



FAR FACTS
SEASON 2022, EPISODE SEVENTEEN
FAR PARTS 28 AND 29

1. A bid guarantee is a form of security that the Government uses to assure that a contractor will not withdraw a bid within a specified period of acceptance. **FAR 28.001.**
2. A payment bond assures payments as required by law to all persons supplying labor or material in the prosecution of the work provided for in the contract. **FAR 28.001.**
3. A performance bond secures performance and fulfillment of the contractor's obligations under the contract. **FAR 28.001.**
4. Payment bonds and performance bonds are tripartite agreements between a contractor, the U.S. Government, and a surety. **FAR 28.001.**
5. COs shall not require bid guarantee unless a performance bond or performance and payment bond is also required. **FAR 28.101-1.**
6. The Bonds statute (f.k.a. the Miller Act) requires performance and payment bonds for any construction contract greater than \$150,000. **FAR 28.102-1.**
7. Unless the contracting officer determines that a lesser amount is adequate for the protection of the Government, the amount of performance bonds must equal 100 percent of the original contract price and, if the contract price increases, an additional amount equal to 100 percent of the increase. **FAR 28.102-2.**
8. Generally, agencies shall not require performance and payment bonds for other than construction contracts. **FAR 28.103-1.**
9. Performance bonds may be required for contracts exceeding the simplified acquisition threshold when necessary to protect the Government's interest. For instance, (1) Government property or funds are to be provided to the contractor for use in performing the contract or as partial compensation, (2) a contractor sells assets to or merges with another concern, and the Government desires assurance that it is financially capable, (3) substantial progress payments are made before delivery of end items starts, or (4) contracts are for dismantling, demolition, or removal of improvements. **FAR 28.103- 2.**
10. If, after completion of the contract work, the Government receives written notice from a surety regarding the contractor's failure to meet its payment obligations to its subcontractors or suppliers, the contracting officer shall withhold final payment, provide the surety provides certain assurances to the Government. **FAR 28.106-7.**

6. Any contractor subject to the Cost Accounting Standard (CAS) 416 shall obtain insurance, by purchase or self-coverage, except when
 - (i) Government agrees to indemnify contractor under specified circumstances, or
 - (ii) contract specifically relieves the contractor of liability for loss of or damage to Government property. **FAR 28.301(a)(1).**
7. Contractors, whether or not their contracts are subject to CAS 416, are required by law and this regulation to provide insurance for certain types of perils (*e.g.*, workers' compensation). **FAR 28.301(b).**
8. Generally, purchases and leases made by the Federal Government are immune from State and local taxation. **FAR 29.302.**
9. Executive agencies shall take maximum advantage of available Federal excise tax exemptions. **FAR 29.201(c).**
10. Contractors performing work under a contract that includes **FAR 52.229-1** (State and Local Taxes) are required to state separately on their invoices the state and local taxes excluded from the contract price and the Government upon receipt must either pay the amount of the taxes to the Contractor or provide evidence to sustain an exemption. **FAR 52.229-1.**