

32.001 Definitions.

As used in this part—

Commercial interim payment means any payment that is not a commercial advance payment or a *delivery payment*. These payments are *contract financing payments* for prompt payment purposes (*i.e.*, not subject to the interest penalty provisions of the Prompt Payment Act in accordance with [subpart 32.9](#)). A commercial interim payment is given to the contractor after some work has been done, whereas a commercial advance payment is given to the contractor when no work has been done.

Contract action means an action resulting in a contract, as defined in [subpart 2.1](#), including actions for additional *supplies* or services outside the existing contract scope, but not including actions that are within the scope and under the terms of the existing contract, such as *contract modifications* issued pursuant to the Changes clause, or funding and other administrative changes.

Contract financing payment means an authorized Government disbursement of monies to a contractor prior to acceptance of *supplies* or services by the Government.

(1) *Contract financing payments* include-

- (i) Advance payments;
- (ii) Performance-based payments;
- (iii) Commercial advance and interim payments;
- (iv) Progress payments based on cost under the clause at [52.232-16](#), Progress Payments;
- (v) Progress payments based on a percentage or stage of completion (see [32.102\(e\)](#)), except those made under the clause at [52.232-5](#), Payments Under Fixed-Price *Construction* Contracts, or the clause at [52.232-10](#), Payments Under Fixed-Price Architect-Engineer Contracts; and
- (vi) Interim payments under a cost reimbursement contract, except for a cost reimbursement contract for services when *Alternate I* of the clause at [52.232-25](#), Prompt Payment, is used.

(2) *Contract financing payments* do not include-

- (i) *Invoice payments*;
- (ii) Payments for partial deliveries; or
- (iii) Lease and rental payments.

Customary contract financing means that financing deemed by an agency to be available for routine use by *contracting officers*. Most *customary contract financing* arrangements *should* be usable by *contracting officers* without specific reviews or approvals by higher management.

Delivery payment means a payment for accepted *supplies* or services, including payments for accepted partial deliveries. Commercial financing payments are liquidated by deduction from these

payments. *Delivery payments* are *invoice payments* for prompt payment purposes.

Designated billing office means the office or person (governmental or nongovernmental) designated in the contract where the contractor first submits *invoices* and contract financing requests. The contract might designate different offices to receive *invoices* and contract financing requests. The *designated billing office* might be-

- (1) The Government disbursing office;
- (2) The *contract administration office*;
- (3) The office accepting the *supplies* delivered or services performed by the contractor;
- (4) The contract audit office; or
- (5) A nongovernmental agent.

Designated payment office means the office designated in the contract to make *invoice payments* or *contract financing payments*. Normally, this will be the Government disbursing office.

Due date means the date on which payment *should* be made.

Invoice payment means a Government disbursement of monies to a contractor under a contract or other authorization for *supplies* or services accepted by the Government.

Invoice payments include-

Payments for partial deliveries that have been accepted by the Government;

Final cost or fee payments where amounts owed have been settled between the Government and the contractor;

For purposes of subpart 32.9 only, all payments made under the clause at 52.232-5, Payments Under Fixed-Price *Construction* Contracts, and the clause at 52.232-10, Payments Under Fixed-Price Architect-Engineer Contracts; and

Interim payments under a cost-reimbursement contract for services when *Alternate I* of the clause at 52.232-25, Prompt Payment, is used

Invoice payments do not include *contract financing payments*.

Liquidate means to decrease a payment for an accepted supply item or service under a contract for the purpose of recouping financing payments previously paid to the contractor.

Unusual contract financing means any financing not deemed *customary contract financing* by the agency. *Unusual contract financing* is financing that is legal and proper under applicable laws, but that the agency has not authorized *contracting officers* to use without specific reviews or approvals by higher management.

Parent topic: Part 32 - Contract Financing