



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

In reply refer to
DARS Tracking Number: 2020-O0010, Revision 2

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Progress Payment Rates

This Revision 2 supersedes and revises Class Deviation 2020-O0010, Revision 1, Progress Payment Rates, to remove the clause 52.232-16, Progress Payments (DEVIATION 2020-O0010, from the deviation. Effective July 7, 2023, contracting officers shall—

- For large business concerns: When providing for progress payments, use the clause at Federal Acquisition Regulation (FAR) 52.232-16, Progress Payments, in solicitations and contracts when award is anticipated on or after July 7, 2023. Notwithstanding FAR 1.108(d)(3), contracting officers shall not amend existing contracts, task orders, and delivery orders to remove clause 52.232-16, Progress Payments (DEVIATION 2020-O0010).
- For small business concerns: When providing for progress payments, continue to use the attached clause 252.232-7004, DoD Progress Payment Rates (DEVIATION 2020-O0010), in lieu of the clause at Defense Federal Acquisition Regulation Supplement (DFARS) 252.232-7004.

When providing for progress payments in unrestricted solicitations that could result in award to either small or large business concerns, contracting officers are reminded to include both the clauses at FAR 52.232-16 and at DFARS 252.232-7004 (DEVIATION 2020-O0010) in the solicitation to enable use of the appropriate clause in the eventual award.

On March 20, 2020, in response to the Coronavirus Disease 2019 (COVID-19) national emergency, DoD issued Class Deviation 2020-0010, and subsequently Revision 1, to increase the progress payment rates at DFARS 232.501-1 to 90 percent for large business concerns and 95 percent for small business concerns. In accordance with H.J. Res 7, which was signed into law on April 10, 2023, the national emergency declared by the President on March 13, 2020, has been terminated. This Revision 2 reinstates the progress payment rate of 80 percent in the clause at FAR 52.232-16, Progress Payments for new contracts with large businesses and retains the temporary increase to the progress payment rate of 95 percent for small business concerns to enable their continued access to cash flow through this financing method.

This class deviation remains in effect until incorporated into the FAR or DFARS or otherwise rescinded. Please send questions and requests for additional information to osd.pentagon.ousd-a-s.mbx.dpc-pcf@mail.mil.

John M. Tenaglia
Principal Director,
Defense Pricing and Contracting

Attachment:
As stated

252.232-7004 DoD Progress Payment Rates. (DEVIATION 2020-O0010)

Use the following deviation clause in lieu of the clause at DFARS 252.232-7004 as prescribed in DFARS 232.502-4-70(b), if the contractor is a small business or small disadvantaged business concern:

DOD PROGRESS PAYMENT RATES (MAR 2020) (DEVIATION 2020-O0010)

If the Contractor is a small business concern, the Progress Payments clause of this contract is modified to change each mention of the progress payment rate and liquidation rate (excepting paragraph (k), Limitations on Undefined Contract Actions) to 95 percent.

(End of clause)