

**Subpart 232.71—Levies on Contract Payments**

SOURCE: 70 FR 52032, Sept. 1, 2005, unless otherwise noted.

**232.7100 Scope of subpart.**

This subpart prescribes policies and procedures concerning the effect of levies pursuant to 26 U.S.C. 6331(h) on contract payments. The Internal Revenue Service (IRS) is authorized to levy up to 100 percent of all payments made under a DoD contract, up to the amount of the tax debt.

**232.7101 Policy and procedures.**

(a) The contracting officer shall require the contractor to—

(1) Promptly notify the contracting officer when a levy may result in an inability to perform the contract; and

(2) Advise the contracting officer whether the inability to perform may adversely affect national security.

(b) The contracting officer shall promptly notify the Director, Defense Procurement and Acquisition Policy (DPAP), when the contractor's inability to perform will adversely affect national security or will result in significant additional costs to the Government. Follow the procedures at PGI 232.7101(b) for reviewing the contractor's rationale and submitting the required notification.

(c) The Director, DPAP, will promptly evaluate the contractor's rationale and will notify the IRS, the contracting officer, and the payment office, as appropriate, in accordance with the procedures at PGI 232.7101(c).

(d) The contracting officer shall then notify the contractor in accordance with paragraph (c) of the clause at 252.232-7010 and in accordance with the procedures at PGI 232.7101(d).

[71 FR 69492, Dec. 1, 2006]

**232.7102 Contract clause.**

Use the clause at 252.232-7010, Levies on Contract Payments, in all solicitations and contracts other than those for micro-purchases.

[71 FR 69492, Dec. 1, 2006]

**PART 233—PROTESTS, DISPUTES, AND APPEALS**

**Subpart 233.2—Disputes and Appeals**

Sec.

233.204-70 Limitations on payment.

233.210 Contracting officer's authority.

233.215 Contract clause.

233.215-70 Additional contract clause.

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

SOURCE: 56 FR 36416, July 31, 1991, unless otherwise noted.

**Subpart 233.2—Disputes and Appeals**

**233.204-70 Limitations on payment.**

See 10 U.S.C. 2410(b) for limitations on Congressionally directed payment of a claim under the Contract Disputes Act of 1978, a request for equitable adjustment to contract terms, or a request for relief under Pub. L. 85-804.

[63 FR 11537, Mar. 9, 1998]

**233.210 Contracting officer's authority.**

See PGI 233.210 for guidance on reviewing a contractor's claim.

[72 FR 6485, Feb. 12, 2007]

**233.215 Contract clause.**

Use Alternate I of the clause at FAR 52.233-1, Disputes, when—

(1) The acquisition is for—

- (i) Aircraft
- (ii) Spacecraft and launch vehicles
- (iii) Naval vessels
- (iv) Missile systems
- (v) Tracked combat vehicles
- (vi) Related electronic systems;

(2) The contracting officer determines that continued performance is—

- (i) Vital to the national security, or
- (ii) Vital to the public health and welfare; or

(3) The head of the contracting activity determines that continued performance is necessary pending resolution of any claim that might arise under or be related to the contract.

[56 FR 36416, July 31, 1991. Redesignated at 62 FR 34126, June 24, 1997]

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**233.215-70 Additional contract clause.**

Use the clause at 252.233-7001, Choice of Law (Overseas), in solicitations and contracts when contract performance will be outside the United States and

its outlying areas, unless otherwise provided for in a government-to-government agreement.

[70 FR 35545, June 21, 2005]