52.232-25 Prompt Payment.

As prescribed in 32.908(c), insert the following clause:

Prompt Payment (Jan 2017)

Notwithstanding any other payment clause in this contract, the Government will make *invoice* payments under the terms and conditions specified in this clause. The Government considers payment as being made on the *day* a check is dated or the date of an *electronic funds transfer (EFT*). Definitions of pertinent terms are set forth in sections 2.101, 32.001, and 32.902 of the Federal *Acquisition* Regulation. All days referred to in this clause are calendar days, unless otherwise specified. (However, see paragraph (a)(4) of this clause concerning payments due on Saturdays, Sundays, and legal holidays.)

(a) *Invoice* payments-

(1) Due date.

(i) Except as indicated in paragraphs (a)(2) and (c) of this clause, the due date for making *invoice* payments by the designated payment office is the later of the following two events:

(A) The 30 thday after the designated billing office receives a *proper invoice* from the Contractor (except as provided in paragraph (a)(1)(ii) of this clause).

(B) The 30 thday after Government acceptance of *supplies* delivered or services performed. For a final *invoice*, when the payment amount is subject to contract settlement actions, acceptance is deemed to occur on the effective date of the contract settlement.

(ii) If the designated billing office fails to annotate the *invoice* with the actual date of receipt at the time of receipt, the *invoice* payment due date is the 30 thday after the date of the Contractor's *invoice*, provided the designated billing office receives a *proper invoice* and there is no disagreement over quantity, quality, or Contractor compliance with contract requirements.

(2) Certain food *products* and other payments.

(i) Due dates on Contractor *invoices* for meat, meat food *products*, or fish; perishable agricultural commodities; and dairy *products*, edible fats or oils, and food *products* prepared from edible fats or oils are-

(A) For meat or meat food *products*, as defined in section 2(a)(3) of the Packers and Stockyard Act of1921 (7 U.S.C. 182(3)), and as further defined in Pub.L.98-181, including any edible fresh or frozen poultry meat, any perishable poultry meat food product, fresh eggs, and any perishable egg product, as close as possible to, but not later than, the 7 thday after product delivery.

(B) For fresh or frozen fish, as defined in section 204(3) of the Fish and Seafood Promotion Act of1986 (16 U.S.C. 4003(3)), as close as possible to, but not later than, the 7 thday after product delivery.

(C) For perishable agricultural commodities, as defined in section 1(4) of the Perishable Agricultural

Commodities Act of1930 (7 U.S.C. 499a(4)), as close as possible to, but not later than, the 10 thday after product delivery, unless another date is specified in the contract.

(D) For dairy *products*, as defined in section 111(e) of the Dairy Production Stabilization Act of1983 (7 U.S.C. 4502(e)), edible fats or oils, and food *products* prepared from edible fats or oils, as close as possible to, but not later than, the 10 thday after the date on which a *proper invoice* has been received. Liquid milk, cheese, certain processed cheese *products*, butter, yogurt, ice cream, mayonnaise, salad dressings, and other similar *products*, fall within this classification. Nothing in the Act limits this classification to refrigerated *products*. When questions arise regarding the proper classification of a specific product, prevailing industry practices will be followed in specifying a contract payment due date. The burden of proof that a classification of a specific product is, in fact, prevailing industry practice is upon the Contractor making the representation.

(ii) If the contract does not require submission of an *invoice* for payment (*e.g.,* periodic lease payments), the due date will be as specified in the contract.

(3) *Contractor's invoice*. The Contractor *shall* prepare and submit *invoices* to the designated billing office specified in the contract. A *proper invoice must* include the items listed in paragraphs (a)(3)(i) through (a)(3)(x) of this clause. If the *invoice* does not comply with these requirements, the designated billing office will return it within 7 days after receipt (3 days for meat, meat food *products*, or fish; 5 days for perishable agricultural commodities, dairy *products*, edible fats or oils, and food *products* prepared from edible fats or oils), with the reasons why it is not a *proper invoice*. The Government will take into account untimely notification when computing any interest penalty owed the Contractor.

(i) Name and address of the Contractor.

(ii) *Invoice* date and *invoice* number. (The Contractor *should* date *invoices* as close as possible to the date of the mailing or transmission.)

(iii) Contract number or other authorization for *supplies* delivered or services performed (including order number and *line item number*).

(iv) Description, quantity, unit of measure, unit price, and extended price of *supplies* delivered or services performed.

(v) Shipping and payment terms (*e.g., shipment* number and date of *shipment*, discount for prompt payment terms). Bill of lading number and weight of *shipment* will be shown for *shipments* on Government bills of lading.

(vi) Name and address of Contractor official to whom payment is to be sent (*must* be the same as that in the contract or in a proper notice of assignment).

(vii) Name (where practicable), title, phone number, and mailing address of person to notify in the event of a defective *invoice*.

(viii) *Taxpayer Identification Number (TIN*). The Contractor *shall* include its TIN on the *invoice* only if required elsewhere in this contract.

(ix) *Electronic funds transfer (EFT*) banking information.

(A) The Contractor *shall* include EFT banking information on the *invoice* only if required elsewhere in this contract.

(B) If EFT banking information is not required to be on the *invoice*, in order for the *invoice* to be a *proper invoice*, the Contractor *shall* have submitted correct EFT banking information in accordance with the applicable *solicitation* provision (*e.g.,* 52.232-38, Submission of *Electronic Funds Transfer* Information with *Offer*), *contract clause* (*e.g.,* 52.232-33, Payment by *Electronic Funds Transfer-System for Award Management*, or 52.232-34, Payment by *Electronic Funds Transfer*-Other Than *System for Award Management*), or applicable agency procedures.

(C) EFT banking information is not required if the Government waived the requirement to pay by EFT.

(x) Any other information or documentation required by the contract (*e.g.,* evidence of *shipment*).

(4) *Interest penalty*. The designated payment office will pay an interest penalty automatically, without request from the Contractor, if payment is not made by the due date and the conditions listed in paragraphs (a)(4)(i) through (a)(4)(iii) of this clause are met, if applicable. However, when the due date falls on a Saturday, Sunday, or legal holiday, the designated payment office *may* make payment on the following working *day* without incurring a late payment interest penalty.

(i) The designated billing office received a *proper invoice*.

(ii) The Government processed a *receiving report* or other Government documentation authorizing payment, and there was no disagreement over quantity, quality, or Contractor compliance with any contract term or condition.

(iii) In the case of a final *invoice* for any balance of funds due the Contractor for *supplies* delivered or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(5) *Computing penalty amount*. The Government will compute the interest penalty in accordance with the Office of Management and Budget prompt payment regulations at 5 CFR Part 1315.

(i) For the sole purpose of computing an interest penalty that might be due the Contractor, Government acceptance is deemed to occur constructively on the 7 thday (unless otherwise specified in this contract) after the Contractor delivers the *supplies* or performs the services in accordance with the terms and conditions of the contract, unless there is a disagreement over quantity, quality, or Contractor compliance with a contract provision. If actual acceptance occurs within the constructive acceptance period, the Government will base the determination of an interest penalty on the actual date of acceptance. The constructive acceptance requirement does not, however, compel Government officials to accept *supplies* or services, perform contract administration functions, or make payment prior to fulfilling their responsibilities.

(ii) The prompt payment regulations at 5 CFR1315.10(c) do not require the Government to pay interest penalties if payment delays are due to disagreement between the Government and the Contractor over the payment amount or other issues involving contract compliance, or on amounts temporarily withheld or retained in accordance with the terms of the contract. The Government and the Contractor *shall* resolve *claims* involving disputes and any interest that *may* be payable in accordance with the clause at FAR 52.233-1, Disputes.

(6) *Discounts for prompt payment*. The designated payment office will pay an interest penalty automatically, without request from the Contractor, if the Government takes a discount for prompt payment improperly. The Government will calculate the interest penalty in accordance with the prompt payment regulations at 5 CFR Part 1315.

(7) Additional interest penalty.

(i) The designated payment office will pay a penalty amount, calculated in accordance with the prompt payment regulations at 5 CFR Part 1315 in addition to the interest penalty amount only if-

(A) The Government owes an interest penalty of $1 or more;

(B) The designated payment office does not pay the interest penalty within 10 days after the date the *invoice* amount is paid; and

(C) The Contractor makes a written demand to the designated payment office for additional penalty payment, in accordance with paragraph (a)(7)(ii) of this clause, postmarked not later than 40 days after the *invoice* amount is paid.

(ii)

(A) The Contractor *shall* support written demands for additional penalty payments with the following data. The Government will not request any additional data. The Contractor *shall*-

(1) Specifically assert that late payment interest is due under a specific *invoice*, and request payment of all overdue late payment interest penalty and such additional penalty as *may* be required;

(2) Attach a copy of the *invoice* on which the unpaid late payment interest is due; and

(3) State that payment of the principal has been received, including the date of receipt.

(B) If there is no postmark or the postmark is illegible-

(1) The designated payment office that receives the demand will annotate it with the date of receipt, provided the demand is received on or before the 40th *day* after payment was made; or

(2) If the designated payment office fails to make the required annotation, the Government will determine the demand's validity based on the date the Contractor has placed on the demand, provided such date is no later than the 40th *day* after payment was made.

(iii) The additional penalty does not apply to payments regulated by other Government regulations (*e.g.,* payments under utility contracts subject to tariffs and regulation).

(b) *Contract financing payment*. If this contract provides for contract financing, the Government will make contract financing payments in accordance with the applicable contract financing clause.

(c) *Fast payment procedure due dates*. If this contract contains the clause at 52.213-1, Fast Payment Procedure, payments will be made within 15 days after the date of receipt of the *invoice*.

(d) *Overpayments*. If the Contractor becomes aware of a duplicate contract financing or *invoice* payment or that the Government has otherwise overpaid on a contract financing or *invoice* payment, the Contractor *shall*-

(1) Remit the overpayment amount to the payment office cited in the contract along with a description of the overpayment including the-

(i) Circumstances of the overpayment (*e.g.*, duplicate payment, erroneous payment, liquidation

errors, date(s) of overpayment);

(ii) Affected contract number and *delivery order* number if applicable;

(iii) Affected *line item* or *subline item*, if applicable; and

(iv) Contractor point of contact.

(2) Provide a copy of the remittance and supporting documentation to the *Contracting Officer*.

(End of clause)

Alternate I (Feb 2002). As prescribed in 32.908 (c)(3), add the following paragraph (e) to the basic clause:

(e) *Invoices for interim payments*. For interim payments under this cost-reimbursement contract for services-

(1) Paragraphs (a)(2), (a)(3), (a)(4)(ii), (a)(4)(iii), and (a)(5)(i) do not apply;

(2) For purposes of computing late payment interest penalties that *may* apply, the due date for payment is the 30 thday after the designated billing office receives a *proper invoice*; and

(3) The contractor *shall* submit *invoices* for interim payments in accordance with paragraph (a) of FAR 52.216-7, Allowable Cost and Payment. If the *invoice* does not comply with contract requirements, it will be returned within 7 days after the date the designated billing office received the *invoice*.

Parent topic: 52.232 [Reserved]