

# 31.103 Contracts with commercial organizations.

This category includes all contracts and *contract modifications* for *supplies*, services, or experimental, developmental, or research work negotiated with organizations other than educational institutions (see [31.104](#)), *construction* and architect-engineer contracts (see [31.105](#)), State and local governments (see [31.107](#)) and nonprofit organizations (see [31.108](#)) on the basis of cost.

(a) The cost principles and procedures in [subpart 31.2](#) and agency supplements *shall* be used in *pricing* negotiated supply, service, experimental, developmental, and research contracts and *contract modifications* with commercial organizations whenever cost analysis is performed as required by [15.404-1\(c\)](#).

(b) In addition, the *contracting officer shall* incorporate the cost principles and procedures in [subpart 31.2](#) and agency supplements by reference in contracts with commercial organizations as the basis for-

(1) Determining reimbursable costs under-

(i) Cost-reimbursement contracts and cost-reimbursement subcontracts under these contracts performed by commercial organizations and

(ii) The cost-reimbursement portion of time-and-materials contracts except when material is priced on a basis other than at cost (see [16.601\(c\)\(3\)](#));

(2) Negotiating *indirect cost rates* (see [subpart 42.7](#));

(3) Proposing, negotiating, or determining costs under terminated contracts (see [49.103](#) and [49.113](#));

(4) Price revision of fixed-price incentive contracts (see [16.204](#) and [16.403](#));

(5) Price redetermination of price redetermination contracts (see [16.205](#) and [16.206](#)); and

(6) *Pricing changes* and other *contract modifications*.

**Parent topic:** [Subpart 31.1 - Applicability](#)