

## 32.606 Debt collection.

(a) If the contractor has not liquidated the debt within 30 days of the date due or requested installment payments or deferment of collection, the payment office *shall* initiate withholding of principal, interest, penalties, and administrative charges. In the event the contract is assigned under the *Assignment of Claims Act of 1940* ([31 U.S .C. 3727](#) and [41U.S .C. 6305](#)), the rights of the assignee will be scrupulously respected and withholding of payments *shall* be consistent with those rights. For additional information on *assignment of claims*, see [subpart 32.8](#).

(b) As provided for in the Debt Collection Improvement Act of 1996 ([31 U.S .C. 3711\(g\)\(1\)](#)), payment offices are required to transfer any debt that is delinquent more than 180 days to the Department of Treasury for collection.

(c) The *contracting officer shall* periodically follow up with the payment office to determine whether the debt has been collected and credited to the correct appropriation(s).

**Parent topic:** [Subpart 32.6 - Contract Debts](#)