

★VOLUME 15, SECURITY ASSISTANCE POLICY AND PROCEDURES

★CHAPTER 7, PRICING

**SECTION 0703 CASH SALES OF DEFENSE ARTICLES ISSUED FROM STOCK.** This section is amended by adding the following new paragraph:

“070305.T. ‘Special’ Research, Development, Test and Evaluation, and Other Nonrecurring Costs. DoD Directive 2140.2, ‘Recoupment of Nonrecurring Costs (NCs) on Sales of U.S. Items,’ requires ‘special’ research, development, test, and evaluation, and other nonrecurring costs that are incurred for the benefit of a particular Foreign Military Sales (FMS) customer to be paid by that particular FMS customer. Documentation shall be maintained to show that the FMS customer requested the feature for its own benefit. DoD Directive 2140.2 also provides that the U.S. Government shall not be charged a recoupment charge for such features even if the U. S. Government also adopts such features for its own use, or provides equipment with such features under a U.S. grant aid or similar program. This provision applies without regard to whether the adoption of such features by the Department of Defense occurs before, during or after full development of the feature. For purposes of this paragraph, a special feature or unique requirement includes, but is not limited to, features that the Department initially may not have adopted or purchased due to the nonavailability of funds, lack of authorization from the Congress, or the lack of an approved DoD requirement; but subsequently adopts or purchases when otherwise authorized.”

**SECTION 0705 ACCESSORIAL COSTS.** This section is amended by deleting the current paragraph 070502 and replacing it with the following paragraph:

“070502. Packing, Crating, and Handling (PC&H). PC&H costs shall be included in the selling price of all material sold from DoD inventories to recover the costs described in paragraph 070501.A., above.

A. PC&H costs need not be added to the selling price for material sold from the Department’s Working Capital Fund (WCF) as the amounts for PC&H are included in the standard WCF price structure for WCF items delivered after October 1, 1990.

B. For sales of inventories from other than the Department’s WCF, the DoD Components shall use actual costs when readily available or obtainable. When actual costs are not readily available or obtainable, an estimated cost for PC&H shall be used.”

**SECTION 0720 PERIODIC REVIEW AND UPDATING OF RATES.** This section is amended by deleting the last sentence in paragraph 072001. That sentence reads “Beginning in FY 1993, the rates for PC&H will be reviewed every two years by the DFAS.”