



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY MEDICAL COMMAND
HEALTH CARE ACQUISITION ACTIVITY
2050 WORTH ROAD, SUITE 37
FORT SAM HOUSTON, TEXAS 78234-6037

MCAA (1e)

16 March 2001

MEMORANDUM FOR CHIEFS, MEDCOM HCAA CONTRACTING CENTERS/OFFICES

SUBJECT: Guidance for Using Payment Terms Less Than Net 30,
Office Instruction 01-03

1. Purpose. To provide guidance regarding the use of contractual payment terms less than net 30.
2. References.
 - a. The Prompt Payment Act of 21 May 1982 (Public Law 97-177), Amended on 17 October 1988 (Public Law 100-496).
 - b. 5 CFR 1315: Prompt Payment, Final Rule.
3. Contract Payment Terms.
 - a. Due to workload constraints, DFAS is not able to identify and routinely process payments that are less than net 30. This has resulted in an increase in interest penalties being assessed.
 - b. All contracting officers and contract specialists will utilize payment terms of net 30 unless they receive express permission from their office chief or office chief's designated representative. The use of Prompt Payment discounts (e.g., 1 percent 10 days net 30), construction contracts incorporating FAR 52.232-27 (Prompt Payment for Construction Contracts), and fast pay procedures are not affected by this operating instruction.
 - c. Office chiefs will concurrently report any instance of approval of terms less than net 30 to HCAA Business Operations Branch so that special processing procedures can be arranged with DFAS.

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4. Our point of contact is Mr. Bruce Strauch, DSN 471-3443 or
Commercial (210) 221-3443.



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