

SERVICE CONTRACT LABOR STANDARDS

Commercial Exemptions List

Commercial Items – Subcontractors must certify to the provisions of these requirements in writing.

- ❖ The Commercial Items Exemptions to subcontracts principally for the maintenance, calibration, and/or repair of:
 - Automated data processing equipment and office information/word processing systems
 - Scientific equipment and medical apparatus or equipment where the application of microelectronic circuitry or other technology of at least similar sophistication is an essential element
 - Office/business machines where such services are performed by the manufacturer or supplier of the equipment
- ❖ Where **ALL** of the following requirements are met:
 - ✓ The items of equipment are commercial items which are used regularly for other than Government purposes, and are sold or traded by the contractor (or subcontractor in the case of an exempt subcontract) in substantial quantities to the general public in the course of normal business operations;
 - ✓ The subcontract services are furnished at prices which are, or are based on, established catalog or market prices for the maintenance, calibration, and/or repair of such commercial items.
 - An “established catalog price” is a price included in a catalog, price list, schedule, **or**
 - other form that is regularly maintained by the manufacturer **or**
 - the contractor, is either published or otherwise available for inspection by customers, **and** states prices at which sales currently, or were last, made to a significant number of buyers constituting the general public.
 - An “established market price” is a current price, established in the usual course of trade between buyers and sellers free to bargain, which can be substantiated from sources independent of the manufacturer or contractor; and
 - ✓ The contractor utilizes the same compensation (wage and fringe benefits) plan for all service employees performing work under the contract as the contractor uses for these employees and equivalent employees servicing the same equipment of commercial customers;

Commercial Services Exemption - Subcontractors must certify to the provisions of these requirements in writing.

- ❖ Commercial Services Exemptions apply to the following:
 - Automobile or other vehicle maintenance services
 - Financial services involving issuance and services of cards
 - Hotel and motel subcontract for conferences, lodging, meals
 - Maintenance, calibration, and repair, and/or installation for all types of equipment where services are obtained from the manufacturer or supplier of the equipment under a subcontract awarded on a sole source basis
 - Transportation by common carrier
 - Real estate services
 - Relocation services
- ❖ Where **ALL** of the following requirements are met:
 - ✓ The services under the subcontract are offered and sold regularly to non-Governmental customers and are provided by the offeror (or sub subcontractor in the case of an exempt subcontract) to the general public in substantial quantities in the course of normal business operations.
 - ✓ The subcontract services are furnished at prices that are, or are based on, established catalog or market prices.
 - An "established catalog price" is a price included in a catalog, price list, schedule, or other form that is regularly maintained by the manufacturer or the offeror, is either published or otherwise available for inspection by customers, and states prices at which sales currently, or were last, made to a significant number of buyers constituting the general public.
 - An "established market price" is a current price, established in the usual course of ordinary and usual trade between buyers and sellers free to bargain, which can be substantiated from sources independent of the manufacturer or offeror.
 - ✓ Each service employee who will perform the services under the subcontract will spend only a small portion of his or her time (a monthly average of less than 20 percent of the available hours on an annualized basis, or less than 20 percent of available hours during the subcontract period if the subcontract period is less than a month) servicing the Government subcontract.
 - ✓ The offeror uses the same compensation (wage and fringe benefits) plan for all service employees performing work under the subcontract as the offeror uses for these employees and for equivalent employees servicing commercial customers.