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 $\underline{232.1001}$ (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 $\underline{232.1003-70}$, 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