

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](#)