

QUICK REFERENCE GUIDE

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Allowable and Unallowable Costs  
for Commercial Organizations  
FAR 31.205, Selected Costs



Capitano Consulting  
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## Quick Reference Legend:

- A is generally allowable
- U is specifically unallowable
- A(x) is allowable with exceptions, limitations, additional requirements, or specific criteria as found at the cost principle reference
- U(x) is generally unallowable with exceptions, limitations, additional requirements, or specific criteria as found at the cost principle reference

## Foreword:

The five criteria for testing whether a cost is allowable can be found at FAR 31.201-2. Final determination of the allowability of a specific cost requires examination of the full text of the applicable FAR criteria. This pamphlet is limited to a quick look up regarding the specific areas of cost addressed in FAR 31.205, Selected Costs. A cost that is marked as generally allowable in this pamphlet must also meet the five criteria at FAR 31.201-2, including allocability and reasonableness, to be allowable as a claimed cost on US Government contracts.

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# Employee Related Cost

Compensation Cost Principle, FAR 31.205-6	
Compensation for personal services for work performed by an employee in the current year	A
Deferred compensation	A(x)
Bonuses and incentive compensation	A(x)
Compensation to owners of closely held organizations in excess of IRC	U
Compensation in the form of distribution of profits to owners of closely held organizations	U
Compensation in excess of FAR salary caps for senior management for contracts awarded prior to June 24, 2014	U
Compensation in excess of OFPP salary caps for all employees for contracts awarded on or after June 24, 2014	U
Compensation calculated, or valued, based on changes in the price of corporate securities	U
Compensation represented by dividend payments or calculated based on dividend payments	U
Costs of golden parachutes and golden handcuffs incidental to business acquisitions	U
Fringe benefits	A(x)
Personal use of company-owned auto	U
Employee rebates and purchase discounts	U
Employee stock ownership plans (ESOP)	A(x)
Differential allowances for additional income taxes resulting from foreign assignments	A
Differential allowances for additional income taxes resulting from domestic assignments	U
Severance pay	A(x)
Payments when employment continues with another contractor with continuity of employment, credit for prior service, and substantially equal employment conditions (not considered a severance payment in FAR)	U
A payment made when continued employment by the contractor at another facility, subsidiary, affiliate, or parent company (not considered a severance payment in FAR)	U
Severance to foreign nationals under service contracts performed outside the US in excess of amounts paid for similar services/industries in the US	U

## Employee Related Cost

<b>Severance to foreign nationals under service contracts performed outside the US but termination is result of curtailment of activities at a US facility in that country at the request of the government of that country</b>	<b>U</b>
<b>Backpay to employees resulting from underpaid work, required by a negotiated settlement, order, or court decree</b>	<b>A</b>
<b>Backpay to employees (union and nonunion) for wage differentials for working without a contract or labor agreement during negotiations</b>	<b>A</b>
<b>Other backpay</b>	<b>U</b>
<b>Pension costs</b>	<b>A(x)</b>
<b>Early retirement incentives</b>	<b>A(x)</b>
<b>Post-retirement benefits other than pensions (PRB)</b>	<b>A(x)</b>
Employee morale, health, welfare, food service, and dormitory costs and credits, FAR 31.205-13	
<b>Costs incurred on activities designed to improve working conditions, employer-employee relations, employee morale, and employee performance</b>	<b>A(x)</b>
<b>House publications, Health clinics, Wellness/fitness centers, Employee counseling services</b>	<b>A</b>
<b>Costs of recreation</b>	<b>U</b>
<b>Costs of employees' participation in company sponsored sports teams or employee organizations designed to improve company loyalty, team work, or physical fitness</b>	<b>A</b>
<b>Costs of gifts to employees</b>	<b>U</b>
<b>Performance awards</b>	<b>A</b>
<b>Awards made in recognition of employee achievements pursuant to an established plan or policy</b>	<b>A</b>
<b>Food and dormitory services such as Cafeterias, Dining rooms, Canteens, Lunch wagons, Vending machines and Living accommodations</b>	<b>A(x)</b>
<b>Losses from operating food and dormitory services if objective is to operate on break-even basis</b>	<b>A</b>
<b>Losses due to food services or lodging furnished without charge or at non-breakeven prices or rates</b>	<b>U(x)</b>

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## Employee Related Cost

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### Labor relations costs, FAR 31.205-21

<b>Cost incurred in maintaining satisfactory relations between the contractor and employees</b>	<b>A</b>
<b>Cost incurred to persuade employees to join or not to join a union or similar collective bargaining organization</b>	<b>U</b>

### Recruitment costs, FAR 31.205-34

<b>Help-wanted advertising</b>	<b>A(x)</b>
<b>Help wanted advertising that does not describe specific positions or classes of positions</b>	<b>U</b>
<b>Help wanted advertising that includes material not relevant for recruitment purposes, such as extensive illustrations or descriptions of the company's products or capabilities</b>	<b>U</b>
<b>Operating costs of employment office</b>	<b>A</b>
<b>Testing of applicants</b>	<b>A</b>
<b>Recruiting travel costs (recruiters and applicants)</b>	<b>A</b>
<b>Standard commercial rates paid to employment agencies</b>	<b>A</b>
<b>Relocation costs of new employees</b>	<b>A(x)</b>

### Relocation costs, FAR 31.205-35

<b>Relocation-related travel of employee and family</b>	<b>A(x)</b>
<b>Transportation of household and personal goods</b>	<b>A(x)</b>
<b>Relocation house hunting</b>	<b>A(x)</b>
<b>Closing costs on sale of former home (limited to 14% of sale price)</b>	<b>A(x)</b>
<b>Continuing costs of ownership of former vacant home (limited to 14% of sale price)</b>	<b>A(x)</b>
<b>Necessary and reasonable expenses normally incident to relocation, such as disconnecting/connecting household appliances; auto registration; driver's license and use taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and insurance against damage to or loss of personal property while in transit</b>	<b>A</b>
<b>Costs incident to new home for previous homeowners (limit of 5% of purchase price)</b>	<b>A(x)</b>
<b>Mortgage interest or rent differential payments-up to 3 years</b>	<b>A(x)</b>
<b>Costs of canceling unexpired leases</b>	<b>A(x)</b>
<b>Income and FICA tax gross up</b>	<b>A(x)</b>
<b>Job counseling and placement for spouse</b>	<b>A(x)</b>
<b>Loss on sale of home</b>	<b>U</b>

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## Employee Related Cost

<b>Relocation costs if employee resigns within 12 months of own accord</b>	<b>U</b>
<b>Adjustments to reflect actual costs when reimbursement on a lump-sum basis is used</b>	<b>U</b>
<b>Real estate broker fees for new home</b>	<b>U</b>
<b>Cost of litigation for new home</b>	<b>U</b>
<b>Insurance on new home, mortgage life insurance for new home</b>	<b>U</b>
<b>Owner's title insurance for new home</b>	<b>U(x)</b>
<b>Property taxes and operating expenses for new home</b>	<b>U</b>
<b>Mortgage principal payments on house being sold</b>	<b>U</b>
<b>Relocation costs incident to furnishing equity or non-equity loans to employees or obtaining lower-than-market rate mortgage loans</b>	<b>U</b>
Trade, business, technical, and professional activities, FAR 31.205-43	
<b>Memberships in trade, business, technical, and professional organizations</b>	<b>A</b>
<b>Subscriptions to trade, business, technical, and professional periodicals</b>	<b>A</b>
<b>Trade, business, technical, and professional Meetings</b>	<b>A(x)</b>
<b>Trade, business, technical, and professional conferences and other symposia</b>	<b>A(x)</b>
Training and education costs, FAR 31.205-44	
<b>Costs of training and education that are related to the field in which the employee is working or may reasonably be expected to work</b>	<b>A(x)</b>
<b>Overtime compensation for training and education</b>	<b>U</b>
<b>Cost of salaries for attending undergraduate level classes or part-time graduate level classes during working hours</b>	<b>U(x)</b>
<b>Cost of full-time graduate level education in excess of the lesser of the length of the degree program or 2 years</b>	<b>U</b>
<b>Costs incurred for educating employee dependents when the employee is working in a foreign country</b>	<b>A(x)</b>
<b>Grants and contributions</b>	<b>U</b>
<b>College plans for employee dependents</b>	<b>U</b>
<b>Training for non-employees</b>	<b>U</b>



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## Employee Related Cost

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### Travel costs, FAR 31.205-46

<b>Costs for transportation, lodging, meals, and incidental expenses</b>	<b>A(x)</b>
<b>Travel meals, lodging, and incidentals in excess of applicable US Government travel regulations</b>	<b>U(x)</b>
<b>Lodging portion of per diem costs when no lodging is incurred</b>	<b>U(x)</b>
<b>Expenses greater than \$75 that are not supported by a receipt</b>	<b>U(x)</b>
<b>Travel costs that do not indicate the date and place of expenses</b>	<b>U(x)</b>
<b>Travel costs that do not indicate purpose of trip</b>	<b>U(x)</b>
<b>Travel costs that do not indicate name of person on trip, title, and/or business relationship to contractor</b>	<b>U(x)</b>
<b>Airfare in excess of lowest available to contractor</b>	<b>U(x)</b>
<b>Company aircraft costs in excess of lowest available airfare</b>	<b>U(x)</b>
<b>Company owned auto expense for business use</b>	<b>A(x)</b>
<b>Company owned auto expense for personal use</b>	<b>U(x)</b>

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## Outside Services

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### Professional and consultant service costs, FAR 31.205-33

<b>Professional and consultant service costs</b>	<b>A(x)</b>
<b>Professional and consultant service costs contingent on recovery of cost from government</b>	<b>U</b>
<b>Professional and consultant services to improperly use restricted data</b>	<b>U</b>
<b>Professional and consultant services to improperly influence procurements</b>	<b>U</b>
<b>Professional and consultant services involving improper business practices</b>	<b>U</b>
<b>Professional and consultant services inconsistent with written agreement</b>	<b>U</b>
<b>Professional and consultant services for claims against the government</b>	<b>U</b>
<b>Professional and consultant services for defense of fraud and disbarment proceedings</b>	<b>U(x)</b>
<b>Professional and consultant services for reorganization or reorganization services</b>	<b>U</b>
<b>Professional and consultant services for defense of anti-trust suits</b>	<b>U</b>

### Costs related to legal & other proceedings, FAR 31.205-47

<b>Legal costs for fraud defense</b>	<b>U(x)</b>
<b>Legal costs for prosecution of claims against the government</b>	<b>U</b>
<b>Legal costs for defense against federal government claims or appeals</b>	<b>U</b>
<b>Legal costs for organizations, reorganizations, mergers, &amp; acquisitions</b>	<b>U</b>
<b>Legal costs for defense of anti-trust suits</b>	<b>U</b>
<b>Legal costs for Qui Tam suits where found liable or settled</b>	<b>U(x)</b>
<b>Legal costs for lawsuits related to joint ventures or other shared interest arrangements</b>	<b>U</b>
<b>Legal costs for litigation related to sourcing or co-production</b>	<b>U(x)</b>
<b>Legal fees paid for others when not legally bound</b>	<b>U</b>
<b>Legal costs for patent infringement litigation</b>	<b>U(x)</b>

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## Production Costs

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### Manufacturing & production engineering (MP&E) costs, FAR 31.205-25

**MP&E related to current manufacturing processes and current production processes** A

### Material costs, FAR 31.205-26

**Raw materials, parts, subassemblies, components, and manufacturing supplies, whether purchased or manufactured** A

**Collateral items such as inbound transportation and in-transit insurance** A

**Overruns, spoilage, or defective work** A

**Lost discounts, if failure to take discount is unreasonable** U

**Lost discounts, if failure to take discount was reasonable** A

**Reasonable adjustments arising from differences between periodic physical inventories and book inventories with adjustments related to the period of contract performance** A

**Reasonable adjustments arising from differences between periodic physical inventories and book inventories with adjustments that do not relate to the period of contract performance** U

### Service and warranty costs, FAR 31.205-39

**Costs to fulfill contractually required Service and warranty obligations** A

**Service and warranty installation** A

**Service and warranty training** A

**Service and warranty correction of product defects** A

**Service and warranty replacement of defective parts** A

**Service and warranty negotiation of refunds for inadequate performance** A

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# Intellectual Property

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## Patent costs, FAR 31.205-30

<b>Patent costs incurred as requirements of a government contract</b>	<b>A</b>
<b>Costs of preparing invention disclosures, reports, and other documents</b>	<b>A(x)</b>
<b>Costs for searching the art to make the invention disclosures</b>	<b>A(x)</b>
<b>Other costs in connection with the filing and prosecution of a US patent application where title or royalty-free license is to be conveyed to the government</b>	<b>A</b>
<b>General counseling services relating to patent matters, such as advice on patent laws, regulations, clauses, and employee agreements</b>	<b>A</b>
<b>Patent costs not required by the contract, except those for general counseling services</b>	<b>U</b>
<i>Royalties &amp; other costs for use of patents, FAR 31.205-37</i>	
<b>Royalties or patent use costs necessary for the proper performance of the contract and applicable to contract products or processes</b>	<b>A(x)</b>
<b>Royalties and patent use costs when the Government has a license or the right to a free use of the patent</b>	<b>U</b>
<b>Royalties and patent use costs when the patent has been adjudicated to be invalid, or has been administratively determined to be invalid</b>	<b>U</b>
<b>Royalties and patent use costs when the patent is considered to be unenforceable or has expired</b>	<b>U</b>
<b>Cost of royalties paid to others and amortization of patents purchased from others</b>	<b>A(x)</b>
<b>Royalties and patent use costs for use of a previously owned patent in excess of amounts had contractor retained title</b>	<b>U</b>

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## Facilities, Equipment, Capital Assets

Cost of money, FAR 31.205-10	
<b>Facilities capital cost of money (FCCOM)</b>	<b>A(x)</b>
<b>Actual interest cost in lieu of FCCOM</b>	<b>U</b>
Depreciation, FAR 31.205-11	
<b>Depreciation</b>	<b>A(x)</b>
<b>Depreciation cost that would significantly reduce the book value of a tangible capital asset below residual value</b>	<b>U</b>
<b>Depreciation in excess of the amount used for financial accounting</b>	<b>U(x)</b>
<b>Depreciation on property acquired from the Government at no cost</b>	<b>U</b>
<b>Depreciation based on interdivisional price</b>	<b>A(x)</b>
<b>Depreciation or rental on fully depreciated property</b>	<b>U</b>
<b>Usage charge for fully depreciated property</b>	<b>A(x)</b>
<b>Depreciation on impaired assets in excess of amounts that would have been allowed had the assets not been written down</b>	<b>U</b>
<b>Depreciation of capital leases</b>	<b>A(x)</b>
<b>Sale and leaseback in excess of the amount that would have been allowed had the contractor retained title to the asset</b>	<b>U</b>
<b>Related party lease costs in excess of unrelated party lease</b>	<b>U</b>
Gains and losses on disposition or impairment of depreciable property or other capital assets, FAR 31.205-16	
<b>Gains and losses</b>	<b>A(x)</b>
Idle facilities and idle capacity costs, FAR 31.205-17	
<b>Idle costs for a reasonable time</b>	<b>A(x)</b>
<b>Idle costs beyond a reasonable time</b>	<b>U(x)</b>
Plant re-conversion costs, FAR 31.205-31	
<b>Cost of converting plant to original state at end of contract</b>	<b>U(x)</b>
<b>Costs of removing government property</b>	<b>A</b>
<b>Costs of restoration or rehabilitation caused by removal of government property</b>	<b>A</b>
Special tooling and special test equipment, FAR 31.205-40	
<b>Special tooling and special test equipment costs</b>	<b>A(x)</b>
<b>Costs of modifying general purpose tooling and special test equipment for special purpose &amp; returning to original form</b>	<b>A</b>

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## Facilities, Equipment, Capital Assets

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### Rental costs, FAR 31.205-36

<b>Operating lease costs</b>	<b>A(x)</b>
<b>Sale-lease-back costs in excess of costs had contractor retained title</b>	<b>U</b>
<b>Charges exceeding the normal costs of ownership between any divisions, subsidiaries, or organizations under common control</b>	<b>U</b>

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## Selling and Image Costs

### Public relations and advertising costs, FAR 31.205-1

<b>Use of media to promote sale of products</b>	<b>U</b>
<b>Public relations costs to maintain, protect, and enhance the image of a concern or its products</b>	<b>U</b>
<b>Costs of conventions, trade shows and other special events with no significant effort to promote export sales of products normally sold to the U.S. Government</b>	<b>U</b>
<b>Events when the principal purpose is other than dissemination of technical information or stimulation of production</b>	<b>U</b>
<b>Ceremonies such as corporate celebrations and new product announcements</b>	<b>U</b>
<b>Souvenirs, models, imprinted clothing, buttons, and other mementos provided to customers or the public</b>	<b>U</b>
<b>Promotional material, motion pictures, videotapes, brochures, handouts, magazines, and other media that are designed to call favorable attention</b>	<b>U</b>
<b>Memberships in civic and community organizations</b>	<b>U</b>
<b>Exhibits, Window displays, Outdoor advertising, Television and Radio</b>	<b>U</b>
<b>Free goods, Samples, Dealer cards</b>	<b>U</b>
<b>Magazines, Newspapers, Trade papers, Direct mail</b>	<b>U</b>
<b>Costs associated with the donation of excess food</b>	<b>U</b>
<b>Advertising required by contract</b>	<b>A</b>
<b>Advertising to procure scarce items</b>	<b>A</b>
<b>Advertising to dispose of scrap or surplus materials</b>	<b>A</b>

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## Selling and Image Costs

<b>Dissemination of information to public, news media, and government public relations</b>	<b>A</b>
<b>Community services activities</b>	<b>A</b>
<b>Plant tours and open houses</b>	<b>A</b>
Lobbying and political activity costs, FAR 31.205-22	
<b>Expenses to support political party, campaign, PAC</b>	<b>U</b>
<b>Attempts to influence federal, state, or local legislators</b>	<b>U</b>
<b>Liaison activities including attendance at legislative sessions or hearings, gathering information or performing analysis regarding legislation in support of or knowing preparation to engage in unallowable activities</b>	<b>U</b>
<b>Costs to improperly influence employees of the executive branch of government regarding law or regulation</b>	<b>U</b>
<b>Providing a technical and factual presentation of information in response to a documented request on matters related to a contract</b>	<b>A(x)</b>
<b>Efforts to reduce contract cost or avoid material impairment of authority to perform the contract</b>	<b>A</b>
<b>Activities specifically authorized by statute</b>	<b>A</b>
Selling costs, FAR 31.205-38	
<b>Market planning, research, and analysis and general management planning concerned with development of the contractor's business</b>	<b>A(x)</b>
<b>Direct selling acts or actions to induce particular customers to purchase particular products or services</b>	<b>A</b>
<b>Direct selling efforts to familiarize a potential customer with products or services</b>	<b>A</b>
<b>Direct selling efforts to familiarize a potential customer with conditions of sale</b>	<b>A</b>
<b>Direct selling efforts to familiarize a potential customer with service capabilities, etc.</b>	<b>A</b>
<b>Direct selling negotiations</b>	<b>A</b>
<b>Direct selling liaison between customer and contractor personnel</b>	<b>A</b>
<b>Direct selling technical and consulting efforts</b>	<b>A</b>
<b>Direct selling individual demonstrations</b>	<b>A</b>
<b>Any other direct selling efforts for purpose of applying or adapting products or services for a particular customer's use</b>	<b>A</b>

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## Selling and Image Costs

<b>Sellers' or agents' compensation, fees, commissions, percentages, retainer, or brokerage fees</b>	<b>A(x)</b>
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## Other General Business Costs

Bonding costs, FAR 31.205-4	
<b>Bid, performance, payment, advance payment, infringement, and fidelity bonds</b>	<b>A</b>
Insurance and indemnification, FAR 31.205-19	
<b>Self-insurance charges</b>	<b>A(x)</b>
<b>Self-insurance plus administrative costs in excess of comparable purchased insurance</b>	<b>U</b>
<b>Self-insurance charges for risks of catastrophic losses</b>	<b>U</b>
<b>Purchased insurance costs</b>	<b>A(x)</b>
<b>Premiums to front insurers in excess of premiums direct to captive insurer plus front insurers administrative charge</b>	<b>U</b>
<b>Actual losses</b>	<b>U(x)</b>
<b>Nominal deductibles</b>	<b>A</b>
<b>Minor losses, e.g., spoilage, breakage, disappearance of small hand tools</b>	<b>A</b>
<b>Insurance premiums to cover lost profits from business interruption</b>	<b>U</b>
<b>Premium for coverage in excess of acquisition cost of insured asset</b>	<b>U(x)</b>
<b>Insurance for US Government property</b>	<b>U(x)</b>
<b>Insurance for US Government property when liable for loss and loss not due to mismanagement</b>	<b>A</b>
<b>Key person life insurance if company is beneficiary</b>	<b>U</b>
<b>Insurance to cover costs of correcting product defects</b>	<b>U</b>
<b>Insurance costs to cover fortuitous or casualty losses resulting from defects in materials or workmanship</b>	<b>A</b>
<b>Premiums for retroactive or backdated insurance written to cover losses that have occurred and are known</b>	<b>U</b>
<b>Late premium payment charges related to employee deferred compensation plan insurance</b>	<b>U</b>

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## Other General Business Costs

Other business expenses, FAR 31.205-28	
<b>Reporting and transfer charges</b>	<b>A</b>
<b>Stockholders meetings</b>	<b>A</b>
<b>Preparation and publication of stockholders reports</b>	<b>A</b>
<b>Tax return and regulatory report preparation</b>	<b>A</b>
<b>Board of directors meetings</b>	<b>A</b>
Plant protection costs, FAR 31.205-29	
<b>Wages of security personnel</b>	<b>A</b>
<b>Uniforms and Equipment of security personnel</b>	<b>A</b>
<b>Depreciation of plant protection assets</b>	<b>A</b>
<b>Other security and protection expenses to comply with customer security requirements</b>	<b>A</b>

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## Business Planning and Development

Economic Planning Costs, FAR 31.205-12	
<b>Costs of general long-range management planning concerned with the future overall development of business</b>	<b>A</b>
Independent research and development and bid and proposal costs, FAR 31.205-18	
<b>Independent Research and Development costs (IR&amp;D)</b>	<b>A(x)</b>
<b>Bid and Proposal costs (B&amp;P)</b>	<b>A(x)</b>
<b>IR&amp;D and B&amp;P costs incurred in previous accounting periods</b>	<b>U(x)</b>
Research and development costs, FAR 31.205-48	
<b>R&amp;D sponsored by or required in performance of a contract or grant incurred before award</b>	<b>U(x)</b>
<b>R&amp;D sponsored by or required in performance of a contract or grant in excess of price or grant amount</b>	<b>U</b>

## Miscellaneous

Excessive Pass-Through Charge, FAR 31.203(i)	
<b>Charge for indirect costs or profit/fee on work performed by a subcontractor when no or negligible value added</b>	U
Fines, penalties and mischarging costs, FAR 31.205-15	
<b>Fines and penalties</b>	U(x)
<b>Costs incurred in connection with, or related to, the mischarging of costs on Government contracts</b>	U(x)
<b>Costs incurred to measure or otherwise determine the magnitude of improper charging</b>	U
<b>Costs incurred to remedy or correct mischarging, such as costs to rescreen and reconstruct records</b>	U
Pre-contract costs, FAR 31.205-32	
<b>Cost incurred prior to contract necessary to meet proposed contract delivery schedule</b>	A(x)
Taxes, FAR 31.205-41	
<b>Federal, state, local, and franchise taxes</b>	A(x)
<b>Federal income and excess profits taxes</b>	U
<b>Taxes connected with financing, refinancing, refunding operations or reorganizations</b>	U
<b>Taxes with available exemptions</b>	U
<b>Special land assessments representing capital improvements</b>	U
<b>Taxes on property used solely for non-government work</b>	U
<b>Taxes in funding deficiencies or prohibited transactions relating to pensions</b>	U
<b>Tax imposed on certain foreign purchases by 26 USC 5000C</b>	U
<b>Income tax accruals to reflect book versus taxable income differences</b>	U
<b>Taxes on deferred compensation plans under specific parts of IRS code</b>	U
Asset valuation resulting from business combinations, FAR 31.205-52	
<b>Depreciation and FCCOM costs due to write-up of assets in excess of costs without write up</b>	U(x)

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## Other Expressly Unallowable Costs

**NOTE: This is not a comprehensive list of expressly unallowable costs. Some expressly unallowable costs are included elsewhere in this pamphlet. This pamphlet does not identify expressly unallowable costs not contained in FAR 31.205.**

Bad debts, FAR 31.205-3	
<b>Losses and associated costs arising from uncollectible accounts receivable</b>	<b>U</b>
Contingencies, FAR 31.205-7	
<b>Contingencies for historical costing purposes not representing a definitive liability</b>	<b>U</b>
Contributions and Donations, FAR 31.205-8	
<b>Contributions and Donations</b>	<b>U</b>
Entertainment costs, FAR 31.205-14	
<b>Amusement, Diversions, Social activities and directly associated costs (e.g., travel, meals, transportation, gratuities, etc.)</b>	<b>U</b>
Tickets to shows or sports events	<b>U</b>
<b>Costs of membership in social, dining, or country clubs or other organizations having the same purposes</b>	<b>U</b>
Interest and other financial costs, FAR 31.205-20	
<b>Interest</b>	<b>U</b>
Losses on other contracts, FAR 31.205-23	
<b>Losses on other contracts</b>	<b>U</b>
Organization costs, FAR 31.205-27	
<b>Planning or executing the organization or reorganization of corporate structure, or raising capital</b>	<b>U</b>
<b>Resistance of corporate reorganization or takeover</b>	<b>U</b>
Goodwill, FAR 31.205-49	
<b>Goodwill resulting from business combination</b>	<b>U</b>
Costs of alcoholic beverages, FAR 31.205-51	
<b>Costs of alcoholic beverages</b>	<b>U</b>

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## Quick Reference Legend:

- A is generally allowable
- U is specifically unallowable
- A(x) is allowable with exceptions, limitations, additional requirements, or specific criteria as found at the cost principle reference
- U(x) is generally unallowable with exceptions, limitations, additional requirements, or specific criteria as found at the cost principle reference

## End Note:

The five criteria for testing whether a cost is allowable can be found at FAR 31.201-2. Final determination of the allowability of a specific cost requires examination of the full text of the applicable FAR criteria. This pamphlet is limited to a quick look up regarding the specific areas of cost addressed in FAR 31.205, Selected Costs. A cost that is marked as generally allowable in this pamphlet must also meet the five criteria at FAR 31.201-2, including allocability and reasonableness, to be allowable as a claimed cost on US Government contracts.

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