

**DEPARTMENT OF DEFENSE****GENERAL SERVICES  
ADMINISTRATION****NATIONAL AERONAUTICS AND  
SPACE ADMINISTRATION****48 CFR Chapter 1****[Docket FAR 2012–0080, Sequence 4]****Federal Acquisition Regulation;  
Federal Acquisition Circular 2005–59;  
Introduction****AGENCY:** Department of Defense (DoD),  
General Services Administration (GSA),and National Aeronautics and Space  
Administration (NASA).**ACTION:** Summary presentation of final  
and interim rules.**SUMMARY:** This document summarizes  
the Federal Acquisition Regulation  
(FAR) rules agreed to by the Civilian  
Agency Acquisition Council and the  
Defense Acquisition Regulations  
Council (Councils) in this Federal  
Acquisition Circular (FAC) 2005–59. A  
companion document, the *Small Entity  
Compliance Guide* (SECG), follows this  
FAC. The FAC, including the SECG, is  
available via the Internet at [http://  
www.regulations.gov](http://www.regulations.gov).**DATES:** For effective dates and comment  
dates see separate documents, which  
follow.**FOR FURTHER INFORMATION CONTACT:** The  
analyst whose name appears in the table  
below in relation to each FAR case.  
Please cite FAC 2005–59 and the  
specific FAR case numbers. For  
information pertaining to status or  
publication schedules, contact the  
Regulatory Secretariat at 202–501–4755.**LIST OF RULES IN FAC 2005–59**

Item	Subject	FAR Case	Analyst
I .....	Prohibition on Contracting With Inverted Domestic Corporations .....	2012–013	Jackson.
II .....	Free Trade Agreement—Colombia .....	2012–012	Davis.
III .....	Revision of Cost Accounting Standards Threshold .....	2012–003	Chambers.

**SUPPLEMENTARY INFORMATION:**

Summaries for each FAR rule follow.  
For the actual revisions and/or  
amendments made by these FAR cases,  
refer to the specific item numbers and  
subject set forth in the documents  
following these item summaries. FAC  
2005–59 amends the FAR as specified  
below:

**Item I—Prohibition on Contracting  
With Inverted Domestic Corporations  
(FAR Case 2012–013) (Interim)**

This interim rule implements section  
738 of Division C of the Consolidated  
Appropriations Act, 2012 (Pub. L. 112–  
74), which prohibits the award of  
contracts using Fiscal Year 2012  
appropriated funds to any foreign  
incorporated entity that is treated as an  
inverted domestic corporation or to any  
subsidiary of such an entity. This  
interim rule extends an existing  
prohibition that applied to use of Fiscal  
Years 2008 through 2010 funds.  
Contracting officers are prohibited from  
awarding contracts using appropriated  
funds to any foreign incorporated entity  
that is treated as an inverted domestic  
corporation or to any subsidiary of such  
entity, unless an exception applies. The  
exceptions are at FAR 9.108–2. This rule  
is not expected to have an effect on  
small business because this rule will  
only impact an offeror that is an  
inverted domestic corporation and  
wants to do business with the  
Government. Small business concerns  
are unlikely to have been incorporated  
in the United States and then  
reincorporated in a tax haven.

**Item II—Free Trade Agreement—  
Colombia (FAR Case 2012–012)**

This interim rule implements a new  
Free Trade Agreement with Colombia  
(see the United States—Colombia Trade  
Promotion Agreement Implementation  
Act (Pub. L. 112–42) (19 U.S.C. 3805  
note)).

This Trade Promotion Agreement is a  
free trade agreement that provides for  
mutually non-discriminatory treatment  
of eligible products and services from  
Colombia. This interim rule is not  
expected to have a significant economic  
impact on a substantial number of small  
entities.

**Item III—Revision of Cost Accounting  
Standards Threshold (FAR Case 2012–  
003)**

This final rule revises the cost  
accounting standards (CAS) threshold in  
order to implement in the FAR a recent  
rule of the Cost Accounting Standards  
Board and statutory requirements. The  
threshold now equals the Truth in  
Negotiations Act (TINA) threshold,  
currently \$700,000. There is no impact  
on small businesses as they are exempt  
from CAS pursuant to 48 CFR 9903.201–  
1(b).

Dated: May 3, 2012.

Laura Auletta,

Director, Office of Governmentwide  
Acquisition Policy, Office of Acquisition  
Policy, Office of Governmentwide Policy.

Federal Acquisition Circular (FAC)  
2005–59 is issued under the authority of  
the Secretary of Defense, the  
Administrator of General Services, and

the Administrator for the National  
Aeronautics and Space Administration.

Unless otherwise specified, all  
Federal Acquisition Regulation (FAR)  
and other directive material contained  
in FAC 2005–59 is effective May 10,  
2012, except for Item II which is  
effective May 15, 2012.

Dated: May 3, 2012.

**Richard Ginman,**Director, Defense Procurement and  
Acquisition Policy.

Dated: May 2, 2012.

**Joseph A. Neurauter,**Senior Procurement Executive/Deputy CAO,  
Office of Acquisition Policy, U.S. General  
Services Administration.

Dated: May 3, 2012.

**William P. McNally,**Assistant Administrator for Procurement,  
National Aeronautics and Space  
Administration.

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