

## 232.1001 Policy.

(a) As with all contract financing, the purpose of performance-based payments is to assist the contractor in the payment of costs incurred during the performance of the contract. See PGI [232.1001](#) (a) for additional information on use of performance-based payments. However, in accordance with 10 U.S.C. 3802(a)(2), performance-based payments shall not be conditioned upon costs incurred in contract performance, but on the achievement of performance outcomes. Subject to the criteria in [232.1003-70](#) , all companies, including nontraditional defense contractors, are eligible for performance-based payments, consistent with best commercial practices.

(d) The contracting officer shall use the following standard payment terms for performance-based payments: The contractor entitlement date, if any, specified in the contract, or 14 days after receipt by the designated billing office of a proper request for payment, whichever is later.

**Parent topic:** [Subpart 232.10 - PERFORMANCE-BASED PAYMENTS](#)