

25.106 Determining reasonableness of cost.

(a) The *contracting officer*—

(1) *Must* use the evaluation factors in paragraphs (b) and (c) of this section unless the *head of the agency* makes a written determination that the use of higher factors is more appropriate. If the determination applies to all agency *acquisitions*, the agency evaluation factors *must* be published in agency regulations; and

(2) *Must* not apply evaluation factors to *offers* of *eligible products* if the *acquisition* is subject to a trade agreement under [subpart 25.4](#).

(b) *For end products that are not critical items and do not contain critical components.*

(1)

(i) If there is a *domestic offer* that is not the *low offer*, and the restrictions of the Buy American statute apply to the *low offer*, the *contracting officer must* determine the reasonableness of the cost of the *domestic offer* by adding to the price of the *low offer*, inclusive of duty—

(A) 20 percent, if the lowest *domestic offer* is from a large business concern; or

(B) 30 percent, if the lowest *domestic offer* is from a small business concern. The *contracting officer must* use this factor, or another factor established in agency regulations, in small business set-asides if the *low offer* is from a small business concern offering the product of a small business concern that is not a *domestic end product* (see [subpart 19.5](#)).

(ii) The price of the *domestic offer* is reasonable if it does not exceed the evaluated price of the *low offer* after addition of the appropriate evaluation factor in accordance with paragraph (a) or (b)(1)(i) of this section. See evaluation procedures at [subpart 25.5](#).

(2)

(i) *For end products* that are not COTS items and do not consist wholly or predominantly of iron or *steel* or a combination of both, if the procedures in paragraph (b)(1)(i) of this section result in an unreasonable cost determination for the *domestic offer* or there is no *domestic offer* received, and the *low offer* is for a *foreign end product* that does not exceed 55 percent domestic content, the *contracting officer shall*—

(A) Treat the lowest *offer* of a *foreign end product* that is manufactured in the United States and exceeds 55 percent domestic content as a *domestic offer*; and

(B) Determine the reasonableness of the cost of this *offer* by applying the evaluation factors listed in paragraph (b)(1)(i) of this section to the *low offer*.

(ii) The price of the lowest *offer* of a *foreign end product* that exceeds 55 percent domestic content is reasonable if it does not exceed the evaluated price of the *low offer* after addition of the appropriate evaluation factor in accordance with paragraph (a) or (b)(1)(i) of this section. See evaluation procedures at [subpart 25.5](#).

(iii) The procedures in this paragraph (b)(2) will no longer apply as of January 1, 2030.

(c) *For end products that are critical items or contain critical components.*

(1)

(i) If there is a *domestic offer* that is not the *low offer*, and the restrictions of the Buy American statute apply to the *low offer*, the *contracting officer shall* determine the reasonableness of the cost of the *domestic offer* by adding to the price of the *low offer*, inclusive of duty—

(A) 20 percent, plus the additional preference factor identified for the *critical item* or *end product* containing *critical components* listed at section [25.105](#), if the lowest *domestic offer* is from a large business concern; or

(B) 30 percent, plus the additional preference factor identified for the *critical item* or *end product* containing *critical components* listed at section [25.105](#), if the lowest *domestic offer* is from a small business concern. The *contracting officer shall* use this factor, or another factor established in agency regulations, in small business set-asides if the *low offer* is from a small business concern offering the product of a small business concern that is not a *domestic end product* (see [subpart 19.5](#)).

(ii) The price of the *domestic offer* is reasonable if it does not exceed the evaluated price of the *low offer* after addition of the appropriate evaluation factor in accordance with paragraph (a) or (b) of this section. See evaluation procedures at [subpart 25.5](#).

(2)

(i) For *end products* that are not COTS items and do not consist wholly or predominantly of iron or *steel* or a combination of both, if the procedures in paragraph (c)(1)(ii) of this section result in an unreasonable cost determination for the *domestic offer* or there is no *domestic offer* received, and the *low offer* is for a *foreign end product* that does not exceed 55 percent domestic content, the *contracting officer shall*—

(A) Treat the lowest *offer* of a *foreign end product* that is manufactured in the United States and exceeds 55 percent domestic content as a *domestic offer*; and

(B) Determine the reasonableness of the cost of this *offer* by applying the evaluation factors listed in paragraph (c)(1) of this section to the *low offer*.

(ii) The price of the lowest *offer* of a *foreign end product* that exceeds 55 percent domestic content is reasonable if it does not exceed the evaluated price of the *low offer* after addition of the appropriate evaluation factor in accordance with paragraph (a) or (b) of this section. See evaluation procedures at [subpart 25.5](#).

(iii) The procedures in this paragraph (c)(2) will no longer apply as of January 1, 2030.

Parent topic: [Subpart 25.1 - Buy American-Supplies](#)