32.904 Determining payment due dates.

(a) *General.* Agency procedures must ensure that, when specifying *due dates, contracting officers* give full consideration to the time reasonably required by Government officials to fulfill their administrative responsibilities under the contract.

(b) *Payment due dates.* Except as prescribed in paragraphs (c) through (f) of this section, or as authorized in 32.908(a)(2) or (c)(2), the due date for making an invoice payment is as follows:

(1) The later of the following two events:

(i) The 30th day after the designated billing office receives a proper invoice from the contractor (except as provided in paragraph (b)(3) of this section).

(ii) The 30th day after Government acceptance of supplies delivered or services performed.

(A) For a final invoice, when the payment amount is subject to contract settlement actions, acceptance is deemed to occur on the effective date of the contract settlement.

(B) For the sole purpose of computing an interest penalty that might be due the contractor:

(1) Government acceptance is deemed to occur constructively on the 7th day after the contractor delivers supplies or performs services in accordance with the terms and conditions of the contract, unless there is a disagreement over quantity, quality, or contractor compliance with a contract requirement;

(2) If actual acceptance occurs within the constructive acceptance period, the Government must base the determination of an interest penalty on the actual date of acceptance;

(3) The constructive acceptance requirement does not compel Government officials to accept supplies or services, perform contract administration functions, or make payment prior to fulfilling their responsibilities; and

(4) Except for a contract for the purchase of a commercial product or commercial service, including a brand-name commercial product for authorized resale (e.g., commissary items), the contracting officer may specify a longer period for constructive acceptance in the solicitation and resulting contract, if required to afford the Government a reasonable opportunity to inspect and test the supplies furnished or to evaluate the services performed. The contracting officer must document in the contract file the justification for extending the constructive acceptance period beyond 7 days. Extended acceptance periods must not be a routine agency practice and must be used only when necessary to permit proper Government inspection and testing of the supplies delivered or services performed.

(2) If the contract does not require submission of an invoice for payment (e.g., periodic lease payments), the contracting officer must specify the due date in the contract.

(3) If the designated billing office fails to annotate the invoice with the actual date of receipt at the time of receipt, the invoice payment due date is the 30th day after the date of the contractor’s invoice, provided the designated billing office receives a proper invoice and there is no disagreement over quantity, quality, or contractor compliance with contract requirements.
(c) Architect-engineer contracts.

(1) The due date for making payments on contracts that contain the clause at 52.232-10, Payments Under Fixed-Price Architect-Engineer Contracts, is as follows:

   (i) The due date for work or services completed by the contractor is the later of the following two events:

       (A) The 30 th day after the designated billing office receives a proper invoice from the contractor.

       (B) The 30 th day after Government acceptance of the work or services completed by the contractor.

   (1) For a final invoice, when the payment amount is subject to contract settlement actions (e.g., release of claims), acceptance is deemed to occur on the effective date of the settlement.

   (2) For the sole purpose of computing an interest penalty that might be due the contractor, Government acceptance is deemed to occur constructively on the 7 th day after the contractor completes the work or services in accordance with the terms and conditions of the contract (see also paragraph (c)(2) of this section). If actual acceptance occurs within the constructive acceptance period, the Government must base the determination of an interest penalty on the actual date of acceptance.

   (ii) The due date for progress payments is the 30 th day after Government approval of contractor estimates of work or services accomplished. For the sole purpose of computing an interest penalty that might be due the contractor-

       (A) Government approval is deemed to occur constructively on the 7 th day after the designated billing office receives the contractor estimates (see also paragraph (c)(2) of this section).

       (B) If actual approval occurs within the constructive approval period, the Government must base the determination of an interest penalty on the actual date of approval.

   (iii) If the designated billing office fails to annotate the invoice or payment request with the actual date of receipt at the time of receipt, the payment due date is the 30 th day after the date of the contractor’s invoice or payment request, provided the designated billing office receives a proper invoice or payment request and there is no disagreement over quantity, quality, or contractor compliance with contract requirements.

   (2) The constructive acceptance and constructive approval requirements described in paragraphs (c)(1)(i) and (ii) of this section are conditioned upon receipt of a proper payment request and no disagreement over quantity, quality, contractor compliance with contract requirements, or the requested progress payment amount. These requirements do not compel Government officials to accept work or services, approve contractor estimates, perform contract administration functions, or make payment prior to fulfilling their responsibilities. The contracting officer may specify a longer period for constructive acceptance or constructive approval, if required to afford the Government a reasonable opportunity to inspect and test the supplies furnished or to evaluate the services performed. The contracting officer must document in the contract file the justification for extending the constructive acceptance or approval period beyond 7 days.
(d) Construction contracts.

(1) The due date for making payments on construction contracts is as follows:

   (i) The due date for making progress payments based on contracting officer approval of
       the estimated amount and value of work or services performed, including payments for reaching
       milestones in any project, is 14 days after the designated billing office receives a proper payment
       request.

       (A) If the designated billing office fails to annotate the payment request with the actual
           date of receipt at the time of receipt, the payment due date is the 14 thday after the date of the
           contractor’s payment request, provided the designated billing office receives a proper payment
           request and there is no disagreement over quantity, quality, or contractor compliance with contract
           requirements.

       (B) The contracting officer may specify a longer period in the solicitation and resulting
           contract if required to afford the Government a reasonable opportunity to adequately inspect the
           work and to determine the adequacy of the contractor’s performance under the contract. The
           contracting officer must document in the contract file the justification for extending the due date
           beyond 14 days.

   (C) The contracting officer must not approve progress payment requests unless the
       certification and substantiation of amounts requested are provided as required by the clause at
       52.232-5, Payments Under Fixed-Price Construction Contracts.

       (ii) The due date for payment of any amounts retained by the contracting officer in
           accordance with the clause at 52.232-5, Payments Under Fixed-Price Construction Contracts, will be
           as specified in the contract or, if not specified, 30 days after approval by the contracting officer for
           release to the contractor. The contracting officer must base the release of retained amounts on the
           contracting officer’s determination that satisfactory progress has been made.

       (iii) The due date for final payments based on completion and acceptance of all work
           (including any retained amounts), and payments for partial deliveries that have been accepted by the
           Government (e.g., each separate building, public work, or other division of the contract for which
           the price is stated separately in the contract) is as follows:

           (A) The later of the following two events:

               (1) The 30 thday after the designated billing office receives a proper invoice from
                   the contractor.

               (2) The 30 thday after Government acceptance of the work or services completed by
                   the contractor. For a final invoice, when the payment amount is subject to contract settlement
                   actions (e.g., release of contractor claims), acceptance is deemed to occur on the effective date of
                   the contract settlement.

           (B) If the designated billing office fails to annotate the invoice with the actual date of
               receipt at the time of receipt, the invoice payment due date is the 30 thday after the date of the
               contractor’s invoice, provided the designated billing office receives a proper invoice and there is no
               disagreement over quantity, quality, or contractor compliance with contract requirements.

       (2) For the sole purpose of computing an interest penalty that might be due the contractor for
           payments described in paragraph (d)(1)(iii) of this section-
Government acceptance or approval is deemed to occur constructively on the 7th day after the contractor completes the work or services in accordance with the terms and conditions of the contract, unless there is a disagreement over quantity, quality, contractor compliance with a contract requirement, or the requested amount;

(ii) If actual acceptance occurs within the constructive acceptance period, the Government must base the determination of an interest penalty on the actual date of acceptance;

(iii) The constructive acceptance requirement does not compel Government officials to accept work or services, approve contractor estimates, perform contract administration functions, or make payment prior to fulfilling their responsibilities; and

(iv) The contracting officer may specify a longer period for constructive acceptance or constructive approval in the solicitation and resulting contract, if required to afford the Government a reasonable opportunity to adequately inspect the work and to determine the adequacy of the contractor’s performance under the contract. The contracting officer must document in the contract file the justification for extending the constructive acceptance or approval beyond 7 days.

(3) Construction contracts contain special provisions concerning contractor payments to subcontractors, along with special contractor certification requirements. The Office of Management and Budget has determined that these certifications must not be construed as final acceptance of the subcontractor’s performance. The certification in 52.232-5(c) implements this determination; however, certificates are still acceptable if the contractor deletes paragraph (c)(4) of 52.232-5 from the certificate.

(4)

(i) Paragraph (d) of the clause at 52.232-5, Payments under Fixed-Price Construction Contracts, and paragraph (e)(6) of the clause at 52.232-27, Prompt Payment for Construction Contracts, provide for the contractor to pay interest on unearned amounts in certain circumstances. The Government must recover this interest from subsequent payments to the contractor. Therefore, contracting officers normally must make no demand for payment. Contracting officers must-

(A) Compute the amount in accordance with the clause;

(B) Provide the contractor with a final decision; and

(C) Notify the payment office of the amount to be withheld.

(ii) The payment office is responsible for making the deduction of interest. Amounts collected in accordance with these provisions revert to the United States Treasury.

(e) Cost-reimbursement contracts for services. For purposes of computing late payment interest penalties that may apply, the due date for making interim payments on cost-reimbursement contracts for services is 30 days after the date of receipt of a proper invoice.

(f) Food and specified items.
If the items delivered are:

(1) *Meat or meat food products.* As defined in section 2(a)(3) of the Packers and Stockyard Act of 1921 (7 U.S.C.182(3)), and as further defined in Public Law98-181, including any edible fresh or frozen poultry meat, any perishable poultry meat food product, fresh eggs, and any perishable egg product. 7th day after product delivery.

(2) *Fresh or frozen fish.* As defined in section 204(3) of the Fish and Seafood Promotion Act of 1986 (16 U.S.C.4003(3)). 7th day after product delivery.

(3) *Perishable agricultural commodities.* As defined in section 1(4) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C.499a(4)). 10th day after product delivery, unless another date is specified in the contract.

(4) *Dairy products.* As defined in section 111(e) of the Dairy Production Stabilization Act of 1983 (7 U.S.C.4502(e)), edible fats or oils, and food products prepared from edible fats or oils. Liquid milk, cheese, certain processed cheese products, butter, yogurt, ice cream, mayonnaise, salad dressings, and other similar products fall within this classification. Nothing in the Act limits this classification to refrigerated products. If questions arise regarding the proper classification of a specific product, the contracting officer must follow prevailing industry practices in specifying a contract payment due date. The burden of proof that a classification of a specific product is, in fact, prevailing industry practice is upon the contractor making the representation. 10th day after a proper invoice has been received.

(g) *Multiple payment due dates.* Contracting officers may encourage, but not require, contractors to submit separate invoices for products with different payment due dates under the same contract or order. When an invoice contains items with different payment due dates (i.e., a mixed invoice), the payment office will, subject to agency policy-

(1) Pay the entire invoice on the earliest due date; or

(2) Split invoice payments, making payments by the applicable due dates.

Parent topic: Subpart 32.9 - Prompt Payment