

## SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS

### PART 1629—TAXES

AUTHORITY: 5 U.S.C. 8913; 40 U.S.C. 486(c); 48 CFR 1.301.

SOURCE: 62 FR 47575, Sept. 10, 1997, unless otherwise noted.

#### Subpart 1629.4—Contract Clauses

##### 1629.402 Foreign contracts.

The clause set forth in section 1652.229-70 shall be inserted in all FEHBP contracts performed outside the United States, its possessions, and Puerto Rico.

### PART 1631—CONTRACT COST PRINCIPLES AND PROCEDURES

#### Subpart 1631.2—Contracts With Commercial Organizations

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- 1631.205-72 FEHBP compensation for personal services.
- 1631.205-73 FEHBP interest expense.
- 1631.205-74 FEHBP losses on other contracts.
- 1631.205-75 Selling costs.
- 1631.205-76 Trade, business, technical and professional activity costs.
- 1631.205-77 FEHBP start-up and other non-recurring costs.
- 1631.205-78 FEHBP printed material costs.
- 1631.205-79 Mandatory statutory reserves.
- 1631.205-80 Major subcontractor service charges.

AUTHORITY: 5 U.S.C. 8913; 40 U.S.C. 486(c); 48 CFR 1.301.

SOURCE: 52 FR 16041, May 1, 1987, unless otherwise noted.

#### Subpart 1631.2—Contracts With Commercial Organizations

##### 1631.200 Scope of subpart.

The cost principles under this subpart apply only to contracts in which

premiums and subscription income are determined on the basis of experience rating, in which cost analysis is performed, or in which price is determined on the basis of actual costs incurred.

##### 1631.201-70 FEHBP credits.

The provisions of FAR 31.201-5 shall apply to income, rebates, allowances, and other credits resulting from benefit payments that include, but are not limited to—

- (a) Coordination of benefit refunds;
- (b) Hospital year-end settlements;
- (c) Uncashed and returned checks;
- (d) Utilization review refunds;
- (e) Refunds attributable to litigation with subscribers or providers of health services; and
- (f) Erroneous benefit payment, overpayment, and duplicate payment recoveries.

##### 1631.203-70 FEHBP General and Administrative (G&A) expenses.

The provisions of FAR 31.203 apply to the allocation of indirect costs by means of a “dividend or retention formula.”

##### 1631.205 Selected costs.

##### 1631.205-41 Taxes.

5 U.S.C. 8909(f)(1) prohibits the imposition of taxes, fees, or other monetary payment, directly or indirectly, on FEHB premiums by any State, the District of Columbia, or the Commonwealth of Puerto Rico, or by any political subdivision or other governmental authority of those entities. Therefore, FAR 31.205-41 is modified to include those taxes as unallowable costs. The prohibited payments, referred to elsewhere in these regulations as “premium taxes,” applies to all payments directed by States or municipalities, regardless of how they may be titled, to whom they must be paid, or the purpose for which they are collected, and it applies to all forms of direct and indirect measurements on FEHBP premiums, however modified, to include cost per contract or enrollee, with the sole exception of a tax on net income or profit, if that tax, fee, or payment is