



ACQUISITION
AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(PROCUREMENT)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING)
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Governmentwide Commercial Purchase Card Interim Use Prohibition When
Contracts Contain Federal Acquisition Regulation Clause 52.229-12 - Tax on
Certain Foreign Procurements (GPC 2021-2)

Effective immediately, Governmentwide Commercial Purchase Card (GPC) cardholders shall not use the GPC as a method of payment or purchase when a contract instrument contains Federal Acquisition Regulation (FAR) clause 52.229.12, "Tax on Certain Foreign Procurements." In certain circumstances, the Government must withhold a 2% excise tax on foreign payments to vendors to comply with the FAR and Internal Revenue Service regulations. The GPC does not provide a method to accomplish this withholding. As a result, the GPC is prohibited from being used —

- As the method of purchase and payment to place a task order or delivery order under any federal contract or blanket purchase agreement (BPA) issued under FAR part 8 procedures when the contract or BPA includes FAR clause 52.229-12, "Tax on Certain Foreign Procurements;"
- As the method of purchase and payment when a task order, delivery order, or call order under any federal basic ordering agreement or BPA issued under FAR part 13 procedures, when the resulting order would include FAR clause 52.229-12; or
- As a method of payment when a contract or order includes FAR clause 52.229-12.

This guidance will be incorporated into the DoD GPC Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs, or subsequent Guidebook. In addition, Defense FAR Supplement (DFARS) case 2021-D029 is also open to incorporate this prohibition in the DFARS for contracting officers. Questions may be directed to my point of contact, Ms. Sheila McGlynn, at 703-697-4402 or sheila.a.mcglynn.civ@mail.mil.

John M. Tenaglia
Principal Director,
Defense Pricing and Contracting