

32.110 Payment of subcontractors under cost-reimbursement prime contracts.

If the contractor makes financing payments to a subcontractor under a cost-reimbursement prime contract, the *contracting officer should* accept the financing payments as reimbursable costs of the prime contract only under the following conditions:

- (a) The payments are made under the criteria in [subpart 32.5](#) for customary progress payments based on costs, [32.202-1](#) for *commercial product* or *commercial service* purchase financing, or [32.1003](#) for performance-based payments, as applicable.
- (b) If customary progress payments are made, the payments do not exceed the progress payment rate in [32.501-1](#), unless unusual progress payments to the subcontractor have been approved in accordance with [32.501-2](#).
- (c) If customary progress payments are made, the subcontractor complies with the liquidation principles of [32.503-8](#), [32.503-9](#), and [32.503-10](#).
- (d) If performance-based payments are made, the subcontractor complies with the liquidation principles of [32.1004\(d\)](#).
- (e) The subcontract contains financing payments terms as prescribed in this part.

Parent topic: [Subpart 32.1 - Financing for Other Than a Commercial Purchase](#)