

# PGI 204.7108 Payment instructions.

(a) *Scope*. This section applies to contracts and orders that are funded by multiple accounting classification reference number (ACRN) citations and—

(1) Include deliverable line items or deliverable subline items (see FAR 4.1005-1) that are funded by multiple ACRNs; or

(2) Authorize financing payments.

(b) For contracts and orders covered by this subpart—

(1) The contracting officer shall insert the table at paragraph (b)(2), or a link to the table at (b)(2) ([https://www.acq.osd.mil/dpap/dars/pgi/pgi\\_htm/current/PGI204\\_71.htm#pay...](https://www.acq.osd.mil/dpap/dars/pgi/pgi_htm/current/PGI204_71.htm#pay...)) in Section G of the contract, or equivalent. When some, but not all, of the fixed-price line items in a contract are subject to contract financing payments, the contracting officer shall clearly identify to which line items the payment clause(s) included in Section I of the contract apply.

(2) The payment office shall allocate and record the amounts paid from the ACRNs in the contract using the table in this paragraph (b)(2) based on the type of payment request submitted (see DFARS [252.232-7006](#)) and the type of effort identified by the Product Service Code for each deliverable line item or subline item (see FAR 4.1005-1).

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Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
52.212-4 (Alt I), Contract Terms and Conditions—Commercial Products and Commercial Services; 52.216-7, Allowable Cost and Payment; 52.232-7, Payments Under Time-and-Materials and Labor-Hour Contracts	Cost Voucher	X	X	N/A	Line item specific proration. If there is more than one ACRN within a deliverable contract line item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the line item billed.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
52.232-1, Payments; 252.217-7007, Payments (vessel repair and alterations)	Navy Shipbuilding Invoice (Fixed Price)	X	X	N/A	Line item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds first. In the event of a deliverable line or deliverable subline item with two or more ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.

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Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
52.232-1, Payments; 52.232-2, Payments under Fixed-Price Research and Development Contracts; 52.232-3, Payments under Personal Services Contracts; 52.232-4, Payments under Transportation Contracts and Transportation-Related Services Contracts; and 52.232-6, Payments under Communication Service Contracts with Common Carriers	Invoice	X	X	N/A	Line item specific proration. If there is more than one ACRN within a deliverable line item or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
52.232-5, Payments Under Fixed-Price Construction Contracts	Construction and Facilities Management Invoice	N/A	N/A	X	Line item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds first. In the event of a deliverable line or deliverable subline item with two or more ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.

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Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
52.232-16, Progress Payments (excluding contracts with multiple lot progress payments)	Progress Payment*	X	X	N/A	Contract-wide proration. Funds shall be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN. Progress payments are considered contract level financing, and the "contract price" shall reflect the fixed-price portion of the contract per FAR 32.501-3.
52.232-16, Progress Payments 252.232-7018, Progress Payments- Multiple Lots	Progress Payment*	X	X	N/A	Lot-wide proration (applies to lots specifically identified in the contract). If there is more than one ACRN within a lot, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the lot for which payment is requested. See paragraph (c) of this section for multiple lot CLIN structure.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
52.232-29, Terms for Financing of Purchases of Commercial Products and Commercial Services;; 52.232-30, Installment Payments for Commercial Products and Commercial Services	Commercial Product and Commercial Service; Financing*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2).
52.232-32, Performance-Based Payments	Performance-Based Payments*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.1007(b)(2).
252.232-7002, Progress Payments for Foreign Military Sales Acquisitions	Progress Payment*	X	X	N/A	Allocate costs among line items and countries in a manner acceptable to the Administrative Contracting Officer.

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<b>Contract/Order Payment Clause</b>	<b>Type of Payment Request</b>	<b>Supply</b>	<b>Service</b>	<b>Construction</b>	<b>Payment Office Allocation Method</b>
<p>*Liquidation of Financing Payments. Liquidation will be applied by the payment office against those ACRNs which are identified by the payment instructions for the delivery payment and in keeping with the liquidation provision of the applicable contract financing clause (i.e., progress payment, performance-based payment, or commercial product and commercial service financing).</p>					

(c) The following example illustrates a contract with multiple lots. Note that each lot is specifically identified in Section B of the Schedule in the event lot-wide proration will be used in accordance with DFARS 252.232-7018, Progress Payments-Multiple Lots. Note also that cost-reimbursement line items are not included in the request for progress payment.

Section B – Supplies or services and prices/costs.

<b>ITEM NO.</b>	<b>SUPPLIES/SERVICE</b>	<b>QUANTITY</b>	<b>UNIT</b>	<b>UNIT PRICE</b>	<b>AMOUNT</b>
	<u>Lot 1 (FYXX)</u>				
0001	Lot 1 ABC Vehicle (FFP)				
0001AA	Lot 1 ABC Vehicles, Army (Procurement)	19	EA	\$300,000	\$5,700,000
0001AB	Lot 1 ABC Vehicles, Marine Corps (Procurement)	11	EA	\$300,000	\$3,300,000
0002	Data for Item 0001				NSP
0003	Lot 1 Initial Spares (FFP)				

ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0003AA	Lot 1 ABC Vehicle Initial Spares Army (See Exhibit C, \$456,000) (Procurement)				
0003AB	Lot 1 ABC Vehicle Initial Spares Marine Corps (See Exhibit D, \$264,000) (Procurement)				
0004	Lot 1 System Engineering and Program Management (CPFF)	1	Lot		Est. Cost: \$167,400 Fixed Fee: \$12,600
	OPTION ITEMS				
	<u>Lot 2 (FYXY)</u>				
1001	Lot 2 ABC Vehicles (FFP)				
1001AA	Lot 2 ABC Vehicles, Army (Procurement)	25	EA	\$303,000	\$7,575,000
1001AB	Lot 2 ABC Vehicles, Marine Corps (Procurement)	15	EA	\$307,500	\$4,545,000
1002	Data for Item 1001				NSP
1003	Lot 2 Initial Spares (FFP)				
1003AA	Lot 2 ABC Vehicle Initial Spares Army (See Exhibit E, \$606,000) (Procurement)				
1003AB	Lot 2 ABC Vehicle Initial Spares Marine Corps (See Exhibit F, \$363,600) (Procurement)				



ITEM NO.	SUPPLIES/SERVICE	QUANTITY	UNIT	UNIT PRICE	AMOUNT
1004	Lot 2 System Engineering and Program Management (CPFF)	1	Lot		Est. Cost: \$225,432 Fixed Fee: \$16,968

**Parent topic:** PGI 204.71 -UNIFORM CONTRACT LINE ITEM NUMBERING SYSTEM