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**DEPARTMENT OF DEFENSE**

**GENERAL SERVICES ADMINISTRATION**

**NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

**48 CFR Chapter 1**

**[Docket No. FAR-2020-0051, Sequence No. 2]**

**Federal Acquisition Regulation; Federal Acquisition  
Circular 2020-06; Introduction**

**AGENCY:** Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

**ACTION:** Summary presentation of final 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) 2020-06. A companion document, the Small Entity Compliance Guide (SECG), follows this FAC.

**DATES:** For effective date see the separate documents, which follow.

**ADDRESSES:** The FAC, including the SECG, is available via the Internet at <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** The analyst whose name appears in the table below in relation to the FAR case. For information pertaining to status or publication schedules, contact the Regulatory Secretariat Division at 202-501-4755.

**Rule Listed in FAC 2020-06**

<i>Item</i>	<i>Subject</i>	<i>FAR Case</i>	<i>Analyst</i>
I	Revocation of Executive Order on Nondisplacement of Qualified Workers	2020-001	Delgado
II	Applicability of Inflation Adjustments of Acquisition-Related Thresholds	2018-007	Delgado
III	Tax on Certain Foreign Procurement	2016-013	Delgado
IV	Technical Amendments		

**SUPPLEMENTARY INFORMATION:** Summaries for each FAR rule follow. For the actual revisions and/or amendments made by these FAR rules, refer to the specific item numbers and subjects set forth in the documents following these item summaries. FAC 2020-06 amends the FAR as follows:

**Item I—Revocation of Executive Order on Nondisplacement of Qualified Workers (FAR Case 2020-001)**

This final rule removes subpart 22.12, entitled “Nondisplacement of Qualified Workers Under Service Contracts”, and a related contract clause, from the FAR.

The final rule applies to service contracts which succeed a contract for performance by service employees of the same or similar work at the same location. It removes a requirement for service contractors and their subcontractors to offer employees of the predecessor contractor and its subcontractors a right of first refusal of employment for positions for which they are qualified. It implements Executive Order 13897 of October 31, 2019, Improving Federal Contractor Operations by Revoking Executive Order 13495. This final rule will not have a significant impact on service contractors and their subcontractors. However, as a result of eliminating the language in FAR subpart 22.12, there will be fewer requirements imposed on contractors to keep records demonstrating compliance on successor contractors.

**Item II—Applicability of Inflation Adjustments of Acquisition-Related Thresholds (FAR Case 2018-007)**

This final rule makes inflation adjustments of statutory acquisition-related thresholds under 41 U.S.C. 1908 applicable to existing contracts and subcontracts in effect on the date of the adjustment. It implements section 821 of the National Defense Authorization Act for Fiscal Year 2018.

This final rule will not have a significant economic impact on a substantial number of small entities.

**Item III—Tax on Certain Foreign Procurement (FAR Case 2016-013)**

This final rule withholds a 2 percent tax on contract payments made by the United States (U.S.) Government to foreign persons pursuant to certain contracts. This rule applies to Federal Government contracts for goods or services that are awarded to foreign persons. It implements the Department of the Treasury final regulations published in the *Federal Register* at 81 FR 55133 on August 18, 2016, under section 5000C of the Internal Revenue Code relating to the 2 percent tax on payments made by the U.S. Government to foreign entities pursuant to certain contracts.

This final rule will not have a significant economic impact on a substantial number of small entities.

**Item IV—Technical Amendments**

Editorial changes are made at FAR 4.1102, 19.102, 25.301-1, 25.301-4, 52.219-28, 52.223-15, and 52.225-19.

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Federal Acquisition Circular (FAC) 2020-06 is issued under the authority of the Secretary of Defense, the Administrator of General Services, and the Administrator of National Aeronautics and Space Administration.

Unless otherwise specified, all Federal Acquisition Regulation (FAR) and other directive material contained in FAC 2020-06 is effective **[insert date of publication in the *Federal Register*]** except for Items I, II, and III, which are effective **[insert date 30 days after date of publication in the *Federal Register*]**.

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