**Federal Acquisition Regulation**

**Federal Acquisition Circular 2005-83 Summary of Rules**

FAC 2005-83

Item Subject FAR Case

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**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.

•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.

**Item III – Update to Product and Service Codes (FAR Case 2015-008)**

This final rule revises 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.

**Item IV-- Clarification on Justification for Urgent Noncompetitive Awards Exceeding One Year (FAR Case 2014-020)**

This final rule amends the FAR (6.302-2) 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. 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 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. 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.

**Item VI** -- **Permanent Authority for Use of Simplified Acquisition Procedures for Certain Commercial Items (FAR Case 2015-010)**

This final rule amends 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) 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).

**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).