

## 32.608-2 Interest credits.

(a) An equitable interest credit *shall* be applied under the following circumstances:

(1) When the amount of debt initially determined is subsequently reduced; *e.g.*, through a successful appeal.

(2) When any amount collected by the Government is in excess of the amount found to be due on appeal under the Disputes Clause of the contract.

(3) When the collection procedures followed in a given case result in an overcollection of the debt due.

(4) When the responsible official determines that the Government has unduly delayed payments to the contractor on the same contract at some time during the period to which the interest charge applied, provided an interest penalty was not paid for such late payment.

(b) Any appropriate interest credits *shall* be computed under the following procedures:

(1) Interest at the rate under [52.232-17](#) *shall* be charged on the reduced debt from the date of collection by the Government until the date the monies are remitted to the contractor.

(2) Interest *may* not be reduced for any time between the *due date* under the demand and the period covered by a deferment of collection, unless the contract includes an interest clause; *e.g.*, the clause prescribed in [32.611](#).

(3) Interest *shall* not be credited in an amount that, when added to other amounts refunded or released to the contractor, exceeds the total amount that has been collected, or withheld for the purpose of collecting the debt. This limitation *shall* be further reduced by the amount of any limitation applicable under paragraph (b)(2) of this subsection.

**Parent topic:** [32.608 Interest](#).