

## NEWS FLASH FOR NOAA CARDHOLDERS (CHs) and APPROVING OFFICIALS (AOs)

**To:** NOAA Cardholders and Approving Officials

**Attention:** Purchase Cardholders, Approving Officials, Agency Program Coordinators, and those individuals working with the Purchase Card Program should review and understand the attached policy regarding the recent change to the micro-purchase threshold. This policy will be disseminated to the acquisition community and also posted on the NOAA Acquisition and Grants Office (AGO), Commerce Bankcard Center (CBC) website at: <http://www.ago.noaa.gov/acquisition/bankcard.html>.

**Policy Update:** Federal Acquisition Circular (FAC) 2005-83 established final rules amending the Federal Acquisition Regulation (FAR) by implementing inflation adjustments to acquisition-related thresholds, including the micro-purchase threshold. The final rule adjusting the micro-purchase threshold impacts NOAA purchase cardholders.

### **New Purchase Card Threshold:**

- The micro-purchase threshold is increased from \$3,000 to \$3,500;
- The micro-purchase threshold for the acquisition of construction (Davis-Bacon Act) remains \$2,000; and
- The micro-purchase threshold for the acquisition of services (Service Contract Act) remains \$2,500.

### **Additional Information:**

- The Department of Commerce (DOC), Office of Acquisition Management (OAM) is working with J.P. Morgan Chase (JPMC) to process the Single Purchase Limit (SPL) increases to Departmental cardholder accounts.
- Commerce Acquisition Manual (CAM) 1313.301 Section 2.5.3. requires new Delegations of Procurement Authority be issued upon approval to permanent spending limit changes. The Commerce BankCard Center (CBC) is drafting new Delegation of Authority (DOA) memoranda for issuance to all purchase cardholders impacted by the limit change. Acknowledgment by purchase cardholders will be required in order to maintain the spending limit increase.
- The current estimate for all changes is approximately 45 days.

**Effective Date:** The new micro-purchase threshold became effective on October 1, 2015.

**Point of Contact:** Michael T. McConnell

U.S. Department of Commerce, NOAA, Chief, Commerce Bank Card Center

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### **Attachments:**

1. FAC 2005-83\_Federal Register\_7-2-15
2. CAM 1313.301, rev. 2/2015



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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. Sumpster,**  
*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.

**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 regulatory 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**  
(See instructions on reverse)

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: YEAR		
b. STREET ADDRESS					
c. CITY		d. STATE	e. ZIP CODE		<input type="checkbox"/> MAR 31 <input type="checkbox"/> SEPT 30
2. CONTRACTOR IDENTIFICATION NUMBER			5. TYPE OF REPORT		
			<input type="checkbox"/> REGULAR <input type="checkbox"/> FINAL <input type="checkbox"/> REVISED		
6. ADMINISTERING ACTIVITY (Please check applicable box)					
<input type="checkbox"/> ARMY <input type="checkbox"/> NAVY <input type="checkbox"/> AIR FORCE		<input type="checkbox"/> GSA <input type="checkbox"/> DOE <input type="checkbox"/> DEFENSE CONTRACT MANAGEMENT AGENCY		<input type="checkbox"/> NASA <input type="checkbox"/> OTHER FEDERAL AGENCY (Specify)	
7. REPORT SUBMITTED AS (Check one and provide appropriate number)			8. AGENCY OR CONTRACTOR AWARDING CONTRACT		
<input type="checkbox"/> PRIME CONTRACTOR  <input type="checkbox"/> SUBCONTRACTOR		PRIME CONTRACT NUMBER		a. AGENCY'S OR CONTRACTOR'S NAME	
		SUBCONTRACT NUMBER		b. STREET ADDRESS	
9. DOLLARS AND PERCENTAGES IN THE FOLLOWING BLOCKS:			c. CITY		d. STATE    e. ZIP CODE
<input type="checkbox"/> DO INCLUDE INDIRECT COSTS <input type="checkbox"/> DO NOT INCLUDE INDIRECT COSTS					

**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))

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19. REMARKS

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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.dhb.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 with 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.

[FR Doc. 2015-16206 Filed 7-1-15; 8:45 am]

BILLING CODE 6820-EP-C

## 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,

titled: Prohibition on Contracting with Inverted Domestic Corporations—Representation and Notification.

### List of Subjects in 48 CFR Parts 1 and 52

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 and 52 as set forth below:

■ 1. The authority citation for 48 CFR parts 1 and 52 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

### 1.106 [Amended]

■ 2. Amend section 1.106 in the table following the introductory text, by adding in numerical sequence, “52.209–10” and its corresponding OMB Control Number “9000–0190”.

## PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES

■ 3. Amend section 52.209–2 by revising the date of provision and paragraph (c) to read as follows:

### 52.209–2 Prohibition on Contracting With Inverted Domestic Corporations—Representation.

\* \* \* \* \*

### Prohibition on Contracting with Inverted Domestic Corporations—Representation (Nov 2015)

\* \* \* \* \*

(c) *Representation.* The Offeror represents that—

(1) It  is,  is not an inverted domestic corporation; and

(2) It  is,  is not a subsidiary of an inverted domestic corporation.

(End of provision)

■ 4. Amend section 52.209–10 by revising the date of the clause; and adding paragraph (d) to read as follows:

### 52.209–10 Prohibition on Contracting with Inverted Domestic Corporations.

\* \* \* \* \*

### Prohibition on Contracting With Inverted Domestic Corporations (Nov 2015)

\* \* \* \* \*

(d) In the event the Contractor becomes either an inverted domestic corporation, or a subsidiary of an inverted domestic

corporation during contract performance, the Contractor shall give written notice to the Contracting Officer within five business days from the date of the inversion event.

(End of clause)

■ 5. Amend section 52.212–3 by revising the date of the provision and paragraph (n)(2) to read as follows:

### 52.212–3 Offeror Representations and Certifications—Commercial Items.

\* \* \* \* \*

### Offeror Representations and Certifications—Commercial Items (Nov 2015)

\* \* \* \* \*

(n) \* \* \*  
(2) *Representation.* The Offeror represents that—

(i) It  is,  is not an inverted domestic corporation; and

(ii) It  is,  is not a subsidiary of an inverted domestic corporation.

\* \* \* \* \*

■ 6. Amend section 52.212–5 by revising the date of the clause and paragraph (a)(1) to 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 (Nov 2015)

\* \* \* \* \*

(a) \* \* \*  
(1) 52.209–10, Prohibition on Contracting with Inverted Domestic Corporations (Nov 2015).

\* \* \* \* \*

[FR Doc. 2015–16208 Filed 7–1–15; 8:45 am]

BILLING CODE 6820–EP–P

## DEPARTMENT OF DEFENSE

### GENERAL SERVICES ADMINISTRATION

### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

### 48 CFR Parts 5 and 22

[FAC 2005–83; FAR Case 2015–008; Item III; Docket No. 2015–0008, Sequence No. 1]

RIN 9000–AN08

### Federal Acquisition Regulation: Update to Product and Service Codes

**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 correct the terminology relating to preparation and transmittal of synopses and update the descriptions of Federal product and service codes related to exemptions from service contract labor standards, to conform to the current Federal Procurement Data System Product and Service Codes Manual.

**DATES:** *Effective:* August 3, 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 Division at 202–501–4755. Please cite FAC 2005–83, FAR Case 2015–008.

### SUPPLEMENTARY INFORMATION:

#### I. Background

DoD, GSA, and NASA are revising the FAR to amend 5.207 and 22.1003–4 to correct the terminology and 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.

#### II. Publication of This Final Rule for Public Comment Is Not Required by Statute

“Publication of proposed regulations”, 41 U.S.C. 1707, is the statute which applies to the publication of the Federal Acquisition Regulation. Paragraph (a)(1) of the statute requires that a procurement policy, regulation, procedure, or form (including an amendment or modification thereof) must be published for public comment if it relates to the expenditure of appropriated funds, and has either a significant effect beyond the internal operating procedures of the agency issuing the policy, regulation, procedure, or form, or has a significant cost or administrative impact on contractors or offerors. This final rule is not required to be published for public comment, because it does not change the Federal Supply Groups covered. It only 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.

### 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

The Regulatory Flexibility Act does not apply to this rule because this final rule does not constitute a significant FAR revision within the meaning of FAR 1.501-1 and 41 U.S.C. 1707 does not require publication for public comment.

### V. Paperwork Reduction Act

The rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

### List of Subjects in 48 CFR Parts 5 and 22

Government procurement.

Dated: June 18, 2015.

**William 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 5 and 22 as set forth below:

■ 1. The authority citation for 48 CFR parts 5 and 22 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 5—PUBLICIZING CONTRACT ACTIONS

#### 5.207 [Amended]

- 2. Amend section 5.207 by—
- a. Removing from paragraph (a)(5) “Classification Code” and adding “Product or Service Code” in its place; and
  - b. Removing from paragraph (c)(13) “supply” and adding “product” in its place.

### PART 22—APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS

■ 3. Amend section 22.1003-4 by revising paragraph (c)(1)(ii) to read as follows:

#### 22.1003-4 Administrative limitations, variations, tolerances, and exemptions.

\* \* \* \* \*

(c) \* \* \*

(1) \* \* \*

(ii) Scientific equipment and medical apparatus or equipment if the application of micro-electronic circuitry or other technology of at least similar sophistication is an essential element (for example, Product or Service Code (PSC) 6515, “Medical and Surgical Instruments, Equipment, and Supplies;” PSC 6525, “Imaging Equipment and Supplies: Medical, Dental, Veterinary;” PSC 6630, “Chemical Analysis Instruments;” and PSC 6655, “Geophysical Instruments,” are largely composed of the types of equipment exempted in this paragraph).

\* \* \* \* \*

[FR Doc. 2015-16209 Filed 7-1-15; 8:45 am]

**BILLING CODE 6820-EP-P**

### DEPARTMENT OF DEFENSE

#### GENERAL SERVICES ADMINISTRATION

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

#### 48 CFR Part 6

[FAC 2005-83; FAR Case 2014-020; Item IV; Docket No. 2014-0020; Sequence No. 1]

RIN 9000-AM86

#### Federal Acquisition Regulation; Clarification on Justification for Urgent Noncompetitive Awards Exceeding One Year

**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 a final rule amending the Federal Acquisition Regulation (FAR) to clarify that a determination of exceptional circumstances is needed when a noncompetitive contract awarded on the basis of unusual and compelling urgency exceeds 1 year, either at time of award or due to post-award modifications.

**DATES:** *Effective:* August 3, 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 2014-020.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

DoD, GSA, and NASA published a proposed rule in the **Federal Register** at 79 FR 78378 on December 30, 2014. The rule was in response to a Government Accountability Office (GAO) report, GAO-14-304, Federal Contracting: Noncompetitive Contracts Based on Urgency Need Additional Oversight, dated March 2014. The proposed rule language at FAR 6.302-2(d) has been revised to further clarify it. One respondent submitted a comment on the proposed rule.

##### II. Discussion and Analysis

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) reviewed the public comment in the development of the final rule. The comment resulted in no changes to the final rule. A discussion of the comment is provided in the following paragraph.

*Comment:* The respondent stated that there should be no justification for extending any contract that is noncompetitive for more than one year.

*Response:* The extension of non-competitive contracts is allowable. The purpose of this case is to ensure that when the extension has been deemed to be warranted, that the proper justification and documentation are prepared and included in the contract file.

##### 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:

The purpose of this rule is to clarify that a determination of exceptional circumstances is needed when the period of performance, inclusive of options and modifications, of a noncompetitive contract awarded on the basis of unusual and compelling urgency is greater than one year. This rule only impacts the internal procedures of the Federal Government.

There are no recordkeeping, reporting, or other compliance requirements associated with the rule. The rule does not duplicate, overlap, or conflict with any other Federal rules.

No issues were raised by the public comments in response to the initial regulatory flexibility analysis.

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 rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

#### List of Subject in CFR Part 6

Government procurement.

Dated: June 18, 2015.

William 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 part 6 as set forth below:

#### PART 6—COMPETITION REQUIREMENTS

■ 1. The authority citation for 48 CFR part 6 continues to read as follows:

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

■ 2. Amend section 6.302–2 by—

■ a. Removing from paragraph (d)(1) “contract awarded” and adding “contract awarded or modified” in its place;

■ b. Revising paragraph (d)(1)(ii);

■ c. Redesignating paragraphs (d)(2) through (d)(4) as paragraphs (d)(3) through (d)(5), respectively;

■ d. Adding a new paragraph (d)(2); and

■ e. Revising the newly designated paragraph (d)(3).

The revisions and addition read as follows:

#### 6.302–2 Unusual and compelling urgency.

\* \* \* \* \*

(d) \* \* \*

(1) \* \* \*

(ii) May not exceed one year, including all options, unless the head of the agency determines that exceptional circumstances apply. This determination must be documented in the contract file.

(2)(i) Any subsequent modification using this authority, which will extend the period of performance beyond one year under this same authority, requires a separate determination. This determination is only required if the cumulative period of performance using this authority exceeds one year. This requirement does not apply to the exercise of options previously addressed in the determination required at (d)(1)(ii) of this section.

(ii) The determination shall be approved at the same level as the level to which the agency head authority in (d)(1)(ii) of this section is delegated.

(3) The requirements in paragraphs (d)(1) and (d)(2) of this section shall apply to any contract in an amount greater than the simplified acquisition threshold.

\* \* \* \* \*

[FR Doc. 2015–16210 Filed 7–1–15; 8:45 am]

BILLING CODE 6820–EP–P

#### DEPARTMENT OF DEFENSE

#### GENERAL SERVICES ADMINISTRATION

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

#### 48 CFR Parts 9 and 52

[FAC 2005–83; FAR Case 2014–017; Item V; Docket No. 2014–0017, Sequence No. 1]

RIN 9000–AM70

#### Federal Acquisition Regulation; Prohibition on Contracting With Inverted Domestic Corporations

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

**ACTION:** Final rule.

**SUMMARY:** DoD, GSA, and NASA have adopted as final, without change, an interim rule amending the Federal Acquisition Regulation (FAR) to address the continuing 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 any subsidiary of such entity.

**DATES:** *Effective:* July 2, 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 2014–017.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

DoD, GSA, and NASA published an interim rule in the **Federal Register** at 79 FR 74554 on December 15, 2014, to address the continuing Governmentwide statutory prohibition (in effect through annual appropriations acts 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 to any subsidiary of such entity. One respondent submitted comments in response to the interim rule.

##### II. Discussion and Analysis

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) reviewed the public comments in the development of the final rule.

##### A. Summary of Significant Changes

There were no changes made to the rule as a result of the comments received. There were no comments on the Regulatory Flexibility Act.

##### B. Analysis of Comments

A discussion of the comments follows:

##### 1. Deletion of References to the Specific Fiscal Years

Comment: The respondent does not favor the deletion of references to the specific fiscal years covered in several subsections of FAR 9.108. The respondent states that the interim rule obscures the fact that the restrictions on contracting with inverted domestic corporations are fiscal year specific, and that those restrictions may or may not be enacted in future years. The respondent states that the interim rule now provides only a general description of the common exception language. The respondent recommends—

○ Specifically listing the covered fiscal years in the prohibition at FAR 9.108–2(a), the requirement for representation at 9.108–3, and the solicitation provision and contract clause prescriptions at 9.108–5; and

○ A separate listing at FAR 9.108–2(b) for the statutory exception for each fiscal year, *e.g.*, for fiscal year 2008 “This prohibition does not apply when using Fiscal Year 2008 funds for any contract entered into before December 26, 2007, or for any order issued pursuant to such contract.” (This exception was then repeated for each fiscal year, inserting the date of enactment of the act).

Response: Insofar as Congress has retained the Governmentwide statutory prohibition in place since Fiscal Year 2008, this interim rule amended FAR 9.108–2, 9.108–3, and 9.108–5 to reflect the ongoing nature of the prohibition for as long as Congress extends the prohibition in its current form through subsequent appropriations action (in full-year appropriations acts and in short-term and full-year CRs).

○ Because this prohibition is enacted in annual appropriations acts, the prior format of the regulation (listing all fiscal years) required annual update of the FAR to keep adding new fiscal years. Due to the required rulemaking process, this necessitated a substantial lag between enactment of the annual appropriations act and incorporation of the current fiscal year in the regulations. With the new approach in the interim rule, the FAR will only require revision if the requirements of the new appropriations act change. The prohibition at FAR 9.108–2 does make clear that the prohibition arises from section 745 of Division D of the Consolidated Appropriations Act, 2008 (Pub. L. 110–161) and its successor provisions in subsequent appropriations acts (and as extended in continuing resolutions). The Councils review the new appropriations act every year, and will take action to change the FAR if there is a change in the prohibition.

○ The interim rule provides an exact repetition of the common statutory exception language. Since the exception in each appropriations act is the same, the interim rule states the exception once: *i.e.*, “Section 745 and its successor provisions include the following exceptions: This section shall not apply to any Federal Government contract entered into before the date of enactment of this Act, or to any task order issued pursuant to such contract.” Listing of each fiscal year exception separately was becoming repetitive and cumbersome. Whether the exception is listed separately for each fiscal year, or

is just stated once, seeking legal counsel is recommended if a contractor, during contract performance, becomes an inverted domestic corporation or a subsidiary of one.

## 2. Recommended Minimum Change

Comment: The respondent recommended, at a minimum, that language should be added at FAR 9.108–3 and 9.108–5 to limit applicability to “fiscal periods for which Congress has enacted the prohibition described in Section 9.108–2(a) above” and “When using appropriated funds from fiscal years for which Congress has enacted the prohibition described in section 9.108–2(a) above,” respectively. Although this approach resolves the issue of requiring annual updates to the regulations, it imposes a burden on the many thousands of contracting officers to determine for which fiscal periods Congress has enacted the prohibitions.

Response: The Councils have determined that this prohibition has been continuously applicable since FY 2008. As listed in the **Federal Register**, this required a review of 25 statutes. Not many FAR users will know which funds are tied to this restriction without further research. A contracting officer would not know whether to include the solicitation provision and contract clause without researching the appropriations act that appropriated the funds being used. It is more efficient for the Councils to make that determination, and ensure that the regulations appropriately reflect the requirement, without necessitating research by every contracting officer in the Federal Government.

## 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. 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 rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. Chapter 35).

## List of Subjects in 48 CFR Parts 9 and 52

Government procurement.

Dated: June 18, 2015.

**William Clark,**

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

## Interim Rule Adopted as Final Without Change

Accordingly, the interim rule amending 48 CFR parts 9 and 52, which was published in the **Federal Register** at 79 FR 74554 on December 15, 2014, is adopted as a final rule without change.

[FR Doc. 2015–16215 Filed 7–1–15; 8:45 am]

**BILLING CODE 6820-EP-P**

**DEPARTMENT OF DEFENSE****GENERAL SERVICES  
ADMINISTRATION****NATIONAL AERONAUTICS AND  
SPACE ADMINISTRATION****48 CFR Parts 12, 13, and 18**

[FAC 2005–83; FAR Case 2015–010; Item VI; Docket No. 2015–0010; Sequence No. 1]

RIN 9000–AN06

**Federal Acquisition Regulation;  
Permanent Authority for Use of  
Simplified Acquisition Procedures for  
Certain Commercial Items**

**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 a final rule amending the Federal Acquisition Regulation (FAR) to implement a section of the Carl Levin and Howard P. ‘Buck’ McKeon National Defense Authorization Act (NDAA) for Fiscal Year 2015 that makes permanent the authority to issue solicitations using special simplified procedures for acquisition of certain commercial items.

**DATES:** *Effective:* August 3, 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 2015–010.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

This is a final rule to amend FAR subparts 13.5 and 18.2 to implement section 815 of the NDAA 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). Conforming changes are made in parts 12, 13, and 18.

**II. Publication of This Final Rule for Public Comment Is Not Required by Statute**

“Publication of proposed regulations”, 41 U.S.C. 1707, is the

statute which applies to the publication of the Federal Acquisition Regulation. Paragraph (a)(1) of the statute requires that a procurement policy, regulation, procedure, or form (including an amendment or modification thereof) must be published for public comment if it relates to the expenditure of appropriated funds, and has either a significant effect beyond the internal operating procedures of the agency issuing the policy, regulation, procedure, or form, or has a significant cost or administrative impact on contractors or offerors. 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.

**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**

The Regulatory Flexibility Act does not apply to this rule because this final rule does not constitute a significant FAR revision within the meaning of FAR 1.501–1 and 41 U.S.C. 1707 does not require publication for public comment.

**V. Paperwork Reduction Act**

The rule does not contain any information collection requirements that require the approval of the Office of Management and Budget under the Paperwork Reduction Act (44 U.S.C. chapter 35).

**List of Subjects in 48 CFR Parts 12, 13, and 18**

Government procurement.

Dated: June 18, 2015.

**William 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 12, 13, and 18 as set forth below:

■ 1. The authority citation for 48 CFR parts 12, 13, and 18 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 12—ACQUISITION OF  
COMMERCIAL ITEMS**

■ 2. Amend section 12.203 by revising the third sentence to read as follows:

12.203 Procedures for solicitation, evaluation, and award.

\* \* \* For acquisitions of commercial items exceeding the simplified acquisition threshold but not exceeding \$6.5 million (\$12 million for acquisitions as described in 13.500(c)), including options, contracting activities may use any of the simplified procedures authorized by subpart 13.5.

**PART 13—SIMPLIFIED ACQUISITION  
PROCEDURES**

**13.000 [Amended]**

■ 3. Amend section 13.000 by removing from the second sentence “13.500(e)” and adding “13.500(c)” in its place.

**13.003 [Amended]**

■ 4. Amend section 13.003 by removing from paragraphs (c)(1)(ii) and (g)(2) “13.500(e)” and adding “13.500(c)” in its place.

**13.303–5 [Amended]**

■ 5. Amend section 13.303–5 by removing from paragraph (b)(2) “13.500(e)” and adding “13.500(c)” in its place.

**Subpart 13.5—Simplified Procedures  
for Certain Commercial Items**

■ 6. Revise the subpart 13.5 heading to read as set forth above.

■ 7. Revise section 13.500 to read as follows:

**13.500 General.**

(a) This subpart authorizes the use of simplified procedures for the acquisition of supplies and services in amounts greater than the simplified acquisition threshold but not exceeding \$6.5 million (\$12 million for acquisitions as described in 13.500(c)), including options, if the contracting officer reasonably expects, based on the nature of the supplies or services sought, and on market research, that

offers will include only commercial items. Contracting officers may use any simplified acquisition procedure in this part, subject to any specific dollar limitation applicable to the particular procedure. The purpose of these simplified procedures is to vest contracting officers with additional procedural discretion and flexibility, so that commercial item acquisitions in this dollar range may be solicited, offered, evaluated, and awarded in a simplified manner that maximizes efficiency and economy and minimizes burden and administrative costs for both the Government and industry (10 U.S.C. 2304(g) and 2305 and 41 U.S.C. 3305, 3306, and chapter 37, Awarding of Contracts.

(b) When acquiring commercial items using the procedures in this part, the requirements of part 12 apply subject to the order of precedence provided at 12.102(c). This includes use of the provisions and clauses in subpart 12.3.

(c) Under 41 U.S.C. 1903, the simplified acquisition procedures authorized in this subpart may be used for acquisitions that do not exceed \$12 million when—

(1) The acquisition is for commercial items that, as determined by the head of the agency, are to be used in support of a contingency operation or to facilitate the defense against or recovery from nuclear, biological, chemical, or radiological attack; or

(2) The acquisition will be treated as an acquisition of commercial items in accordance with 12.102(f)(1).

**13.501 [Amended]**

- 8. Amend section 13.501 by—
■ a. Removing from paragraph (a)(1)(ii) “an acquisition under the authority of the test program for commercial items at” and adding “that the procedures in FAR subpart 13.5 were used in accordance with” in its place; and
■ b. Removing from paragraph (b)(1) the word “test”.

**PART 18—EMERGENCY ACQUISITIONS**

- 9. Amend section 18.201 by revising paragraph (e) to read as follows:

**18.201 Contingency operation.**

\* \* \* \* \*

(e) *Simplified procedures for certain commercial items.* The threshold limits authorized for use of this authority may be increased for acquisitions to support a contingency operation. (See 13.500(c)).

- 8. Amend section 18.202 by—
■ a. Removing from paragraph (c) “13.500(e))” and adding “13.500(c))” in its place; and
■ b. Revising paragraph (d).

The revision reads as follows:

**18.202 Defense or recovery from certain attacks.**

\* \* \* \* \*

(d) *Simplified procedures for certain commercial items.* The threshold limits authorized for use of this authority may be increased when it is determined the acquisition is to facilitate defense against or recovery from nuclear, biological, chemical, or radiological attack. (See 13.500(c)).

[FR Doc. 2015–16216 Filed 7–1–15; 8:45 am]

**BILLING CODE 6820–EP–P**

**DEPARTMENT OF DEFENSE**

**GENERAL SERVICES ADMINISTRATION**

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

**48 CFR Parts 15 and 52**

[FAC 2005–83; Item VII; Docket No. 2015–0052; Sequence No. 2]

**Federal Acquisition Regulation; Technical Amendments**

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

**ACTION:** Final rule.

**SUMMARY:** This document makes amendments to the Federal Acquisition Regulation (FAR) in order to make editorial changes.

**DATES:** *Effective:* July 2, 2015.

**FOR FURTHER INFORMATION CONTACT:** The Regulatory Secretariat Division (MVCB), 1800 F Street NW., 2nd Floor, Washington, DC 20405, 202–501–4755, for information pertaining to status or publication schedules. Please cite FAC 2005–83, Technical Amendments.

**SUPPLEMENTARY INFORMATION:**

In order to update certain elements in 48 CFR parts 15 and 52 this document makes editorial changes to the FAR.

**List of Subject in 48 CFR Parts 15 and 52**

Government procurement.

Dated: June 18, 2015.

**William 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 15 and 52 as set forth below:

- 1. The authority citation for 48 CFR parts 15 and 52 continues to read as follow:

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

**PART 15—CONTRACTING BY NEGOTIATION**

**15.404–2 [Amended]**

- 2. Amend section 15.404–2 by removing from paragraph (b)(2) “(see 4.807(f))” and adding “(see 4.803(a)(19))” in its place.

**PART 52—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

- 3. Amend section 52.204–16 by—
■ a. Revising the date of the provision; and

■ b. Removing from paragraph (c)(3) “[http://www.dlis.dla.mil/Forms/Form\\_AC135.asp](http://www.dlis.dla.mil/Forms/Form_AC135.asp)” and adding “<http://www.dlis.dla.mil/nato/ObtainCAGE.asp>” in its place.

The revision reads as follows:

**52.204–16 Commercial and Government Entity Code Reporting.**

\* \* \* \* \*

**Commercial and Government Entity Code Reporting (JUL 2015)**

\* \* \* \* \*

- 4. Amend section 52.204–18 by—
■ a. Revising the date of the clause; and

■ b. Removing from paragraph (d) “[http://www.dlis.dla.mil/Forms/Form\\_AC135.asp](http://www.dlis.dla.mil/Forms/Form_AC135.asp)” and adding “<http://www.dlis.dla.mil/nato/ObtainCAGE.asp>” in its place.

The revision reads as follows:

**52.204–18 Commercial and Government Entity Code Maintenance.**

\* \* \* \* \*

**Commercial and Government Entity Code Maintenance (JUL 2015)**

\* \* \* \* \*

- 5. Amend section 52.212–5, Alternate II, by revising the date of the Alternate and paragraph (e)(1)(ii)(E) to read as follows:

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

\* \* \* \* \*

*Alternate II (JUL 2015).* \* \* \*

\* \* \* \* \*

(e)(1) \* \* \*

(ii) \* \* \*

(E) 52.222–26, Equal Opportunity (Apr 2015) (E.O. 11246).

\* \* \* \* \*

[FR Doc. 2015–16217 Filed 7–1–15; 8:45 am]

**BILLING CODE 6820–EP–P**

**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;  
Small Entity Compliance Guide**

**AGENCIES:** Department of Defense (DoD), General Services Administration (GSA),

and National Aeronautics and Space Administration (NASA).  
**ACTION:** Small Entity Compliance Guide.

**SUMMARY:** This document is issued under the joint authority of DOD, GSA, and NASA. This *Small Entity Compliance Guide* has been prepared in accordance with section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996. It consists of a summary of the rules appearing in Federal Acquisition Circular (FAC) 2005–83, which amends the Federal Acquisition Regulation (FAR). An asterisk (\*) next to a rule indicates that a regulatory flexibility analysis has been prepared. Interested parties may obtain

further information regarding these rules by referring to FAC 2005–83, which precedes this document. These documents are also available via the Internet at <http://www.regulations.gov>.

**DATES:** July 2, 2015.

**FOR FURTHER INFORMATION CONTACT:** For clarification of content, contact the analyst whose name appears in the table below. Please cite FAC 2005–83 and the 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.

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