

Information related to the allowability of various types of cost can be found in the Code of Federal Regulations, 48 CFR Chapter 1, Part 31, Contract Cost Principles and Procedures. All consulting services contracts with the Department are governed by these regulations which are commonly referred to as the FARs. Listed below are some commonly encountered unallowable costs. This list should not be construed as all-inclusive and the consultant should refer to the FARs for any particular cost which appears to be questionable.

### LISTING OF COMMON UNALLOWABLE COSTS

<b><u>FAR Reference</u></b>	<b><u>Unallowable Costs</u></b>
31.205-1 & 31.205-38(b)(1)	Advertising
31.205-1(f)(2)	Trade Show Expenses
31.205-1(f)(2)	Trade Show Labor
31.205-1(f)(5)	Brochures and Other Promotional Material
31.205-1(d)(2)	Souvenirs/Imprinted Clothing Provided to Public
31.205-1(f)(7)	Membership in Civic and Community Organizations
31.205-3	Bad Debts
31.205-3	Collection Costs
31.205-6(f)	Compensation (excess compensation and distribution of profit)
31.205-6(m)(2)	Personal Use of Company Vehicles
31.205-8 & 31.205-1(e)(3)	Contributions or Donations
31.205-13(b)	Employee Gifts and Recreation
31.205-14	Membership in Social, Dining, and Country Clubs
31.205-14	Social Activities
31.205-15(a)	Fines, Penalties, and Mischarging Costs Related to Violation of Laws
31.205-19(e)(2)(v)	Life Insurance on Key Employees
31.205-19	Costs to Correct Defects in Materials and Workmanship
31.205-20	Interest Expense
31.205-22	Lobbying and Political Activity Costs.
31.205-27	Organization/Reorganization Legal Fees
31.205-27	Organization/Reorganization Accounting Fees
31.205-27	Organization/Reorganization Incorporation Fees
31.205-27	Organization/Reorganization Labor
31.205-27	Capital Raising (equity or long-term Debt) Legal Fees
31.205-27	Capital Raising (equity or long-term Debt) Accounting Fees
31.205-27	Capital Raising (equity or long-term Debt) Lender Fees
31.205-30(c)	Patent Costs
31.205-33(e)	Retainer Agreements (unless properly supported)
31.205-35	Relocation Costs (in certain circumstances)
31.205-46	Travel Costs in Excess of FTR Rates
31.205-49	Goodwill
31.205-51	Alcoholic Beverages