

Pub. L. 117–81, div. A, title XVII, §1701(i)(6)(B), Dec. 27, 2021, 135 Stat. 2141.)

Editorial Notes

PRIOR PROVISIONS

A prior section 3721, act Aug. 10, 1956, ch. 1041, 70A Stat. 214; Pub. L. 85–861, §1(92)(A), Sept. 2, 1958, 72 Stat. 1482, related to hospital benefits for members of Army, other than of Regular Army, prior to repeal by Pub. L. 99–661, div. A, title VI, §604(f)(1)(A), (g), Nov. 14, 1986, 100 Stat. 3877, 3878, applicable with respect to persons who, after Nov. 14, 1986, incur or aggravate an injury, illness, or disease or die.

AMENDMENTS

2021—Pub. L. 117–81, §1701(i)(6)(B), amended Pub. L. 116–283, §1831(k), which enacted this section, by adding section 3721 designation and catchline “[Reserved]” and striking out former section 3721 designation and catchline “Evaluating the reasonableness of price: guidance and training”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment made to Pub. L. 116–283 by Pub. L. 117–81, resulting in omission of this section, applicable as if included in the enactment of title XVIII of Pub. L. 116–283 as enacted, see section 1701(a)(2) of Pub. L. 117–81, set out in a note preceding section 3001 of this title and Effective Date note below.

EFFECTIVE DATE

Section effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3722. [Reserved]

(Added Pub. L. 116–283, div. A, title XVIII, §1831(k), Jan. 1, 2021, 134 Stat. 4217; amended Pub. L. 117–81, div. A, title XVII, §1701(i)(6)(B), Dec. 27, 2021, 135 Stat. 2141.)

Editorial Notes

PRIOR PROVISIONS

A prior section 3722, acts Aug. 10, 1956, ch. 1041, 70A Stat. 214; Sept. 2, 1958, Pub. L. 85–861, §1(92)(B), (C), 72 Stat. 1482, related to hospital and related benefits for members of a Citizens’ Military Training Camp and for members of Army not covered by section 3721 of this title, prior to repeal by Pub. L. 99–661, div. A, title VI, §604(f)(1)(A), (g), Nov. 14, 1986, 100 Stat. 3877, 3878, applicable with respect to persons who, after Nov. 14, 1986, incur or aggravate an injury, illness, or disease or die.

AMENDMENTS

2021—Pub. L. 117–81, §1701(i)(6)(B), amended Pub. L. 116–283, §1831(k), which enacted this section, by adding section 3722 designation and catchline “[Reserved]” and striking out former section 3722 designation and catchline “Grants of exceptions to cost or pricing data certification requirements and waivers of cost accounting standards”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment made to Pub. L. 116–283 by Pub. L. 117–81, resulting in omission of this section, applicable as if included in the enactment of title XVIII of Pub. L. 116–283 as enacted, see section 1701(a)(2) of Pub. L. 117–81, set out in a note preceding section 3001 of this title and Effective Date note below.

EFFECTIVE DATE

Section effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3723. [Reserved]

(Added Pub. L. 116–283, div. A, title XVIII, §1831(k), Jan. 1, 2021, 134 Stat. 4217; amended Pub. L. 117–81, div. A, title XVII, §1701(i)(6)(B), Dec. 27, 2021, 135 Stat. 2141.)

Editorial Notes

PRIOR PROVISIONS

A prior section 3723 was renumbered section 7263 of this title.

AMENDMENTS

2021—Pub. L. 117–81, §1701(i)(6)(B), amended Pub. L. 116–283, §1831(k), which enacted this section, by adding section 3723 designation and catchline “[Reserved]” and striking out former section 3723 designation and catchline “Streamlining awards for innovative technology projects: pilot program”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment made to Pub. L. 116–283 by Pub. L. 117–81, resulting in omission of this section, applicable as if included in the enactment of title XVIII of Pub. L. 116–283 as enacted, see section 1701(a)(2) of Pub. L. 117–81, set out in a note preceding section 3001 of this title and Effective Date note below.

EFFECTIVE DATE

Section effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3724. [Reserved]

(Added Pub. L. 116–283, div. A, title XVIII, §1831(k), Jan. 1, 2021, 134 Stat. 4217; amended Pub. L. 117–81, div. A, title XVII, §1701(i)(6)(B), Dec. 27, 2021, 135 Stat. 2141.)

Editorial Notes

AMENDMENTS

2021—Pub. L. 117–81, §1701(i)(6)(B), amended Pub. L. 116–283, §1831(k), which enacted this section, by adding section 3724 designation and catchline “[Reserved]” and striking out former section 3724 designation and catchline “Risk-based contracting for smaller contract actions under truth in negotiations act: pilot program”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment made to Pub. L. 116–283 by Pub. L. 117–81, resulting in omission of this section, applicable as if included in the enactment of title XVIII of Pub. L. 116–283 as enacted, see section 1701(a)(2) of Pub. L. 117–81, set out in a note preceding section 3001 of this title and Effective Date note below.

EFFECTIVE DATE

Section effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set

out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

CHAPTER 273—ALLOWABLE COSTS

Subchapter	Sec.
I. General	3741
II. Other Allowable Cost Provisions	3761

Editorial Notes

PRIOR PROVISIONS

A prior chapter 273 “ALLOWABLE COSTS”, as added by Pub. L. 115-232, div. A, title VIII, §801(a), Aug. 13, 2018, 132 Stat. 1828, and consisting of reserved section 3741, was repealed by Pub. L. 116-283, div. A, title XVIII, §1832(a), Jan. 1, 2021, 134 Stat. 4217.

SUBCHAPTER I—GENERAL

Sec.	
3741.	Definitions.
3742.	Adjustment of threshold amount of covered contract.
3743.	Effect of submission of unallowable costs.
3744.	Specific costs not allowable.
3745.	Required regulations.
3746.	Applicability of regulations to subcontractors.
3747.	Contractor certification.
3748.	Penalties for submission of cost known as not allowable.
3749.	Burden of proof on contractor.
3750.	Proceeding costs not allowable.

§ 3741. Definitions

In this subchapter:

(1) **COMPENSATION.**—The term “compensation”, for a year, means the total amount of wages, salary, bonuses and deferred compensation for the year, whether paid, earned, or otherwise accruing, as recorded in an employer’s cost accounting records for the year.

(2) **COVERED CONTRACT.**—The term “covered contract” means a contract for an amount in excess of \$500,000 that is entered into by the head of an agency, except that such term does not include a fixed-price contract without cost incentives or any firm fixed-price contract for the purchase of commercial products or commercial services.

(3) **FISCAL YEAR.**—The term “fiscal year” means a fiscal year established by a contractor for accounting purposes.

(4) **HEAD OF THE AGENCY.**—The term “head of the agency” or “agency head” does not include the Secretary of a military department.

(5) **AGENCY.**—The term “agency” means the Department of Defense, the Coast Guard, and the National Aeronautics and Space Administration.

(Added and amended Pub. L. 116-283, div. A, title XVIII, §1832(a), (b)(1)–(3), Jan. 1, 2021, 134 Stat. 4218.)

Editorial Notes

CODIFICATION

The text of pars. (1)(A), (2)–(4), and (6) of subsec. (l) of section 2324 of this title, which were transferred to this section and amended by Pub. L. 116-283, §1832(b)(1)–(3), was based on Pub. L. 103-355, title II, §2101(d), Oct. 13, 1994, 108 Stat. 3308; Pub. L. 105-85, div. A, title VIII, §808(a)(2), Nov. 18, 1997, 111 Stat. 1836; Pub. L. 115-232, div. A, title VIII, §836(c)(9), Aug. 13, 2018, 132 Stat. 1866.

PRIOR PROVISIONS

A prior section 3741 was renumbered section 7271 of this title.

AMENDMENTS

2021—Pub. L. 116-283, §1832(b)(1)–(3), redesignated pars. (4), (1)(A), (6), (2), and (3) of section 2324(l) of this title as pars. (1) to (5), respectively, of this section and inserted headings.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section and amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3742. Adjustment of threshold amount of covered contract

Effective on October 1 of each year that is divisible by five, the amount set forth in section 3741(2) of this title shall be adjusted in accordance with section 1908 of title 41.

(Added and amended Pub. L. 116-283, div. A, title XVIII, §1832(a), (b)(4), Jan. 1, 2021, 134 Stat. 4218, 4219.)

Editorial Notes

CODIFICATION

The text of par. (1)(B) of subsec. (l) of section 2324 of this title, which was transferred to this section and amended by Pub. L. 116-283, §1832(b)(4), was based on Pub. L. 103-355, title II, §2101(d), Oct. 13, 1994, 108 Stat. 3308; Pub. L. 115-91, div. A, title VIII, §811(e), Dec. 12, 2017, 131 Stat. 1460.

PRIOR PROVISIONS

A prior section 3742 was renumbered section 7272 of this title.

AMENDMENTS

2021—Pub. L. 116-283, §1832(b)(4), transferred subpar. (B) of section 2324(l)(1) of this title to this section, struck out subpar. (B) designation at beginning, and substituted “section 3741(2) of this title” for “subparagraph (A)”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section and amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as an Effective Date of 2021 Amendment note preceding section 3001 of this title.

§ 3743. Effect of submission of unallowable costs

(a) **INDIRECT COST THAT VIOLATES A FAR COST PRINCIPLE.**—The head of an agency shall require that a covered contract provide that if the contractor submits to the agency a proposal for settlement of indirect costs incurred by the contractor for any period after such costs have been accrued and if that proposal includes the submission of a cost which is unallowable because the cost violates a cost principle in the Federal Acquisition Regulation or applicable agency supplement to the Federal Acquisition Regulation, the cost shall be disallowed.