

SELECTED AREAS OF COTS

Chapter 70 – Trade, Business, Technical and Professional Activity Costs

Authoritative Sources

[FAR 31.205-43](#) Trade, Business, Technical, and Professional Activity Costs

This chapter addresses the following topics:

- 70-1 General
- 70-2 Conference Costs versus Entertainment Costs
- 70-3 Business Meals
- 70-4 Documentation
- 70-5 Standards of Conduct --- Federal Employees

70-1 General

Paragraph (c) of FAR 31.205-43, Trade, Business, Technical and Professional Activity Costs states that the cost of technical or professional meetings and conferences are allowable when the primary purpose of the meeting is the dissemination of trade, business, technical or professional information or the stimulation of production or improved productivity, provided the costs meet the other requirements controlling allowability (FAR 31.201-2).

The cost principle makes the following type of professional and technical activity costs expressly allowable:

(1) Organizing, setting up, and sponsoring the technical and professional meetings, symposia, seminars, etc., including rental of meeting facilities, transportation, subsistence, and incidental costs.

(2) Attending the meetings by contractor employees, including travel costs. (See FAR 31.205-46)

(3) Attending the meetings by individuals who are not contractor employees, provided the costs are not reimbursed to them by their own employer and their attendance is essential to achieve the purpose of the meetings.

70-2 Conference Costs versus Entertainment Costs

Determinations as to whether or not expenses associated with a particular meeting or conference represent allowable business expense under FAR 31.205-43(c) provisions or unallowable social activity under FAR 31.205-14 (Entertainment Costs) should be made on a case-by-case basis, based on all pertinent facts.

Under the provision of FAR 31.205-43(c)(3), costs associated with the spouse of an attendee are not allowable because the spouse's attendance is not essential to achieve the purpose of the meeting.

70-3 Business Meals

For individuals on official travel, assure the meal expense is not included in both the claimed travel costs and subsistence costs included as part of organizing the meeting.

For individuals not on official travel, assure that any meal expense is an integral part of the meeting as described in FAR 31.205-43(c), necessary for the continuation of official business during the meal period, and not a social function.

70-4 Documentation

Determination of allowability requires knowledge concerning the purpose and nature of activity at the meeting or conference. The contractor should maintain adequate records supplying the following information on properly prepared travel vouchers or expense records supported by copies of paid invoices, receipts, charge slips, etc.

- (1) Date and location of meeting including the name of the establishment.
- (2) Names of employees and guests in attendance.
- (3) Purpose of meeting.
- (4) Cost of the meeting, by item.

The above guidelines closely parallel the current record-keeping requirements in Section 274 of the Internal Revenue code for entertainment costs as a tax deductible expense. Where satisfactory support assuring the claimed costs are allowable conference expenses is not furnished, the claimed conference/meal costs and directly associated costs (see CAM Section 8-405.1d. for further description) should be questioned.

70-5 Standards of Conduct --- Federal Employees

Guest expenses for meals or other incidentals applicable to Federal employees should normally be questioned as unnecessary, and hence unreasonable costs, except under limited circumstances, since they are prohibited from accepting gratuities by Executive Order 11222 of 1965, Title 5 CFR 2635, and various departmental implementing directives (e.g., DoDD 5500.7, "Standards of Conduct").