

CLIENT ALERT

Final Rule Requires Technical Interchange for IR&D Cost Allowability

November 14, 2016

On November 4, 2016, DoD issued a [final rule](#) requiring contractors performing IR&D projects initiated in FY2017 or later to engage in a technical interchange with DoD, and report the occurrence of this interchange, before the costs for such projects may be deemed allowable (a topic previously [discussed here](#)). Although the rule is stated to be intended to promote DoD awareness of IR&D projects and provide feedback to contractors, it is likely to impose an administrative burden on contractors and DoD alike and could have a chilling effect on IR&D investment, particularly because it is silent regarding the allowability of IR&D costs if DoD fails to engage.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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