

229.7002

completed contract to JUSMG-MAAG, Spain.

(d) The contracting officer will notify JUSMG-MAAG, Spain, and HQ 16AF/LGTT of ports-of-entry and identify the customs agents who will clear property on their behalf. Additional documents required for port-of-entry and customs clearance can be obtained by contacting HQ 16AF/LGTT. This information will be passed to the Secretaria General Tecnica del Ministerio de Hacienda (Technical General Secretariat of the Ministry of Finance). A list of customs agents may be obtained from the 600 ABG, APO AE 90646.

229.7002 Tax exemption in the United Kingdom.

This section contains procedures to be followed in securing relief from the British value added tax and import duties.

229.7002-1 Value added tax.

(a) U.S. Government purchases qualifying for tax relief are equipment, materials, facilities, and services for the common defense effort and for foreign aid programs.

(b) To facilitate the resolution of issues concerning specific waivers of import duty or tax exemption for U.S. Government purchases (see 229.7002-3), contracting offices shall provide the name and activity address of personnel who have been granted warranted contracting authority to Her Majesty's (HM) Customs and Excise at the following address: HM Customs and Excise, International Customs Division G, Branch 4, Adelaide House, London Bridge, London EC4R 9DB.

229.7002-2 Import duty.

No import duty shall be paid by the United States and contract prices shall be exclusive of duty, except when the administrative cost compared to the low dollar value of a contract makes it impracticable to obtain relief from contract import duty. In this instance, the contracting officer shall document the contract file with a statement that—

(a) The administrative burden of securing tax relief under the contract

48 CFR Ch. 2 (10-1-04 Edition)

was out of proportion to the tax relief involved;

(b) It is impracticable to secure tax relief;

(c) Tax relief is therefore not being secured; and

(d) The acquisition does not involve the expenditure of any funds to establish a permanent military installation.

229.7002-3 Value added tax or import duty problem resolution.

In the event a value added tax or import duty problem cannot be resolved at the contracting officer's level, refer the issue to HQ Third Air Force, Staff Judge Advocate, Unit 4840, Box 45, APO AE 09459. Direct contact with HM Customs and Excise in London is prohibited.

229.7002-4 Information required by HM Customs and Excise.

(a) *School bus contracts.* Provide one copy of the contract and all modifications to HM Customs and Excise.

(b) *Road fuel contracts.* For contracts that involve an application for relief from duty on the road fuel used in performance of the contract, provide—

- (1) To HM Customs and Excise—
 - (i) Contract number;
 - (ii) Name and address of contractor;
 - (iii) Type of work (e.g., laundry, transportation);
 - (iv) Area of work; and
 - (v) Period of performance.
- (2) To the regional office of HM Customs and Excise to which the contractor applied for relief from the duty on road fuel—copy of the contract.

(c) *Other contracts awarded to United Kingdom firms.* Provide information when requested by HM Customs and Excise.

PART 230—COST ACCOUNTING STANDARDS ADMINISTRATION

Subpart 230.2—CAS Program Requirements

Sec.
230.201-5 Waiver.

Subpart 230.70—Facilities Capital Employed for Facilities in Use

230.7000 Contract facilities capital estimates.
230.7001 Use of DD Form 1861.
230.7001-1 Purpose.

Department of Defense

- 230.7001-2 Completion instructions.
- 230.7002 Preaward facilities capital applications.
- 230.7003 Postaward facilities capital applications.
- 230.7003-1 Interim billings based on costs incurred.
- 230.7003-2 Final settlement.
- 230.7004 Administrative procedures.
- 230.7004-1 Forms CASB-CMF.
- 230.7004-2 DD Form 1861.

Subpart 230.71—Facilities Capital Employed for Facilities Under Construction

- 230.7100 Definitions.
- 230.7101 Calculations.
- 230.7101-1 Cost of money.
- 230.7101-2 Representative investment.
- 230.7102 Determining imputed cost of money.
- 230.7103 Preaward capital employed application.

AUTHORITY: 41 U.S.C. 421 and 48 CFR chapter 1.

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

Subpart 230.2—CAS Program Requirements

230.201-5 Waiver.

- (a)(1)(A) The military departments—
 - (1) May grant CAS waivers that meet the conditions in FAR 30.201-5(b); and
 - (2) Unless otherwise authorized by the Director of Defense Procurement and Acquisition Policy, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), must submit each CAS waiver request to the Director of Defense Procurement and Acquisition Policy for review at least 14 days before granting the waiver.
- (B) DoD contracting activities that are not within a military department must submit CAS waiver requests that meet the conditions in FAR 30.201-5(b) to the Director of Defense Procurement and Acquisition Policy for approval at least 30 days before the anticipated contract award date.
- (2) The military departments must not delegate CAS waiver authority below the individual responsible for issuing contracting policy for the department.
- (e)(i) by November 15th of each year, the military departments must provide a report of all waivers granted under FAR 30.201-5(a) during the previous fis-

230.7001-2

cal year to the Director of Defense Procurement and Acquisition Policy.

- (ii) The Director of Defense Procurement and Acquisition Policy will submit a consolidated DoD report to the CAS Board.

[65 FR 36035, June 6, 2000, as amended at 68 FR 7440, Feb. 14, 2003]

Subpart 230.70—Facilities Capital Employed for Facilities in Use

230.7000 Contract facilities capital estimates.

(a) The contracting officer will estimate the facilities capital cost of money and capital employed using—

- (1) An analysis of the appropriate Forms CASB-CMF and cost of money factors; and

- (2) DD Form 1861, Contract Facilities Capital Cost of Money.

230.7001 Use of DD Form 1861.

230.7001-1 Purpose.

The DD Form 1861 provides a means of linking the Form CASB-CMF and DD Form 1547, Record of Weighted Guidelines Application. It—

- (a) Enables the contracting officer to differentiate profit objectives for various types of assets (land, buildings, equipment). The procedure is similar to applying overhead rates to appropriate overhead allocation bases to determine contract overhead costs.

- (b) Is designed to record and compute the contract facilities capital cost of money and capital employed which is carried forward to DD Form 1547.

230.7001-2 Completion instructions.

Complete a DD Form 1861 only after evaluating the contractor's cost proposal, establishing cost of money factors, and establishing a prenegotiation objective on cost. Complete the form as follows:

- (a) List overhead pools and direct-charging service centers (if used) in the same structure as they appear on the contractor's cost proposal and Form CASB-CMF. The structure and allocation base units-of-measure must be compatible on all three displays.

- (b) Extract appropriate contract overhead allocation base data, by year, from the evaluated cost breakdown or

230.7002

prenegotiation cost objective and list against each overhead pool and direct-charging service center.

(c) Multiply each allocation base by its corresponding cost of money factor to get the facilities capital cost of money estimated to be incurred each year. The sum of these products represents the estimated contract facilities capital cost of money for the year's effort.

(d) Total contract facilities cost of money is the sum of the yearly amounts.

(e) Since the facilities capital cost of money factors reflect the applicable cost of money rate in Column 1 of Form CASB-CMF, divide the contract cost of money by that same rate to determine the contract facilities capital employed.

230.7002 Preaward facilities capital applications.

To establish cost and price objectives, apply the facilities capital cost of money and capital employed, as determined under 230.7000, as follows:

(a) *Cost of Money*—(1) *Cost Objective*. Use the imputed facilities capital cost of money, with normal, booked costs, to establish a cost objective or the target cost when structuring an incentive type contract. Do not adjust target costs established at the outset even though actual cost of money rates become available during the period of contract performance.

(2) *Profit Objective*. When measuring the contractor's effort for the purpose of establishing a prenegotiation profit objective, restrict the cost base to normal, booked costs. Do not include cost of money as part of the cost base.

(b) *Facilities Capital Employed*. Assess and weight the profit objective or risk associated with facilities capital employed in accordance with the profit guidelines at 215.404-71-4.

[56 FR 36406, July 31, 1991, as amended at 63 FR 55052, Oct. 14, 1998]

230.7003 Postaward facilities capital applications.

230.7003-1 Interim billings based on costs incurred.

(a) The contractor may include contract facilities capital cost of money in

48 CFR Ch. 2 (10-1-04 Edition)

cost reimbursement and progress payment invoices. To determine the amount that qualifies as cost incurred, multiply the incurred portions of the overhead pool allocation bases by the latest available cost of money factors. These cost of money calculations are interim estimates subject to adjustment.

(b) As actual cost of money factors under CAS 414 and FAR 31.205-10 are finalized, use the new factors to calculate contract facilities cost of money for the next accounting period.

230.7003-2 Final settlement.

(a) Contract facilities capital cost of money for final cost determination or repricing is based on each year's final cost of money factors determined under CAS 414 and supported by separate Forms CASB-CMF.

(b) Separately compute contract facilities cost of money in a manner similar to yearly final overhead rates. Also like overhead costs, include in the final settlement an adjustment from interim to final contract cost of money. Do not, however, adjust estimated or target cost.

230.7004 Administrative procedures.

230.7004-1 Forms CASB-CMF.

(a) Forms CASB-CMF are normally initiated by the contractor under the same circumstances as Forward Pricing Rate Agreements (see FAR Subpart 42.17) and evaluated as complementary documents and procedures.

(b) Separate forms are required for each prospective cost accounting period of contract performance.

(c) The contractor may submit annually or with individual contract price proposals, as agreed with the administrative contracting officer (ACO).

(d) The contractor must submit a final form under CAS 414 as soon as possible after the end of each accounting period, together with a proposal for actual overhead costs and rates.

[56 FR 36406, July 31, 1991, as amended at 63 FR 55052, Oct. 14, 1998]

230.7004-2 DD Form 1861.

(a) The contracting officer may ask the ACO to complete the forms as part of field pricing support.

Department of Defense

230.7102

(b) When the Weighted Guidelines Method is used, completion of the DD Form 1861 requires information not included on the Form CASB-CMF, i.e., distribution percentages of land, building, and equipment for the business unit performing the contract. Choose the most practical method for obtaining this information, for example—

(1) Contract administration offices could obtain the information through the process used to establish factors for facilities capital cost of money or could establish advance agreements on distribution percentages for inclusion in field pricing reports;

(2) The corporate ACO could obtain distribution percentages; or

(3) The contracting officer could request the information through a solicitation provision.

Subpart 230.71—Facilities Capital Employed for Facilities Under Construction

230.7100 Definitions.

(a) *Intangible capital asset* is an asset that has no physical substance, has more than minimal value, and is expected to be held by an enterprise for continued use or possession beyond the current accounting period for the benefit it yields.

(b) *Tangible capital asset* is an asset that has physical substance, more than minimal value, and is expected to be held by an enterprise for continued use or possession beyond the current accounting period for the service it yields.

(c) *Cost of money rate* is either—

(1) The interest rate determined by the Secretary of the Treasury under Public Law 92-41 (85 Stat. 97); or

(2) The time-weighted average of the interest rate for each cost accounting period during which the asset is being constructed, fabricated, or developed.

(d) *Representative investment* is the calculated amount considered invested by the contractor during the cost accounting period to construct, fabricate, or develop the asset.

230.7101 Calculations.

230.7101-1 Cost of money.

(a) The interest rate in 230.7100(c)(1) is established semi-annually and is published in the FEDERAL REGISTER during the fourth week of December and June.

(b) To calculate the time-weighted average interest rate—

(1) Multiply the various rates in effect during the months of construction by the number of months each rate was in effect; and

(2) Divide the sum of the products by the total number of months in which the rates were experienced.

230.7101-2 Representative investment.

(a) The calculation of the representative investment requires consideration of the rate or expenditure pattern of the costs to construct, fabricate, or develop a capital asset.

(b) If a majority of the costs were incurred toward the beginning, middle, or end of the cost accounting period, the contractor shall either—

(1) Determine a representative investment amount for the cost accounting period by calculating the average of the month-end balances for that cost accounting period; or

(2) Treat month-end balances as individual representative investment amounts.

(c) If the costs were incurred in a fairly uniform expenditure pattern throughout the construction, fabrication, or development period, the contractor may—

(1) Determine a representative investment amount for the cost accounting period by averaging the beginning and ending balances of the construction, fabrication, or development cost account for the cost accounting period; or

(2) Treat month-end balances as individual representative investment amounts.

230.7102 Determining imputed cost of money.

(a) Determine the imputed cost of money for an asset under construction, fabrication, or development by applying a cost of money rate (see 230.7101-1)

230.7103

to the representative investment amount (see 230.7101-2).

(1) When a representative investment amount is determined for a cost accounting period in accordance with 230.7101-2(b)(1) or 230.7101-2(c)(1), the cost of money will be the time-weighted average rate.

(2) When a monthly representative investment amount is used in accordance with 230.7101-2(b)(2) or 230.7101-2(c)(2), the cost of money will be the interest rate in effect each month. (Under this method, the cost of money is determined monthly and the total for the cost accounting period is the sum of the monthly amounts.)

(b) The imputed cost of money will be capitalized only once in any cost accounting period, either at the end of the period or at the end of the construction, fabrication, or development period, whichever comes first.

(c) When the construction of an asset takes more than one cost accounting period, the cost of money capitalized for the first cost accounting period will be included in determining the representative investment amount for any future cost accounting periods.

230.7103 Preaward capital employed application.

An offset to the profit objectives as set forth in FAR 15.404-4 is not required for CAS 417 cost of money.

[56 FR 36406, July 31, 1991, as amended at 63 FR 55052, Oct. 14, 1998]

PART 231—CONTRACT COST PRINCIPLES AND PROCEDURES

Subpart 231.1—Applicability

Sec.

231.100 Scope of subpart.

231.100-70 Contract clause.

Subpart 231.2—Contracts With Commercial Organizations

231.205 Selected costs.

231.205-6 Compensation for personal services.

231.205-10 Cost of money.

231.205-18 Independent research and development and bid and proposal costs.

231.205-22 Legislative lobbying costs.

231.205-70 External restructuring costs.

48 CFR Ch. 2 (10-1-04 Edition)

Subpart 231.3—Contracts With Educational Institutions

231.303 Requirements.

Subpart 231.6—Contracts With State, Local, and Federally Recognized Indian Tribal Governments

231.603 Requirements.

Subpart 231.7—Contracts With Nonprofit Organizations

231.703 Requirements.

AUTHORITY: 41 U.S.C. 421 and 48 CFR chapter 1.

SOURCE: 56 FR 36408, July 31, 1991, unless otherwise noted.

Subpart 231.1—Applicability

231.100 Scope of subpart.

231.100-70 Contract clause.

Use the clause at 252.231-7000, Supplemental Cost Principles, in all solicitations and contracts which are subject to the principles and procedures described in FAR subpart 31.1, 31.2, 31.6, or 31.7.

[59 FR 27672, May 27, 1994]

Subpart 231.2—Contracts With Commercial Organizations

231.205 Selected costs.

231.205-6 Compensation for personal services.

(f)(1) In accordance with Section 8122 of Pub. L. 104-61, and similar sections in subsequent Defense appropriations acts, costs for bonuses or other payments in excess of the normal salary paid by the contractor to an employee, that are part of restructuring costs associated with a business combination, are unallowable under DoD contracts funded by fiscal year 1996 or subsequent appropriations. This limitation does not apply to severance payments or early retirement incentive payments. (See 231.205-70(b) for the definitions of