

49.204 Deductions.

From the amount payable to the contractor under a settlement, the TCO shall deduct-

(a) The agreed price for any part of the termination inventory purchased or retained by the contractor, and the proceeds from any materials sold that have not been paid or credited to the Government;

(b) The fair value, as determined by the TCO, of any part of the termination inventory that, before transfer of title to the Government or to a buyer under [part 45](#), is lost or so damaged as to become undeliverable (normal spoilage is excepted, as is inventory for which the Government has expressly assumed the risk of loss); and

(c) Any other amounts as appropriate in the particular case.

Parent topic: [Subpart 49.2 - Additional Principles for Fixed-Price Contracts Terminated for Convenience](#)