



OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-3000

ACQUISITION
AND SUSTAINMENT

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: Prohibition on Use of the Governmentwide Commercial Purchase Card When
Contracts Contain Federal Acquisition Regulation Clause 52.229.12, Tax on Certain
Foreign Procurements (2023-02)

Reference: (1) Defense Federal Acquisition Regulation Supplement (DFARS) Case 2021-D029,
“Reporting Tax Information on Certain Foreign Procurements,” final rule
published October 28, 2022
(2) Defense Pricing and Contracting (DPC) Memorandum, “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),” dated November 5, 2021

On October 28, 2022, DFARS Case 2021-D029 (Reference 1) updated DFARS subpart
213.301 for an additional process related to the application of Federal Acquisition Regulation
(FAR) clause 52.229-12, “Tax on Certain Foreign Procurements,” requiring an update to
governmentwide commercial purchase card (GPC) policy. As such, this memorandum
supersedes the November 5, 2021, DPC memorandum (Reference 2) in full.

Effective immediately, GPC cardholders shall not use the GPC as a method of payment or
purchase when a contract instrument contains FAR clause 52.229.12, unless DFARS clause
252.229-7014, “Full Exemption from Two Percent Excise Tax on Certain Foreign Procurements”
is also present. 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, but does not include DFARS clause 252.229-7014;
- 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 but not DFARS clause 252.229-7014; or
- As a method of payment when a contract or order includes FAR clause 52.229-12 but not DFARS clause 252.229-7014.

This guidance will be incorporated into the *DoD GPC Guidebook for Establishing and Managing Purchase, Travel, and Fuel Card Programs*, or subsequent guidebook. My point of contact is Ms. Sheila McGlynn, at 703-697-4402 or sheila.a.mcglynn.civ@mail.mil.

John M. Tenaglia
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Defense Pricing and Contracting