies to the District of Columbia Courts.

(2) A claim for an interest penalty not paid under this chapter may be filed in the same manner as claims are filed with respect to contracts to provide property or services for the District of Columbia Courts.

(3)(A) Except as provided in subparagraph (B), an interest penalty under this chapter does not continue to accrue for more than one year or after a claim for an interest penalty is filed in the manner described in paragraph (2), whichever is earlier.

(B) If a claim for an interest penalty is filed in the manner described in paragraph (2) and interest is not available for such claims under the laws and regulations governing claims under contracts to provide property or services for the District of Columbia Courts, interest will accrue under this chapter as provided in paragraph (A) and from the date the claim is filed until the date the claim is paid.

(4) Paragraph (3) of this subsection does not prevent an interest penalty from accruing on a claim if such interest is available for such claim under the laws and regulations governing claims under contracts to provide property or services for the District of Columbia Courts. Such interest may accrue on an unpaid contract payment and on the unpaid penalty under this chapter.

(5) Except as provided in section 3904 of this title, this chapter does not require an interest penalty on a payment that is not made because of a dispute between the head of an agency and a business concern over the amount of payment or compliance with the contract. A claim related to the dispute, and any interest payable for the period during which the dispute is being resolved, is subject to the laws and regulations governing claims under contracts to provide

property or services for the District of Columbia Courts.

(Added Pub. L. 97-452, §1(18)(A), Jan. 12, 1983, 96 Stat. 2474; amended Pub. L. 100-496, §2(a)-(c)(1), Oct. 17, 1988, 102 Stat. 2455; Pub. L. 105-277, div. A, §101(c) [title I, §162(a)], Oct. 21, 1998, 112 Stat. 2681-121, 2681-148; Pub. L. 105-362, title XIII, §1301(c)(2)(A), Nov. 10, 1998, 112 Stat. 3293; Pub. L. 115-232, div. A, title VIII, §836(g)(3), Aug. 13, 2018, 132 Stat. 1873.)

#### HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
3901(a) .....	31 App.:1805.	May 21, 1982, Pub. L. 97-177, §§6, 7(c), 96 Stat. 87, 88.
3901(b) .....	31 App.:1806.	

In the chapter, the words “the head of” are added for clarity and consistency in the revised title and with other titles of the United States Code.

In subsection (a)(1), the word “Federal” is omitted as unnecessary and for consistency in the revised title and with other titles of the Code. The words “for this purpose” are omitted because of the restatement. The words “the purpose of” and “or more” are omitted as surplus.

In subsection (a)(5), the words “deemed to be” are substituted for “considered” for consistency in the revised title and with other titles of the Code.

In subsection (a)(6), the words “real or personal” are omitted as surplus. The words “deemed to be” are added for consistency in the revised title and with other titles of the Code.

In subsection (b), the words “the authority of” are omitted as surplus.

#### Editorial Notes

##### AMENDMENTS

2018—Subsec. (a)(4)(A)(ii)(II). Pub. L. 115-232 substituted “commercial product” for “commercial item”.

1998—Subsec. (c). Pub. L. 105-362 struck out “, except section 3906 of this title,” after “This chapter”.

Subsec. (d). Pub. L. 105-277 added subsec. (d).

1988—Subsec. (a)(4). Pub. L. 100-496, §2(a), amended par. (4) generally. Prior to amendment, par. (4) read as follows: “the head of an agency is deemed to receive an invoice on the later of the dates that—

“(A) the designated payment office or finance center of the agency actually receives a proper invoice; or

“(B) the head of the agency accepts the applicable property or service.”

Subsec. (a)(5). Pub. L. 100-496, §2(b), amended par. (5) generally, substituting “check for payment is dated or an electronic fund transfer is made” for “check for the payment is dated”.

Subsec. (c). Pub. L. 100-496, §2(c)(1), added subsec. (c).

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by Pub. L. 115-232 effective Jan. 1, 2020, subject to a savings provision, see section 836(h) of Pub. L. 115-232, set out as an Effective Date of 2018 Amendment; Savings Provision note under section 453b of Title 6, Domestic Security.

##### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 2(a), (b) of Pub. L. 100-496 applicable to payments under contracts awarded, contracts renewed, and contract options exercised during or after the first fiscal quarter which begins more than 90 days after Oct. 17, 1988, and amendment by section 2(c)(1) of Pub. L. 100-496 applicable with respect to all obligations incurred on or after Jan. 1, 1989, see section

14(a), (c) of Pub. L. 100-496, set out as a note under section 3902 of this title.

SHORT TITLE OF 1988 AMENDMENT

Pub. L. 100-496, §1, Oct. 17, 1988, 102 Stat. 2455, provided that: "This Act [enacting section 3905 of this title, amending this section, sections 3902 to 3904 and 3906 of this title, section 644 of Title 15, Commerce and Trade, and section 410 of Title 39, Postal Service, renumbering sections 3905 and 3906 of this title as 3906 and 3907, respectively, enacting provisions set out as notes under sections 3902, 3903, and 3906 of this title, and repealing provisions set out as a note under section 3903 of this title] may be cited as the 'Prompt Payment Act Amendments of 1988.'"

**§ 3902. Interest penalties**

(a) Under regulations prescribed under section 3903 of this title, the head of an agency acquiring property or service from a business concern, who does not pay the concern for each complete delivered item of property or service by the required payment date, shall pay an interest penalty to the concern on the amount of the payment due. The interest shall be computed at the rate of interest established by the Secretary of the Treasury, and published in the Federal Register, for interest payments under section 7109(a)(1) and (b) of title 41, which is in effect at the time the agency accrues the obligation to pay a late payment interest penalty.

(b) The interest penalty shall be paid for the period beginning on the day after the required payment date and ending on the date on which payment is made.

(c)(1) A business concern shall be entitled to an interest penalty of \$1.00 or more which is owed such business concern under this section, and such penalty shall be paid without regard to whether the business concern has requested payment of such penalty.

(2) Each payment subject to this chapter for which a late payment interest penalty is required to be paid shall be accompanied by a notice stating the amount of the interest penalty included in such payment and the rate by which, and period for which, such penalty was computed.

(3) If a business concern—

(A) is owed an interest penalty by an agency;

(B) is not paid the interest penalty in a payment made to the business concern by the agency on or after the date on which the interest penalty becomes due;

(C) is not paid the interest penalty by the agency within 10 days after the date on which such payment is made; and

(D) makes a written demand, not later than 40 days after the date on which such payment is made, that the agency pay such a penalty,

such business concern shall be entitled to an amount equal to the sum of the late payment interest penalty to which the contractor is entitled and an additional penalty equal to a percentage of such late payment interest penalty specified by regulation by the Director of the Office of Management and Budget, subject to such maximum as may be specified in such regulations.

(d) The temporary unavailability of funds to make a timely payment due for property or services does not relieve the head of an agency

from the obligation to pay interest penalties under this section.

(e) An amount of an interest penalty unpaid after any 30-day period shall be added to the principal amount of the debt, and a penalty accrues thereafter on the added amount.

(f) This section does not authorize the appropriation of additional amounts to pay an interest penalty. The head of an agency shall pay a penalty under this section out of amounts made available to carry out the program for which the penalty is incurred.

(g) A recipient of a grant from the head of an agency may provide in a contract for the acquisition of property or service from a business concern that, consistent with the usual business practices of the recipient and applicable State and local law, the recipient will pay an interest penalty on amounts overdue under the contract under conditions agreed to by the recipient and the concern. The recipient may not pay the penalty from amounts received from an agency. Amounts expended for the penalty may not be counted toward a matching requirement applicable to the grant. An obligation to pay the penalty is not an obligation of the United States Government.

(h)(1) This section shall apply to contracts for the procurement of property or services entered into pursuant to section 4(h) of the Act of June 29, 1948 (15 U.S.C. 714b(h)).

(2)(A) In the case of a payment to which producers on a farm are entitled under the terms of an agreement entered into under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), an interest penalty shall be paid to the producers if the payment has not been made by the required payment or loan closing date. The interest penalty shall be paid—

(i) on the amount of payment or loan due; and

(ii) for the period beginning on the first day beginning after the required payment or loan closing date and ending on the date the amount is paid or loaned.

(B) As used in this subsection, the "required payment or loan closing date" means—

(i) for a purchase agreement, the 30th day after delivery of the warehouse receipt for the commodity subject to the purchase agreement;

(ii) for a loan agreement, the 30th day beginning after the date of receipt of an application with all requisite documentation and signatures, unless the applicant requests that the disbursement be deferred;

(iii) for refund of amounts received greater than the amount required to repay a commodity loan, the first business day after the Commodity Credit Corporation receives payment for such loan;

(iv) for land diversion payments (other than advance payments), the 30th day beginning after the date of completion of the production adjustment contract by the producer;

(v) for an advance land diversion payment, 30 days after the date the Commodity Credit Corporation executes the contract with the producer;

(vi) for a deficiency payment (other than advance payments) based upon a 12-month or 5-