

## 32.001 Definitions.

As used in this part—

*Commercial interim payment* means any payment that is not a commercial advance payment or a *delivery payment*. These payments are *contract financing payments* for prompt payment purposes (i.e., not subject to the interest penalty provisions of the Prompt Payment Act in accordance with [subpart 32.9](#)). A commercial interim payment is given to the contractor after some work has been done, whereas a commercial advance payment is given to the contractor when no work has been done.

*Contract action* means an action resulting in a contract, as defined in [subpart 2.1](#), including actions for additional *supplies* or services outside the existing contract scope, but not including actions that are within the scope and under the terms of the existing contract, such as *contract modifications* issued pursuant to the Changes clause, or funding and other administrative changes.

*Contract financing payment* means an authorized Government disbursement of monies to a contractor prior to acceptance of *supplies* or services by the Government.

(1) *Contract financing payments* include-

(i) Advance payments;

(ii) Performance-based payments;

(iii) Commercial advance and interim payments;

(iv) Progress payments based on cost under the clause at [52.232-16](#), Progress Payments;

(v) Progress payments based on a percentage or stage of completion (see [32.102\(e\)](#)), except those made under the clause at [52.232-5](#), Payments Under Fixed-Price *Construction* Contracts, or the clause at [52.232-10](#), Payments Under Fixed-Price Architect-Engineer Contracts; and

(vi) Interim payments under a cost reimbursement contract, except for a cost reimbursement contract for services when *Alternate I* of the clause at [52.232-25](#), Prompt Payment, is used.

(2) *Contract financing payments* do not include-

(i) *Invoice payments*;

(ii) Payments for partial deliveries; or

(iii) Lease and rental payments.

*Customary contract financing* means that financing deemed by an agency to be available for routine use by *contracting officers*. Most *customary contract financing* arrangements *should* be usable by *contracting officers* without specific reviews or approvals by higher management.

*Delivery payment* means a payment for accepted *supplies* or services, including payments for accepted partial deliveries. Commercial financing payments are liquidated by deduction from these payments. *Delivery payments* are *invoice payments* for prompt payment purposes.

*Designated billing office* means the office or person (governmental or nongovernmental) designated in the contract where the contractor first submits *invoices* and contract financing requests. The contract might designate different offices to receive *invoices* and contract financing requests. The *designated billing office* might be-

- (1) The Government disbursing office;
- (2) The *contract administration office*;
- (3) The office accepting the *supplies* delivered or services performed by the contractor;
- (4) The contract audit office; or
- (5) A nongovernmental agent.

*Designated payment office* means the office designated in the contract to make *invoice payments* or *contract financing payments*. Normally, this will be the Government disbursing office.

*Due date* means the date on which payment *should* be made.

*Invoice payment* means a Government disbursement of monies to a contractor under a contract or other authorization for *supplies* or services accepted by the Government.

*Invoice payments* include-

Payments for partial deliveries that have been accepted by the Government;

Final cost or fee payments where amounts owed have been settled between the Government and the contractor;

For purposes of [subpart 32.9](#) only, all payments made under the clause at [52.232-5](#), Payments Under Fixed-Price *Construction* Contracts, and the clause at [52.232-10](#), Payments Under Fixed-Price Architect-Engineer Contracts; and

Interim payments under a cost-reimbursement contract for services when *Alternate I* of the clause at [52.232-25](#), Prompt Payment, is used

*Invoice payments* do not include *contract financing payments*.

*Liquidate* means to decrease a payment for an accepted supply item or service under a contract for the purpose of recouping financing payments previously paid to the contractor.

*Unusual contract financing* means any financing not deemed *customary contract financing* by the agency. *Unusual contract financing* is financing that is legal and proper under applicable laws, but that the agency has not authorized *contracting officers* to use without specific reviews or approvals by higher management.

**Parent topic:** [Part 32 - Contract Financing](#)