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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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**September 16, 1999**

ACQUISITION AND

TECHNOLOGY

DP (DAR)

**In reply refer to DAR Tracking Number: 99-00013**

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,ASN (RD&A) /ABM

DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (CONTRACTING), SAF/AQC

DEPUTY ASSISTANT SECRETARY OF THE ARMY (PROCUREMENT)

COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND, DEFENSE LOGISTICS AGENCY

SUBJECT: Class Deviation from Federal Acquisition Regulation (FAR) 31.205-46(a) (2) (i), Maximum Per Diem Rates Under the Federal Travel Regulations (FTR)

This supersedes the class deviation issued on December 23, 1998, under DAR Tracking Number 98-00014, subject: Class Deviation from Federal Acquisition Regulation (FAR) 31.205-46(a)(2)(i), Maximum Per Diem Rates Under the Federal Travel Regulations (FTR).

I authorize all Department of Defense contracting activities to deviate from the requirements of FAR 31.205-46(a) (2) (i). Defense contractors may choose to satisfy the limitation on allowable travel costs by continuing to use the FTR maximum per diem rates and the definitions of lodging, meals, and incidental expenses in effect on December 31, 1998, or the current FTR rates and definitions.

FAR 31.205-46(a) (2) limits allowable costs for contractor employee lodging, meals, and incidental expenses to the maximum per diem rates in effect at the time of travel set forth in the FTR; the Joint Travel Regulation, Volume 2, DoD Civilian Personnel, Appendix A; or the Standardized Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas."

On December 2, 1998, the General Services Administration issued a final rule that significantly changed how the FTR maximum per diem rate limitations are computed, including extracting lodging taxes from the per diem rates and allowing payment of lodging taxes as a miscellaneous expense instead. The revised FTR rule went into effect on January 1, 1999.

I am Concerned that defense contractors may encounter a significant administrative burden and

incur substantial costs in modifying their systems to comply with this new rule. At the same time, the Federal agencies are considering a FAR change to remove these maximum per diem rate limitations. Therefore, I am authorizing a class deviation to permit the use of either the FTR rates and definitions effective on December 31, 1998, or the current FTR rates and definitions.

This class deviation is effective through September 30, 2000, or until the FAR is revised, whichever occurs first.

Eleanor R. Spector  
Director, Defense Procurement