

# 31.205-1 Public relations and advertising costs.

(a) "Public relations" means all functions and activities dedicated to-

(1) Maintaining, protecting, and enhancing the image of a concern or its *products*; or

(2) Maintaining or promoting reciprocal understanding and favorable relations with the public at large, or any *segment* of the public. The term public relations includes activities associated with areas such as advertising, customer relations, etc.

(b) "Advertising" means the use of media to promote the sale of *products* or services and to accomplish the activities referred to in paragraph (d) of this subsection, regardless of the medium employed, when the advertiser has control over the form and content of what will appear, the media in which it will appear, and when it will appear. Advertising media include but are not limited to conventions, exhibits, free goods, samples, magazines, newspapers, trade papers, direct mail, dealer cards, window displays, outdoor advertising, radio, and television.

(c) Public relations and advertising *costs* include the *costs* of media time and space, purchased services performed by outside organizations, as well as the applicable portion of salaries, travel, and fringe benefits of employees engaged in the functions and activities identified in paragraphs (a) and (b) of this subsection.

(d) The only allowable advertising *costs* are those that are-

(1) Specifically required by contract, or that arise from requirements of Government contracts, and that are exclusively for-

(i) Acquiring scarce items for contract performance; or

(ii) Disposing of *scrap* or surplus materials acquired for contract performance;

(2) *Costs* of activities to promote sales of *products* normally sold to the U.S. Government, including trade shows, which contain a significant effort to promote exports from the *United States*. Such *costs* are allowable, notwithstanding paragraphs (f)(1), (f)(3), (f)(4)(ii), and (f)(5) of this subsection. However, such *costs* do not include the *costs* of memorabilia (*e.g.*, models, gifts, and souvenirs), alcoholic beverages, entertainment, and physical *facilities* that are used primarily for entertainment rather than product promotion; or

(3) Allowable in accordance with [31.205-34](#).

(e) Allowable public relations *costs* include the following:

(1) *Costs* specifically required by contract.

(2) *Costs* of-

(i) Responding to inquiries on *company* policies and activities;

(ii) Communicating with the public, press, stockholders, creditors, and customers; and

(iii) Conducting general liaison with news media and Government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern such as notice of contract awards, plant closings or openings, employee layoffs or rehires, financial information, etc.

(3) *Costs* of participation in community service activities (*e.g.*, blood bank drives, charity drives, savings bond drives, disaster assistance, etc.) (But see paragraph (f)(8) of this section.)

(4) *Costs* of plant tours and open houses (but see paragraph (f)(5) of this subsection).

(5) *Costs* of keel laying, ship launching, commissioning, and roll-out ceremonies, to the extent specifically provided for by contract.

(f) Unallowable public relations and advertising *costs* include the following:

(1) All public relations and advertising *costs*, other than those specified in paragraphs (d) and (e) of this subsection, whose primary purpose is to promote the sale of *products* or services by stimulating interest in a product or product line (except for those *costs* made allowable under [31.205-38\(b\)\(5\)](#)), or by disseminating messages calling favorable attention to the contractor for purposes of enhancing the *company* image to sell the *company's products* or services.

(2) All *costs* of trade shows and other special events which do not contain a significant effort to promote the export sales of *products* normally sold to the U.S. Government.

(3) *Costs* of sponsoring meetings, conventions, symposia, seminars, and other special events when the principal purpose of the event is other than dissemination of technical information or stimulation of production.

(4) *Costs* of ceremonies such as-

(i) Corporate celebrations and

(ii) New product announcements.

(5) *Costs* of promotional material, motion pictures, videotapes, brochures, handouts, magazines, and other media that are designed to call favorable attention to the contractor and its activities.

(6) *Costs* of souvenirs, models, imprinted clothing, buttons, and other mementos provided to customers or the public.

(7) *Costs* of memberships in civic and community organizations.

(8) *Costs* associated with the donation of excess food to nonprofit organizations in accordance with the Federal Food Donation Act of 2008 ([42 U.S.C. 1792](#), see [subpart 26.4](#)).

**Parent topic:** [31.205 Selected costs](#).