Research Terms and Conditions Overlay to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 CFR §200

Dated November 12, 2020

These Research Terms and Conditions implement the requirements of the Uniform Guidance, issued by the U.S. Office of Management and Budget, as it applies to research and research-related grants made by the Federal awarding agencies specified below to institutions of higher education and non-profit organizations. While the Uniform Guidance outlines provisions that are specific to research, these terms and conditions:

- Incorporate the entire Uniform Guidance by reference, clarifying or supplementing select provisions where appropriate and consistent with government-wide research policy.
- Apply to an award when included as part of the award or when incorporated in the award by reference.

In addition to these Research Terms and Conditions, recipients also must review the following companion resources:

- Appendix A, Prior Approval Matrix;
- Appendix B, Subaward Requirements Matrix; and

The agencies participating in this activity include the: U. S. Department of Commerce/National Oceanic and Atmospheric Administration and National Institute of Standards and Technology; U.S. Department of Energy; National Aeronautics and Space Administration; National Science Foundation; U.S. Department of Health and Human Services/National Institutes of Health and Food and Drug Administration; U.S. Department of Agriculture/National Institute of Food and Agriculture; and the U.S. Department of Homeland Security.

Clarity is provided only for the specific Uniform Guidance provisions that are noted in the following table. Unless noted below, the Uniform Guidance provisions apply to these Research General Terms and Conditions as written in 2 CFR §200. Recipients also must refer to Agency-Specific Requirements.
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<td><strong>§200.1 Definitions</strong></td>
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<tr>
<td><em>Cluster of programs</em> means a grouping of closely related programs that share common compliance requirements. The types of clusters of programs are research and development (R&amp;D), student financial aid (SFA), and other clusters. “Other clusters” are as defined by OMB in the compliance supplement or as designated by a State for Federal awards the State provides to its subrecipients that meet the definition of a cluster of programs. When designating an “other cluster,” a State must identify the Federal awards included in the cluster and advise the subrecipients of compliance requirements applicable to the cluster, consistent with §200.332(a). A cluster of programs must be considered as one program for determining major programs, as described in §200.518, and, with the exception of R&amp;D as described in §200.501(c), whether a program-specific audit may be elected.</td>
<td><em>Cluster of programs.</em></td>
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<td><em>All awards issued that include these Research Terms and Conditions as part of the award or incorporate them in the award by reference meet the definition of “Research and Development (R&amp;D)” at 2 CFR §200.1. As such, auditees should identify them as part of the R&amp;D cluster on the Schedule of Expenditures of Federal Awards (SEFA). The auditor should test the awards for compliance as instructed in Part V, Clusters of Programs. It is recognized that some awards may have another classification for purposes of indirect costs. The auditor is not required to report this disconnect (i.e., the award is classified as R&amp;D for Federal Audit Requirement purposes but non-research for indirect cost rate purposes), unless the auditee (IHEs and non-profit entities) is charging indirect costs at a rate other than the rate(s) specified in the award document(s).</em></td>
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<td><strong>§200.1 Definitions</strong></td>
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|  *Federal award* has the meaning, depending on the context, in either paragraph (1) or (2) of this definition:  
  (1)(i) The Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in §200.101; or (ii) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in §200.101.  
  (2) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (2) of the definition of Federal financial assistance in this section, or the cost reimbursement contract awarded under the Federal Acquisition Regulations.  
  (3) Federal award does not include other contracts that a Federal agency uses to buy goods or services from a contractor or a contract to operate Federal Government owned, contractor operated facilities (GOCOs).  
  (4) See also definitions of Federal financial assistance, grant agreement, and cooperative agreement. |  *Federal award.* |
<p>|  As used throughout these Research Terms and Conditions, the term &quot;award&quot; means this specific agreement. |
| <strong>§200.1 Definitions</strong> | <strong>§200.1 Definitions</strong> |
|  <em>Period of performance</em> means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. Identification of the period of performance in the Federal award per §200.211(b)(5) does not commit the awarding agency to fund the award beyond the currently approved budget period. |  <em>Period of performance.</em> |
|  &quot;Period of Performance&quot; has the meaning given in 2 CFR §200.1, with the additional clarification that the term includes any extension of the end date of the award, such as a no-cost extension authorized by 2 CFR §200.308, paragraph (e)(2). |
| <strong>§200.1 Definitions</strong> | <strong>§200.1 Definitions</strong> |
|  <em>Recipient</em> means an entity, usually but not limited to non-Federal entities that receives a Federal award directly from a Federal awarding agency. The term recipient does not include subrecipients or individuals that are beneficiaries of the award. |  <em>Recipient.</em> |</p>
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<td>§200.1 Definitions.</td>
<td>The term “recipient” means the organization that received this award. The term recipient does not include subrecipients.</td>
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<td>Subrecipient means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.</td>
<td>§200.1 Definitions Subrecipient.</td>
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<td>The term “subrecipient,” as defined in 2 CFR §200.1 includes the types of organizations shown for the Federal awarding agency in Appendix B of these Research Terms and Conditions.</td>
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<td>§200.102 Exceptions.</td>
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<tr>
<td>(a) With the exception of subpart F of this part, OMB may allow exceptions for classes of Federal awards or non-Federal entities subject to the requirements of this part when exceptions are not prohibited by statute. In the interest of maximum uniformity, exceptions from the requirements of this part will be permitted as described in this section.</td>
<td>Any request by the recipient for waiver or deviation from any provision of either these Research Terms and Conditions or the Agency Specific Requirements must be submitted to the awarding agency’s designated representative identified in the agency specific requirements. Any request by the recipient for a waiver or deviation from any special condition attached to this award must be submitted to the cognizant awarding agency official for this particular award (usually the Grants Officer or Contracting Officer who signed the award on behalf of the awarding agency). The Federal awarding agency must review the request and notify the recipient whether the request to deviate has been approved within 30 calendar days from the date of receipt of the deviation request. If the deviation request is still under consideration at the end of 30 calendar days, the Federal awarding agency must inform the recipient in writing of the date when the recipient may expect the decision.</td>
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<td>(b) Exceptions on a case-by-case basis for individual non-Federal entities may be authorized by the Federal awarding agency or cognizant agency for indirect costs, except where otherwise required by law or where OMB or other approval is expressly required by this part.</td>
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<td>(c) The Federal awarding agency may apply adjust requirements to a class of Federal awards or non-Federal entities when approved by OMB, or when required by Federal statutes or regulations, except for the requirements in subpart F of this part. A Federal awarding agency may apply less restrictive requirements when making fixed amount awards as defined in subpart A of this part, except for those requirements imposed by statute or in subpart F of this part. (d) Federal awarding agencies may request exceptions in support of innovative program designs that apply a risk-based, data-driven framework to alleviate select compliance requirements and hold recipients accountable for good performance. See also §200.206.</td>
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<td>Subpart C—Pre-Federal Award Requirements and Contents of Federal Awards</td>
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<td>§200.200 Purpose.</td>
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<td>Sections 200.201 through 200.216 prescribe instructions and other preaward matters to be used by Federal awarding agencies in the program planning, announcement, application and award processes.</td>
<td>These Research Terms and Conditions:</td>
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<tr>
<td>(a) Do not implement 2 CFR §200 Subpart C, Pre-Federal Award Requirements and Contents of Federal Awards because Subpart C addresses pre-award matters that are not appropriate for award terms and conditions. (b) Do not implement 2 CFR §200.208, Specific Conditions because implementation of that section is appropriately addressed in award-specific terms and conditions on a case-by-case basis, rather than in these Research Terms and Conditions.</td>
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<td>§200.212 Public access to Federal award information.</td>
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<td>(a) In accordance with statutory requirements for Federal spending transparency (e.g., FFATA), except as noted in this section, for applicable Federal awards the Federal awarding agency must announce all Federal</td>
<td>Reporting potentially classifiable information:</td>
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Uniform Guidance (November 12, 2020)

(a) This award is intended for unclassified, publicly releasable research. The recipient will not be granted access to classified information. The awarding agency does not expect that the results of the research project will involve classified information.

(b) If, however, in conducting the activities supported under this award, the principal investigator (PI) is concerned that any of the research results involve potentially classifiable information that may warrant Government restrictions on the dissemination of the results, the PI should promptly notify the awarding agency’s program official, or the person identified in the Agency Specific Requirements in accordance with his/her institution’s policies and procedures.

§200.216 Prohibition on certain telecommunications and video surveillance services or equipment.

(a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

(1) Procure or obtain;

(2) Extend or renew a contract to procure or obtain; or

(3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115–232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

(i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

(ii) Telecommunications or video surveillance services provided by such entities or using such equipment.

(iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

(b) In implementing the prohibition under Public Law 115–232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

(c) See Public Law 115–232, section 889 for additional information.

(d) See also § 200.471.

Research Terms Clarification (November 12, 2020)

awards publicly and publish the required information on a publicly available OMB-designated governmentwide website.

All information posted in the designated integrity and performance system accessible through SAM (currently FAPIIS) on or after April 15, 2011 will be publicly available after a waiting period of 14 calendar days, except for:

(1) Past performance reviews required by Federal Government contractors in accordance with the Federal Acquisition Regulation (FAR) 48 CFR part 42, subpart 42.15;

(2) Information that was entered prior to April 15, 2011; or

(3) Information that is withdrawn during the 14-calendar day waiting period by the Federal Government official.

Nothing in this section may be construed as requiring the publication of information otherwise exempt under the Freedom of Information Act (5 U.S.C 552), or controlled unclassified information pursuant to Executive Order 13556.

§200.216 Prohibition on certain telecommunications and video surveillance services or equipment.

### $200.300$ Statutory and national policy requirements.

**Subpart D—Post Federal Award Requirements**  
**Standards for Financial and Program Management**

**§200.300** Statutory and national policy requirements.

(a) The Federal awarding agency must manage and administer the Federal award in a manner so as to ensure that Federal funding is expended and associated programs are implemented in full accordance with the U.S. Constitution, Federal Law, and public policy requirements: Including, but not limited to, those protecting free speech, religious liberty, public welfare, the environment, and prohibiting discrimination. The Federal awarding agency must communicate to the non-Federal entity all relevant public policy requirements, including those in general appropriations provisions, and incorporate them either directly or by reference in the terms and conditions of the Federal award.

(b) The non-Federal entity is responsible for complying with all requirements of the Federal award. For all Federal awards, this includes the provisions of FFATA, which includes requirements on executive compensation, and also requirements implementing the Act for the non-Federal entity at 2 CFR parts 25 and 170. See also statutory requirements for whistleblower protections at 10 U.S.C. 2409, 41 U.S.C. 4712, and 10 U.S.C. 2324, 41 U.S.C. 4304 and 4310.

### $200.305$ Federal payment.

**Subpart D—Post Federal Award Requirements**  
**Standards for Financial and Program Management**

**§200.305** Federal payment.

(a) For states, payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205 and Treasury Financial Manual (TFM) 4A–2000, "Overall Disbursing Rules for All Federal Agencies".

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302(b)(6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved, governmentwide information collection requests to request payment.

1. The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

2. Whenever possible, advance payments must be consolidated to cover anticipated cash needs for all Federal awards made by the Federal awarding agency to the recipient.

### $200.305$ Federal payment.

The national policy requirements are summarized in Appendix C of these Research Terms and Conditions. Agencies are required to maintain and identify specific general appropriations provisions in the Federal award or on publicly available websites.

Should an applicable national requirement be missing from the matrix, recipients and subrecipients are nevertheless responsible for compliance with applicable national policy requirements.
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<td>(i) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer and must comply with applicable guidance in 31 CFR part 208.</td>
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<tr>
<td>(ii) Non-Federal entities must be authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as they like when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693–1693r).</td>
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<td>(3) Reimbursement is the preferred method when the requirements in this paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per §200.208, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.</td>
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<td>(4) If the non-Federal entity cannot meet the criteria for advance payments and the Federal awarding agency or pass-through entity has determined that reimbursement is not feasible because the non-Federal entity lacks sufficient working capital, the Federal awarding agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency or pass-through entity must advance cash payments to the non-Federal entity to cover its estimated disbursement needs for an initial period generally geared to the non-Federal entity’s disbursing cycle. Thereafter, the Federal awarding agency or pass-through entity must reimburse the non-Federal entity for its actual cash disbursements. Use of the working capital advance method of payment requires that the pass-through entity provide timely advance payments to any subrecipients in order to meet the subrecipient’s actual cash disbursements. The working capital advance method of payment must not be used by the pass-through entity if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the subrecipient to meet the subrecipient’s actual cash disbursements.</td>
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<td>(5) To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.</td>
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<td>(6) Unless otherwise required by Federal statutes, payments for allowable costs by non-Federal entities must not be withheld at any time during the period of performance unless the conditions of §200.208, subpart D of this part, including §200.339, or one or more of the following applies:</td>
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<td>(i) The non-Federal entity has failed to comply with the project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award.</td>
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<td>“(ii) The non-Federal entity is delinquent in a debt to the United States as defined in OMB Circular A–129, “Policies for Federal Credit Programs and Non-Tax Receivables.” Under such conditions, the Federal awarding agency or pass-through entity may, upon reasonable notice, inform the non-Federal entity that payments must not be made for financial obligations incurred after a specified date until the conditions are corrected or the indebtedness to the Federal Government is liquidated.</td>
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<td>(iii) A payment withheld for failure to comply with Federal award conditions, but without suspension of the Federal award, must be released to the non-Federal entity upon subsequent compliance. When a Federal award is suspended, payment adjustments will be made in accordance with §200.343.</td>
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A payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.

Standards governing the use of banks and other institutions as depositories of advance payments under Federal awards are as follows.

(i) The Federal awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the non-Federal entity. However, the non-Federal entity must be able to account for funds received, obligated, and expended.

(ii) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.

The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:

(i) The non-Federal entity receives less than $250,000 in Federal awards per year.

(ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on Federal cash balances.

(iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

(iv) A foreign government or banking system prohibits or precludes interest-bearing accounts.

Interest earned amounts up to $500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

For returning interest on Federal awards paid through PMS, the refund should: (A) Provide an explanation stating that the refund is for interest; (B) List the PMS Payee Account Number(s) (PANs); (C) List the Federal award number(s) for which the interest was earned; and (D) Make returns payable to: Department of Health and Human Services.

For returning interest on Federal awards not paid through PMS, the refund should: (A) Provide an explanation stating that the refund is for interest; (B) Include the name of the awarding agency; (C) List the Federal award number(s) for which the interest was earned; and (D) Make returns payable to: Department of Health and Human Services.

Funds, principal, and excess cash returns must be directed to the original Federal agency payment system. The non-Federal entity should review instructions from the original Federal agency payment system. Returns should include the following information:

(i) Payee Account Number (PAN), if the payment originated from PMS, or Agency information to indicate whom to credit the funding if the payment originated from ASAP, NSF, or another Federal agency payment system.
(ii) PMS document number and subaccount(s), if the payment originated from PMS, or relevant account numbers if the payment originated from another Federal agency payment system.

(iii) The reason for the return (e.g., excess cash, funds not spent, interest, part interest part other, etc.)

(11) When returning funds or interest to PMS you must include the following as applicable:

(i) For ACH Returns: Routing Number: 051036706 Account number: 303000 Bank Name and Location: Credit Gateway—ACH Receiver St. Paul, MN

(ii) For Fedwire Returns ¹: Routing Number: 021030004 Account number: 75010501 Bank Name and Location: Federal Reserve Bank Treats NYC/Funds

¹ Please note that the organization initiating payment is likely to incur a charge from their Financial Institution for this type of payment.


(iv) For recipients that do not have electronic remittance capability, please make check ² payable to: “The Department of Health and Human Services.” Mail Check to Treasury approved lockbox: HHS Program Support Center, P.O. Box 530231, Atlanta, GA 30353–0231

² Please allow 4–6 weeks for processing of a payment by check to be applied to the appropriate PMS account.

(v) Questions can be directed to PMS at 877–614–5533 or PMSSupport@psc.hhs.gov.

§200.306 Cost sharing or matching.

(a) Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity. See also §§200.414 and 200.204 and appendix I to this part.

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity’s cost sharing or matching when such contributions meet all of the following criteria:

(1) Are verifiable from the non-Federal entity’s records;

(2) Are not included as contributions for any other Federal award;

(3) Are necessary and reasonable for accomplishment of project or program objectives;

(4) Are allowable under subpart E of this part;

(5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

(6) Are provided for in the approved budget when required by the Federal awarding agency; and

(7) Conform to other provisions of this part, as applicable.

§200.306 Cost sharing or matching.

This article implements 2 CFR §200.306. The allowability and valuation of third party in-kind and recipient contributions toward cost sharing or matching is in accordance with 2 CFR §200.306 with the following clarification:

(c) The recipient may include unrecovered indirect costs as part of cost sharing or matching without prior approval.
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<td>(c) Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity’s approved negotiated indirect cost rate.</td>
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<td>(d) Values for non-Federal entity contributions of services and property must be established in accordance with the cost principles in subpart E of this part. If a Federal awarding agency authorizes the non-Federal entity to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching must be the lesser of paragraph (d)(1) or (2) of this section.</td>
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<td>(1) The value of the remaining life of the property recorded in the non-Federal entity’s accounting records at the time of donation.</td>
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<td>(2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the value described in paragraph (d)(1) of this section at the time of donation.</td>
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<td>(e) Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.</td>
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<td>(f) When a third-party organization furnishes the services of an employee, these services must be valued at the employee’s regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs at either the third-party organization’s approved federally-negotiated indirect cost rate or, a rate in accordance with §200.414(d) provided these services employ the same skill(s) for which the employee is normally paid. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donated services so that reimbursement for the donated services will not be made.</td>
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<td>(g) Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.</td>
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<td>(h) The method used for determining cost sharing or matching for third-party donated equipment, buildings and land for which title passes to the non-Federal entity may differ according to the purpose of the Federal award, if paragraph (h)(1) or (2) of this section applies.</td>
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<td>(1) If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.</td>
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<td>(2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges. See also §200.420.</td>
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Uniform Guidance (November 12, 2020)

(ii) The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601–4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24, “Uniform Relocation Assistance And Real Property Acquisition For Federal And Federally Assisted Programs”.

(2) The value of donated equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(4) The value of loaned equipment must not exceed its fair rental value.

(j) For third-party in-kind contributions, the fair market value of goods and services must be documented and, to the extent feasible, supported by the same methods used internally by the non-Federal entity.

(k) For IHEs, see also OMB memorandum M-01-06, dated January 5, 2001, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs.

§200.307 Program income.

(a) General. Non-Federal entities are encouraged to earn income to defray program costs where appropriate.

(b) Cost of generating program income. If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.

(c) Governmental revenues. Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.

(d) Property. Proceeds from the sale of real property, equipment, or supplies are not program income; such proceeds will be handled in accordance with the requirements of the Property Standards §§200.311, 200.313, and 200.314, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.

(e) Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, program income in excess of any amounts specified must also be deducted from expenditures. (1) Deduction. Ordinarily

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§200.307 Program income.

2 CFR §200.307 governs the Federal awarding agency’s and recipient’s responsibilities concerning payments, with the following clarifications:

(c) Governmental revenues. (1) The Patent and Trademark Laws Amendments, 35 USC §§200-212, apply to inventions made under an award for performance of experimental, developmental, or research work.

(2) Unless the terms and conditions for the Federal award provide otherwise, recipients must have no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which 37 CFR §401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts, and Cooperative Agreements” is applicable. However, no scholarship, fellowship, training grant, or other funding agreement made primarily to a recipient for educational purposes will contain any provision giving the Federal awarding agency rights to inventions made by the recipient, in accordance with 2 CFR §200.315.

(e) Use of program income. This article implements §200.307(e). The use and disposition of program income is in accordance with §200.307, and, unless the Agency-Specific Requirements specify otherwise, the following clarifications and supplements to §200.307 apply:

(i) The additive method of §200.307(e)(2) will be used to dispose of program income.
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Program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

(2) Addition. With prior approval of the Federal awarding agency (except for IHEs and nonprofit research institutions, as described in this paragraph (e)) program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

(3) Cost sharing or matching. With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

(f) Income after the period of performance. There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also §200.344.

§200.308 Revision of budget and program plans.

(a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include either the Federal and non-Federal share (see definition for Federal share in § 200.1) or only the Federal share, depending upon Federal awarding agency requirements. The budget and program plans include considerations for performance and program evaluation purposes whenever required in accordance with the terms and conditions of the award.

(b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, in accordance with this section.

(c) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for the following program or budget-related reasons:

(1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(2) Change in a key person specified in the application or the Federal award.

(3) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(4) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with subpart E of this part as applicable.

§200.308 Revision of budget and program plans.

(a) The budget plan is the financial expression of the project or program as approved during the award process. The approved budget includes the Federal share of project costs and that portion of the non-Federal share of project costs, if any, that the recipient and the Federal awarding agency formally agree upon as cost sharing (see OMB Memorandum M-01-06, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs, January 5, 2001 available at: http://p://www.whitehouse.gov/omb/memoranda/m01-06.html)

The total amount of Federal funds authorized is reflected on the award notice and notice of amendments signed by the authorized official of the Federal awarding agency (usually a Grants Officer or Contracting Officer). The Federal awarding agency is not liable for any obligations, expenditures, or commitments that require any amount in excess of the presently available Federal funds authorized. Any commitments, obligations, or expenditures in excess of that amount of Federal funds will be made at the recipient’s risk. The receipt of any prospective funding is contingent upon the availability of funds, satisfactory performance, continued relevance to the program objectives, and will be at the sole discretion of the Federal awarding agency. The recipient will be responsible for any and all termination costs it may incur should prospective funding not become available. No legal liability will exist or result on the part of the Federal Government for payment of any portion of the remaining funds which have not been made available under the award. Notifications affecting the funding or notice of non-availability of additional
Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in this section, the Federal awarding agency is authorized, at its option, to waive other cost-related and administrative prior written approvals contained in subparts D and E of this part. Such waivers may include authorizing recipients to do any one or more of the following:

1. Incur project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the Federal awarding agency. All costs incurred before the Federal awarding agency makes the Federal award are at the recipient's risk (i.e., the Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation).

2. Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs (e)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the Federal award. This one-time extension must not be exercised merely for the purpose of using unobligated balances.

3. Carry forward unobligated balances to subsequent budget periods.

4. For Federal awards that support research, unless the Federal awarding agency provides otherwise in the Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in this paragraph (e) are automatically waived (i.e., recipients need not obtain such prior approvals) unless the conditions included in paragraph (e)(2) of this section applies.

5. The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the simplified acquisition threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.

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Funding for prospective years will be made only by the Grants Officer, Contracting Officer, or other authorized official of the Federal awarding agency.

1. The recipient must obtain the prior written approval of the Federal awarding agency before making any of the following project changes:
   a. A change in scope or objectives of the project as stated in the approved application or approved modifications thereto, such as a change in the phenomenon(a) under study, even if there is no associated budget revision.
   b. The disengagement or change of the Principal Investigator/Project Director (PI/PD). If the approved PI/PD severs his or her connection with the recipient or otherwise relinquishes active direction of the project (either permanently or for a continuous period of more than 3 months or a 25 percent reduction in time devoted to the project), then the recipient must either:
      i. Seek and receive prior approval from the funding agency for the reduction of time devoted to the project; or
      ii. Reapportion the award (in which case the award will be terminated by mutual agreement, in accordance with §200.339).
   d. The transfer, by contract or other means, of a significant part of the research or substantive programmatic effort, unless described in the approved application or approved modifications to the award. The recipient must submit a justification, a description of the scientific/technical impact on the project, and a budget estimate to the cognizant Federal awarding agency official.
   e. Changing the approved cost sharing or matching provided by the non-Federal entity.
   f. If any of the conditions in paragraph (e)(2) apply.
   g. Adding Federal funds to complete the project.
   h. Transfer funds allotted for participant support costs to other categories of expense.

2. Appoint a replacement PI/PD with the approval of the awarding agency;

3. Seek and receive prior approval from the awarding agency for the reduction of time devoted to the project.

4. Initiating a one-time extension of the period of performance by up to 12 months unless one or more of the following conditions outlined in paragraphs (e)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the
(g) All other changes to nonconstruction budgets except for the changes described in paragraph (c) of this section, do not require prior approval (see also § 200.407). (h) For construction Federal awards, the recipient must request prior written approval promptly from the Federal awarding agency for budget revisions whenever paragraph (h)(1), (2), or (3) of this section applies:

1. The revision results from changes in the scope or the objective of the project.
2. The need arises for additional Federal funds to complete the project.
3. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in subpart E.
4. No other prior approval requirements for budget revisions may be imposed unless an exception has been approved by OMB.
5. When a Federal awarding agency makes a Federal award that provides support for construction and nonconstruction work, the Federal awarding agency may require the recipient to obtain prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.

(i) When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in the application, unless the Federal awarding agency indicates a letter of request suffices.

(j) Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency must review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency must inform the recipient in writing of the date when the recipient may expect the decision.

Subpart D—Post Federal Award Requirements
Property Standards

$200.313 Equipment.

See also §200.439.

(a) Title. Subject to the requirements and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further responsibility to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

1. Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

Subpart D—Post Federal Award Requirements
Property Standards

$200.313 Equipment.

(a) Unless the agency-specific requirements specify otherwise, title to all equipment purchased or fabricated with Federal awarding agency or recipient cost sharing funds, as direct costs of the project or program, must vest in the recipient upon acquisition, subject only to the following conditions:

1. The Federal awarding agency may require that title be transferred to the Federal Government or a third party if the project or program for which the equipment was purchased is transferred to another recipient. In any such case, the Federal awarding agency will notify the recipient of the intent to transfer title within 120 days following the expiration or termination of the project and paragraph 2 CFR §200.313(e)(3) then applies.
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<td>(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.</td>
<td>(2) As long as the Federal Government continues to support the project or program for which the equipment was purchased, the recipient:</td>
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<td>Use and dispose of the property in accordance with paragraphs (b), (c), and (e) of this section.</td>
<td>(i) Must use the equipment in that project or program, unless it no longer is needed for that project or program. The recipient may not encumber the equipment without the approval of the Federal awarding agency.</td>
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<td>(b) General. A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-federal entities must follow paragraphs (c) through (e) of this section.</td>
<td>(ii) Must use the equipment accordance with 2 CFR §200.313(c). In accordance with 2 CFR §200.313(c)(3), the recipient must not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.</td>
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<td>(c) Use. (1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. The Federal awarding agency may require the submission of the applicable common form for equipment. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:</td>
<td>(iii) May, when acquiring replacement equipment, use the equipment that is being replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment, as authorized by 2 CFR §200.313(c)(4).</td>
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<td>(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then</td>
<td>(3) The recipient must:</td>
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<td>(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.</td>
<td>(i) Manage the equipment in accordance with 2 CFR §200.313(d); and</td>
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<td>(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.</td>
<td>(ii) Continue to account for the equipment after the cessation of Federal support for the project or program for which the equipment was purchased, in a manner that ensures that:</td>
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<td>(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then</td>
<td>(A) equipment purchased under the award is not later included as a contribution toward cost sharing under another Federal award; and</td>
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<td>(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.</td>
<td>(B) depreciation or use charges for the equipment are not later included in any proposal for indirect or Facilities and Administrative costs.</td>
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<td>(3) Notwithstanding the encouragement in §200.307 to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.</td>
<td>(b) The recipient must specify in any cost-type subaward whether title to equipment purchased or fabricated under the subaward vests in the recipient or subrecipient. If title vests in the subrecipient, it must be subject to the conditions specified in paragraph (a) of this article. The recipient must also require each subrecipient specify, in any lower-tier, cost-type subaward that the subrecipient awards, whether title to equipment purchased or fabricated under that lower-tier subaward vests in the subrecipient making the subaward or in the lower-tier subrecipient</td>
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<td>(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.</td>
<td>(c) Expenditures for acquisition or improvement of special purpose equipment and general purpose equipment, as defined in 2 CFR §200.1 are allowable as direct costs of the project in accordance with 2 CFR §200.439 of these Research Terms and Conditions.</td>
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<td>(d) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:</td>
<td>(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.</td>
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<tr>
<td>(i) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.</td>
<td>(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.</td>
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(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
(4) Adequate maintenance procedures must be developed to keep the property in good condition.
(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
(e) Disposition. When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:
   (1) Items of equipment with a current per unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with no further responsibility to the Federal awarding agency.
   (2) Except as provided in §200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of $5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency’s percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
   (3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
   (4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

§200.315 Intangible property.
(a) Title to intangible property (see definition for Intangible property in §200.1) acquired under a Federal award vests upon acquisition in the non-Federal entity. The non-Federal entity must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in §200.313(e).
(b) The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish or otherwise use the work for Federal purposes, and to authorize others to do so.
(c) The non-Federal entity is subject to applicable regulations governing patents and inventions, including governmentwide regulations issued by the Department of Commerce at 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements.”

§200.315 Intangible property.
2 CFR §200.315 specifies the Government’s and recipient’s rights and responsibilities concerning intangible property. For copyrights, patents and inventions, and data that are generated or acquired under the award, there are the following clarifications:
(a) The Federal awarding agency does not waive the Federal Government’s rights concerning data first produced under the award, as described in 2 CFR §200.315(d).
   b) The award must be subject to the Patents Rights (Small Business Firms and Nonprofit Organizations) clause at 37 CFR 401.14 and the following:
      (1) In each instance where the term “contract” or “contractor” is used in the clause, those terms must be read as “award” and “recipient,” respectively.
      (2) In each instance where the term “Federal Agency,” “agency,” or “funding Federal agency” is used in the clause, the term must be read to mean the awarding agency for the award.
§200.332. In response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under a Federal award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and the non-Federal entity must provide, within a reasonable time, the research data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the Federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the Federal agency and the non-Federal entity. This fee is in addition to any fees the Federal awarding agency may assess under the FOIA (5 U.S.C. 552(a)(4)(A)).

§200.329, with the following additions and clarifications:

(a) Monitoring by the non-Federal entity. The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also §200.332.

(b) Reporting program performance. The Federal awarding agency must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information. As appropriate and in accordance with above mentioned information collections, the Federal awarding agency must require the recipient to relate financial data and accomplishments to performance goals and objectives of the operations of the Federal award supported activities. An acknowledgment of awarding agency support must appear in the Research Performance Progress Report (RPPR) format for use in reporting all research and research related activities. The RPPR does not relate financial information to performance data. Therefore, there is no such requirement.

(3) Under paragraph (g) of the clause, the title must read “Contracts and Subawards Under the Award” and, in that paragraph, “subcontract” and “subcontractor” must be read as “contract” or “subaward.”

(4) Under subparagraph (g)(2) of the clause, if a contract or subaward is to be made to any organization other than a non-profit organization or small business firm, as defined in paragraph (a) of the clause, the recipient must contact the cognizant awarding agency official to ascertain the appropriate patent clause.

(c) No scholarship, fellowship, training grant, or other funding agreement made primarily to a recipient for educational purposes will contain any provision giving the Federal awarding agency rights to inventions made by the recipient, as stated in 2 CFR §200.307.

(d) See the agency-specific requirements of the award for the point of contact for communications on matters relating to the clause.
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Federal award. Also, in accordance with above mentioned common information collections, and when required by the terms and conditions of the Federal award, recipients must provide cost information to demonstrate cost effective practices (e.g., through unit cost data). In some instances (e.g., discretionary research awards), this will be limited to the requirement to submit technical performance reports (to be evaluated in accordance with Federal awarding agency policy). Reporting requirements must be clearly articulated such that, where appropriate, performance during the execution of the Federal award has a standard against which non-Federal entity performance can be measured.

(c) Non-construction performance reports. The Federal awarding agency must use standard, governmentwide OMB-approved data elements for collection of performance information including performance progress reports, Research Performance Progress Reports.

(1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Reports submitted annually by the non-Federal entity and/or pass-through entity must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. Alternatively, the Federal awarding agency or pass-through entity may require annual reports before the anniversary dates of multiple year Federal awards. The final performance report submitted by the non-Federal entity and/or pass-through entity must be due no later than 120 calendar days after the period of performance end date. A subrecipient must submit to the pass-through entity, no later than 90 calendar days after the period of performance end date, all final performance reports as required by the terms and conditions of the Federal award. See also §200.344. If a justified request is submitted by a non-Federal entity, the Federal agency may extend the due date for any performance report.

(2) As appropriate in accordance with above mentioned performance reporting, these reports will contain, for each Federal award, brief information on the following unless other data elements are approved by OMB in the agency information collection request:

(i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

(ii) The reasons why established goals were not met, if appropriate. (iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

(d) Construction performance reports. For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by Federal awarding agencies and passsthrough entities to monitor progress under Federal awards and subawards for construction. The Federal awarding agency may require additional performance reports only when considered necessary.

**Research Terms Clarification (November 12, 2020)**

Any publication, including World Wide Web pages, of any material, whether copyrighted or not, based on or developed under this project, and, is orally acknowledged during all news media interviews, including popular media, such as radio, television, and news magazines as follows:

(1) The acknowledgment will be: “This material is based upon work supported by the [name of awarding agency(ies) under Award No. [recipient should enter the awarding agency(ies) award number(s)]]”.

(2) For all materials, except scientific articles or papers published in scientific journals, the disclaimer will be: “Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the [name(s) of awarding agency(ies)].”
### Significant Developments

Events may occur between the scheduled performance reporting dates that have significant impact upon the supported activity. In such cases, the non-Federal entity must inform the Federal awarding agency or pass-through entity as soon as the following types of conditions become known:

1. Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
2. Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.

### Site Visits

The Federal awarding agency may make site visits as warranted by program needs.

### Performance Report Requirement Waiver

The Federal awarding agency may waive any performance report required by this part if not needed.

### Termination

The Federal award may be terminated in whole or in part as follows:

1. By the Federal awarding agency or pass-through entity, if a non-Federal entity fails to comply with the terms and conditions of a Federal award;
2. By the Federal awarding agency or pass-through entity, to the greatest extent authorized by law, if an award no longer effectuates the program goals or agency priorities;
3. By the Federal awarding agency or pass-through entity with the consent of the non-Federal entity, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated;
4. By the non-Federal entity upon sending to the Federal awarding agency or pass-through entity written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated.
5. By the Federal awarding agency or pass-through entity pursuant to termination provisions included in the Federal award.

A Federal awarding agency should clearly and unambiguously specify termination provisions applicable to each Federal award, in applicable regulations or in the award, consistent with this section.

When a Federal awarding agency terminates a Federal award prior to the end of the period of performance due to the non-Federal entity’s material failure to comply with the Federal award terms and conditions, the Federal awarding agency must report the termination to the OMB-designated integrity and performance system accessible through SAM (currently FAPIIS).

The information required under paragraph (c) of this section is not to be reported to designated integrity and performance system until the non-Federal entity either—

1. Has exhausted its opportunities to object or challenge the decision, see §200.342; or

The provisions of 2 CFR §200.340 are fully incorporated and restated to ensure compliance with the requirement for a termination article in the award Terms and Conditions.
(ii) Has not, within 30 calendar days after being notified of the termination, informed the Federal awarding agency that it intends to appeal the Federal awarding agency’s decision to terminate.

(2) If a Federal awarding agency, after entering information into the designated integrity and performance system about a termination, subsequently:
   (i) Learns that any of that information is erroneous, the Federal awarding agency must correct the information in the system within three business days;
   (ii) Obtains an update to that information that could be helpful to other Federal awarding agencies, the Federal awarding agency is strongly encouraged to amend the information in the system to incorporate the update in a timely way.

(3) Federal awarding agencies, must not post any information that will be made publicly available in the nonpublic segment of designated integrity and performance system that is covered by a disclosure exemption under the Freedom of Information Act. If the non-Federal entity asserts within seven calendar days to the Federal awarding agency who posted the information, that some of the information made publicly available is covered by a disclosure exemption under the Freedom of Information Act, the Federal awarding agency who posted the information must remove the posting within seven calendar days of receiving the assertion. Prior to reposting the releasable information, the Federal agency must resolve the issue in accordance with the agency’s Freedom of Information Act procedures.

(d) When a Federal award is terminated or partially terminated, both the Federal awarding agency or pass-through entity and the non-Federal entity remain responsible for compliance with the requirements in §§200.344 and 200.345.

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§200.407 Prior written approval (prior approval).

Amend §200.407 by revising paragraphs (g) and (y) to read as follows:

* * * * *

(g) §200.333 Fixed amount subawards;

* * * * *

(y) §200.475 Travel costs.

§200.407 Prior written approval (prior approval).

The Federal awarding agency hereby approves the inclusion of certain costs for which the agency’s prior approval is required by 2 CFR §200.407. Unless otherwise specified in the Agency Specific Requirements, agency approval is granted for the recipient to:

- §200.306 Cost sharing or matching
- §200.307 Program income

(c) The recipient may include unrecovered indirect costs as part of cost sharing or matching without prior approval.

(c) Recipients must have no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award. However, no scholarship, fellowship, training
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| grant, or other funding agreement made primarily to a recipient for educational purposes will contain any provision giving the Federal awarding agency rights to inventions made by the recipient.  
  (e)(2) The additive method of §200.307(e)(2) will be used to dispose of program income. |
<p>| <strong>§200.308 Revision of budget and program plans</strong> |
| (e)(1) Incur pre-award costs 90 calendar days prior to award (or more than 90 calendar days with the prior approval of the Federal awarding agency). Preaward expenditures prior to funding of an increment within a multiple-year project, including any optional years, are not subject to this limitation or approval requirement. All costs are incurred at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive an award or if the award is less than anticipated and inadequate to cover such costs). |
| (e)(2) Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the following conditions outlined in paragraphs (e)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised end date at least 10 days before the final end date of the period of performance specified in the award. This one-time extension is to allow additional time for work related to the project scope and may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior approval by the Federal awarding agency when: |
| (i) The agency-specific requirements of the award prohibit the extension. |
| (ii) The extension requires additional Federal funds. |
| (iii) The extension involves any change in the approved objectives or scope of the project. |
| (e)(3) Carry forward unobligated balances to subsequent funding periods. Any unobligated balance of funds which remains at the end of any funding period, except the final funding period of the project, must be carried over to the next funding period, and may be used to defray costs of any funding period of the project in addition to the current year's funding. Since the carryover of unobligated balances is automatic, no separate or specific awarding agency prior approval must be required to authorize use of the funds. |
| (f) Transfer amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa. |
| <strong>§200.413 Direct costs, paragraph (c)</strong> |
| Direct charge the salaries of administrative and clerical staff if all conditions in 2 CFR §200.413 are met, excluding the requirement in §200.413 (c)(3). &quot;Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency.&quot; This requirement is waived. |
| <strong>§200.430 Compensation—personal services, paragraph (h)</strong> |
| (h)(1)(ii) Directly charge payments of incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) and not include them in the records described in paragraph (i) of 2 CFR §200.430. |
| (h)(3) Include charges for intra-IHE faculty consulting on sponsored agreements that exceed a faculty member's base salary, but only in unusual cases where: (a) consultation is across departmental lines or involves a separate or remote operation; and (b) the consulting work is in addition to the faculty member's regular departmental load. |</p>
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| §200.439 Equipment and other capital expenditures |
| (b)(1) Direct charge capital expenditures for general purpose equipment. Prior written approval, however, is required for capital expenditures for buildings and land as a direct charge. |
| (b)(2) Unless otherwise specified in the Agency-Specific Requirements, the requirement to obtain prior approval for special purpose equipment over $5,000 is waived. |

| §200.447 Insurance and indemnification |
| (a) Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable. |

| §200.456 Participant support costs |
| Include participant support costs such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects. |

| §200.458 Pre-award costs |
| See §200.308(d)(1) above regarding pre-award costs. |

Prior approval is required for the following:

| §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5) |
| (b)(5) Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the Federal awarding agency or pass-through entity. |

| §200.306 Cost sharing or matching |
| (b)(2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges. |

| §200.307 Program income |
| (e)(3) Cost sharing or matching. With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. |

| §200.311 Real property |
| (c)(3) Disposition. Prior approval is required for non-Federal entity to transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. |

<p>| §200.313 Equipment |
| (a)(2) Title. In accordance with §200.313, the non-Federal entity must not encumber the property without approval of the Federal awarding agency or pass-through entity. |</p>
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<td>§200.430 Compensation—personal services, paragraph (h)</td>
<td>(c)(1) Use. Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency.</td>
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<td>§200.431 Compensation—fringe benefits</td>
<td>(h)(2) Unless there is prior approval by the Federal awarding agency, charges of a faculty member’s salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.</td>
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<td>§200.438 Entertainment costs</td>
<td>(i)(2)(ii) Measurement of costs of abnormal or mass severance pay by means of an accrual will not achieve equity to both parties. Thus, accruals for this purpose are not allowable. However, the Federal Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Prior approval by the cognizant agency for indirect cost, as appropriate, is required.</td>
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<tr>
<td>§200.439 Equipment and other capital expenditures</td>
<td>(i)(4) Severance payments to foreign nationals employed by the non-Federal entity outside the United States, to the extent that the amount exceeds the customary or prevailing practices for the non-Federal entity in the United States, are unallowable, unless they are necessary for the performance of Federal programs and approved by the Federal awarding agency.</td>
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<tr>
<td>§200.440 Exchange rates</td>
<td>(i)(5) Severance payments to foreign nationals employed by the non-Federal entity outside the United States due to the termination of the foreign national as a result of the closing of, or curtailment of activities by, the non-Federal entity in that country, are unallowable, unless they are necessary for the performance of Federal programs and approved by the Federal awarding agency.</td>
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<td>§200.441 Fines, penalties, damages and other settlements</td>
<td>Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.</td>
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<td>§200.447 Foreign national costs</td>
<td>Capital expenditures for improvements to land or buildings which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity.</td>
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<td>§200.448 Foreign national costs</td>
<td>Prior approval of exchange rate fluctuations is required when the change results in the need for additional Federal funding, or the increased costs result in the need to significantly reduce the scope of the project.</td>
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<td>§200.449 Equipment, software, supplies, and services from foreign sources</td>
<td>Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.</td>
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§200.442 Fund raising and investment management costs
(a) Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fund raising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency.

§200.445 Goods or services for personal use
(b) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.

§200.447 Insurance and indemnification
(b)(2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the Federal awarding agency has specifically required or approved such costs.

§200.454 Memberships, subscriptions, and professional activity costs, paragraph (c)
(c) Costs of membership in any civic or community organization are allowable with prior approval by the Federal awarding agency or pass-through entity.

§200.455 Organization costs
Costs such as incorporation fees, brokers’ fees, fees to promoters, organizers or management consultants, attorneys, accountants, or investment counselor, whether or not employees of the non-Federal entity in connection with establishment or reorganization of an organization, are unallowable except with prior approval of the Federal awarding agency.

§200.462 Rearrangement and reconversion costs
Special arrangements and alterations costs incurred specifically for a Federal award are allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity.

§200.467 Selling and marketing costs
Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under §200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.

§200.470 Taxes (including Value Added Tax)
(c) For many countries an exemption of this tax for research exists. Consequently, requesting this cost is unallowable for research grants involving such countries as a performance site.

§200.474 Travel costs
(a) Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.
(c)(2) Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency.
### Uniform Guidance (November 12, 2020)

**§200.430 Compensation—personal services.**

(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

1. Is determined and supported as provided in paragraph (i) of this section, when applicable.

2. Institutions of Higher Education (IHEs).

3. Intra-Institution of Higher Education (IHE) consulting. Intra-IHE consulting by faculty should be undertaken as an IHE responsibility requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.

4. Encompass federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity’s written policy.

5. The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

### Research Terms Clarification (November 12, 2020)

Consult the Agency-Specific Requirements and award documents regarding additional prior approval requirements.

**§200.430 Compensation—personal services.**

See §200.407 regarding prior written approvals for compensation—personal services.

### Uniform Guidance (November 12, 2020)

**§200.439 Equipment and other capital expenditures.**

(a) See §200.1 for the definitions of capital expenditures, equipment, special purpose equipment, general purpose equipment, acquisition cost, and capital assets.

(b) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal government.

### Research Terms Clarification (November 12, 2020)

Unless otherwise specified in the Agency-Specific Requirements:

1. The requirement to obtain prior approval for special purpose equipment over $5,000 is waived.

2. Capital expenditures for improvements to land or buildings which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal government, or pass-through entity.

See §200.407 regarding prior written approvals for Equipment and other capital expenditures.
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| awarding agency, or pass-through entity. See §200.436, for rules on the allowability of depreciation on buildings, capital improvements, and equipment. See also §200.465.  *
|                                   |                                                 |
|                                   | Equipment and other capital expenditures are unallowable as indirect costs. See §200.436. |

**§200.447 Insurance and indemnification.**

(a) *

(4) Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibilities are allowable only to the extent that the insurance represents additional compensation (see §200.431). The cost of such insurance when the non-Federal entity is identified as the beneficiary is unallowable.  *

**§200.447 Insurance and indemnification.**

See §200.407 regarding prior written approvals for Insurance and Indemnification.

**§200.456 Participant support costs.**

Participant support costs as defined in §200.1 are allowable with the prior approval of the Federal awarding agency.

**§200.456 Participant support costs.**

See §200.407 regarding prior written approvals for participant support costs.

**§200.458 Pre-award costs.**

Pre-award costs are those incurred prior to the effective date of the Federal award or subaward directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency. If charged to the award, these costs must be charged to the initial budget period of the award, unless otherwise specified by the Federal awarding agency or pass-through entity.

**§200.458 Pre-award costs.**

See §§200.308 and 200.407 regarding prior written approvals for pre-award costs.
§200.470 Taxes (including Value Added Tax).

(a) For states, local governments and Indian tribes:
   (1) Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed
taxes that disproportionately affect Federal programs or changes in tax policies that
disproportionately affect Federal programs.
   (2) Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits
provided to the Federal Government are allowable.
   (3) This provision does not restrict the authority of the Federal awarding agency to identify taxes
where Federal participation is inappropriate. Where the identification of the amount of
unallowable taxes would require an inordinate amount of effort, the cognizant agency for indirect
costs may accept a reasonable approximation thereof.

(b) For nonprofit organizations and IHEs:
   (1) In general, taxes which the non-Federal entity is required to pay and which are paid or
accrued in accordance with GAAP, and payments made to local governments in lieu of taxes
which are commensurate with the local government services received are allowable, except for:
      (i) Taxes from which exemptions are available to the non-Federal entity directly or which are
available to the non-Federal entity based on an exemption afforded the Federal Government and,
in the latter case, when the Federal awarding agency makes available the necessary exemption
certificates,
      (ii) Special assessments on land which represent capital improvements, and
      (iii) Federal income taxes.
   (2) Any refund of taxes, and any payment to the non-Federal entity of interest thereon, which
were allowed as Federal award costs, will be credited either as a cost reduction or cash refund, as
appropriate, to the Federal Government. However, any interest actually paid or credited to an
non-Federal entity incident to a refund of tax, interest, and penalty will be paid or credited to the
Federal Government only to the extent that such interest accrued over the period during which
the non-Federal entity has been reimbursed by the Federal Government for the taxes, interest,
and penalties.

(c) Value Added Tax (VAT) Foreign taxes charged for the purchase of goods or services that a
non-Federal entity is legally required to pay in country is an allowable expense under Federal
awards. Foreign tax refunds or applicable credits under Federal awards refer to receipts, or
reduction of expenditures, which operate to offset or reduce expense items that are allocable to
Federal awards as direct or indirect costs. To the extent that such credits accrued or received by
the non-Federal entity relate to allowable cost, these costs must be credited to the Federal
awarding agency either as costs or cash refunds. If the costs are credited back to the Federal
award, the non-Federal entity may reduce the Federal share of costs by the amount of the foreign
tax reimbursement, or where Federal award has not expired, use the foreign government tax

§200.470 Taxes (including Value Added Tax).

For many countries an exemption of this tax exists for research. Consequently, requesting this cost
should be unallowable for research grants involving such countries as a performance site.
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<td>refund for approved activities under the Federal award with prior approval of the Federal awarding agency.</td>
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