

32.607-2 Deferment of collection.

(a) All requests for deferment of collection *must* be submitted *in writing* to the *contracting officer*.

(1) If the contractor has appealed the debt under the procedures of the Disputes clause of the contract, the information with the request for deferment *may* be limited to an explanation of the contractor's financial condition.

(2) Actions filed by contractors under the Disputes Clause *shall* not suspend or delay collection.

(3) If there is no appeal pending or action filed under the Disputes clause of the contract, the following information about the contractor *should* be submitted with the request:

(i) Financial condition.

(ii) Contract backlog.

(iii) Projected cash receipts and requirements.

(iv) The feasibility of immediate payment of the debt.

(v) The probable effect on operations of immediate payment in full.

(b) Upon receipt of the contractor's written request, the *contracting officer shall* promptly provide a notification to the payment office and advise the payment office that the contractor's request is under consideration.

(c)

(1) The *contracting officer should* consider any information necessary to develop a recommendation on the deferment request.

(2) The *contracting officer shall* forward the following to the office designated in agency procedures for a decision:

(i) A copy of the contractor's request for a deferment of collection.

(ii) A written recommendation on the request and the basis for the recommendation including the advisability of deferment to avoid possible overcollections.

(iii) A statement as to whether the contractor has an appeal pending or action filed under the Disputes clause of the contract and the docket number if the appeal has been filed.

(iv) A copy of the *contracting officer's* final decision (see [32.605](#)).

(d) The office designated in agency procedures *may* authorize a deferment pending the resolution of appeal to avoid possible overcollections. The agency is required to use unexpired funds to pay interest on overcollections.

(e) Deferments pending disposition of appeal *may* be granted to small business concerns and financially weak contractors, balancing the need for Government security against loss and undue hardship on the contractor.

(f) The deferment agreement *shall* not provide that a *claim* of the Government will not become due and payable pending mutual agreement on the amount of the *claim* or, in the case of a dispute, until the decision is reached.

(g) At a minimum, the deferment agreement *shall* contain the following:

(1) A description of the debt.

(2) The date of first demand for payment.

(3) Notice of an interest charge, in conformity with [32.608](#) and the FAR clause at [52.232-17](#), Interest; or, in the case of a debt arising from a defective *pricing* or a CAS noncompliance overpayment, interest, as prescribed by the applicable Price Reduction for Defective *Certified Cost or Pricing Data* or CAS clause (see [32.607\(c\)](#)).

(4) Identification of the office to which the contractor is to send debt payments.

(5) A requirement for the contractor to submit financial information requested by the Government and for reasonable access to the contractor's records and property by Government representatives.

(6) Provision for the Government to terminate the deferment agreement and accelerate the maturity of the debt if the contractor defaults or if bankruptcy or insolvency proceedings are instituted by or against the contractor.

(7) Protective requirements that are considered by the Government to be prudent and feasible in the specific circumstances. The coverage of protective terms at [32.409](#) and [32.501-5](#) *may* be used as a guide.

(h) If a contractor appeal of the debt determination is pending, the deferment agreement *shall* also include a requirement that the contractor *shall*-

(1) Diligently prosecute the appeal; and

(2) Pay the debt in full when the appeal is decided, or when the parties reach agreement on the debt amount.

(i) The deferment agreement *may* provide for the right to make early payments without prejudice, for refund of overpayments, and for crediting of interest.

Parent topic: [32.607](#) *Installment payments and deferment of collection.*