

A. Background.

A provision contained in Section 911 of the Defense Procurement Improvement Act of 1985 (Title IX of the DoD Authorization Act of 1986, P.L. 99-145) specifies that, as a minimum, the cost principles applicable to contractor costs of company-furnished automobiles shall be clarified to define in detail and in specific terms those costs which are unallowable, in whole or in part, under covered contracts.

The DAR and the CAA Councils are proposing revisions to FAR 31.205-6, Compensation for personal services, and 31.205-46, Travel costs, to implement the Act. The proposed revisions state that the cost of contractor owned or leased automobiles is allowable, if reasonable, to the extent that the automobiles are used for company business. Additional proposed language states that the portion of the cost of company-furnished automobiles that relates to personal use by employees is compensation for personal services and is unallowable. The Councils believe it is inappropriate for the Government to reimburse contractor employees' personal costs at taxpayers' expense.

B. Regulatory Flexibility Act.

The proposed revisions are not expected to have a significant economic impact on a substantial number of small entities because they merely clarify policy, facilitate negotiations, reduce areas of dispute, and should not create an economic burden on any business entity.

C. Paperwork Reduction Act.

The Paperwork Reduction Act does not apply because the proposed revisions do not impose any additional reporting or recordkeeping requirements on the public, *beyond those already required by the Internal Revenue Code.*
List of subjects in 48 CFR Part 91:

Government Procurement.

DATE:

Therefore, it is proposed that 48 CFR Part 31 be amended to read as follows:

(See TABs A and B for revised coverage)