

47.403-3 Disallowance of expenditures.

(a) Agencies *shall* disallow expenditures for U.S. Government-financed commercial *international air transportation* on foreign-flag air *carriers* unless there is attached to the appropriate voucher a memorandum adequately explaining why service by *U.S.-flag air carriers* was not available, or why it was necessary to use foreign-flag air *carriers*.

(b) When the travel is by indirect route or the traveler otherwise fails to use available *U.S.-flag air carrier* service, the amount to be disallowed against the traveler is based on the loss of revenues suffered by *U.S.-flag air carriers* as determined under the following formula, which is prescribed and more fully explained in 56 Comp. Gen. 209 (1977):



(c) The justification requirement is satisfied by the contractor's use of a statement similar to the one contained in the clause at [52.247-63](#), Preference for *U.S.-Flag Air Carriers*. (See [47.405](#).)

Parent topic: [47.403 Guidelines for implementation of the Fly America Act.](#)