

## 32.502-4 Contract clauses.

- (a)
- (1) Insert the clause at [52.232-16](#), Progress Payments, in-
- (i) *Solicitations* that *may* result in contracts providing for progress payments based on costs; and
- (ii) Fixed-price contracts under which the Government will provide progress payments based on costs.
- (2) If advance agency approval has been given in accordance with [32.501-1](#), the *contracting officer* may substitute a different customary rate for other than small business concerns for the progress payment and liquidation rate indicated.
- (3) If an unusual progress payment rate is approved for the prime contractor (see [32.501-2](#)), substitute the approved rate for the customary rate in paragraphs (a)(1), (a)(6), and (b) of the clause.
- (4) If the liquidation rate is changed from the customary progress payment rate (see [32.503-8](#) and [32.503-9](#)), substitute the new rate for the rate in paragraphs (a)(1), (a)(6), and (b) of the clause.
- (5) If an unusual progress payment rate is approved for a subcontract (see [32.504\(c\)](#) and [32.501-2](#)), modify paragraph (j)(6) of the clause to specify the new rate, the name of the subcontractor, and that the new rate *shall* be used for that subcontractor in lieu of the customary rate.
- (b) If the contractor is a small business concern, use the clause with its AlternateI.
- (c) If the contract is a letter contract, use the clause with its AlternateII.
- (d) If the contractor is not a small business concern, and progress payments are authorized under an indefinite-delivery contract, basic ordering agreement, or their equivalent, use the clause with its AlternateIII.
- (e) If the nature of the contract necessitates separate progress payment rates for portions of work that are clearly severable and accounting segregation would be maintained (*e.g.*, annual production requirements), describe the application of separate progress payment rates in a supplementary special provision within the contract. The contractor *must* submit separate progress payment requests and subsequent *invoices* for the severable portions of work in order to maintain accounting integrity.

**Parent topic:** [32.502 Preaward matters](#).