32.607 Installment payments and deferment of collection.

(a) The *contracting officer shall* not approve or deny a contractor’s request for installment payments or deferment of collections. The office designated in agency procedures is responsible for approving or denying requests for installment payments or deferment of collections.

(b) If a contractor has not appealed the debt or filed an action under the Disputes clause of the contract and the contractor has submitted a proposal for debt deferment or installment payments-

(1) The office designated in agency procedures *may* arrange for deferment/installment payments if the contractor is unable to pay at once in full or the contractor’s operations under *national defense* contracts would be seriously impaired. The arrangement *shall* include appropriate covenants and securities and *should* be limited to the shortest practicable maturity; and

(2) The deferment/installment agreement *shall* include a specific schedule or plan for payment. It *should* permit the Government to make periodic financial reviews of the contractor and to require payments earlier than required by the agreement if the Government considers the contractor’s ability to pay improved. It *should* also provide for required stated or measurable payments on the occurrence of specific events or contingencies that improve the contractor’s ability to pay.

(c) If not already applicable under the contract terms, interest on contract debt *shall* be made an element of any agreement entered into for installment payments or deferment of collection.

- **32.607-1 Installment payments.**
- **32.607-2 Deferment of collection.**

Parent topic: Subpart 32.6 - Contract Debts