

32.502-4 Contract clauses.

(a)

(1) Insert the clause at [52.232-16](#), Progress Payments, in-

(i) *Solicitations* that *may* result in contracts providing for progress payments based on costs; and

(ii) Fixed-price contracts under which the Government will provide progress payments based on costs.

(2) If advance agency approval has been given in accordance with [32.501-1](#), the *contracting officer* may substitute a different customary rate for other than small business concerns for the progress payment and liquidation rate indicated.

(3) If an unusual progress payment rate is approved for the prime contractor (see [32.501-2](#)), substitute the approved rate for the customary rate in paragraphs (a)(1), (a)(6), and (b) of the clause.

(4) If the liquidation rate is changed from the customary progress payment rate (see [32.503-8](#) and [32.503-9](#)), substitute the new rate for the rate in paragraphs (a)(1), (a)(6), and (b) of the clause.

(5) If an unusual progress payment rate is approved for a subcontract (see [32.504\(c\)](#) and [32.501-2](#)), modify paragraph (j)(6) of the clause to specify the new rate, the name of the subcontractor, and that the new rate *shall* be used for that subcontractor in lieu of the customary rate.

(b) If the contractor is a small business concern, use the clause with its AlternateI.

(c) If the contract is a letter contract, use the clause with its AlternateII.

(d) If the contractor is not a small business concern, and progress payments are authorized under an indefinite-delivery contract, basic ordering agreement, or their equivalent, use the clause with its AlternateIII.

(e) If the nature of the contract necessitates separate progress payment rates for portions of work that are clearly severable and accounting segregation would be maintained (*e.g.*, annual production requirements), describe the application of separate progress payment rates in a supplementary special provision within the contract. The contractor *must* submit separate progress payment requests and subsequent *invoices* for the severable portions of work in order to maintain accounting integrity.

Parent topic: [32.502 Preaward matters.](#)