



DEFENSE SECURITY COOPERATION AGENCY

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JUL 30 2018

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR DEFENSE FINANCE AND ACCOUNTING SERVICE,
SECURITY COOPERATION ACCOUNTING
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
JOINT STRIKE FIGHTER PROGRAM

SUBJECT: Decrease to Delivery Term Codes Percentage Rates for "Below-the-Line"
Transportation on Foreign Military Sales and Building Partnership Capacity Cases,
Defense Security Cooperation Agency Policy Memo 18-37, E-SAMM 391

Reference: (a) DoD 7000.14-R, "Department of Defense Financial Management Regulation,"
Volume 15, Chapter 3, Paragraph 030202.A, May 2018
(b) Security Assistance Management Manual, C9.T4a, Table of Delivery Term
Codes and Percentages

Based on the results of a recent analysis of Delivery Term Code (DTC) rates and the Foreign Military Sales (FMS) Transportation Accounts, DSCA is reducing the DTC rates applied to FMS and Building Partnership Capacity (BPC) cases to more closely align estimated transportation costs to actual billed amounts. The reduced rates will be applied to article delivery reported under FMS and BPC cases on or after August 15, 2018. Respective DTC rates on undelivered lines (i.e. no articles have been delivered) must be updated with a Letter of Offer and Acceptance Amendment or Modification within 90 days of this policy's effective date. Additional guidance on applying new rates is provided in the attached implementation instructions.

Changes to the Delivery Term Code rates and Generic Codes as a result of the rate reductions are summarized in the following tables:

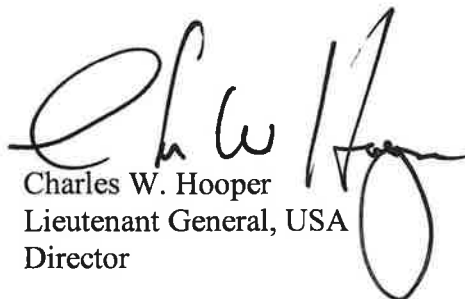
Delivery Term Code (DTC)				
DTC	Transportation Description	Rate Area*	Current Rate	New Rate
2	CONUS inland origin to inland destination	N/A	3.75%	2.75%
5	CONUS DoD movement for partner	N/A	3.75%	2.75%
7	Door to Door	1	14.25%	13.00%
7	Door to Door	2	22.25%	14.75%
8	Point of origin to port of exit	N/A	6.25%	5.25%
9	To Nearest Port	1	11.25%	10.00%
9	To Nearest Port	2	19.25%	11.75%

Notes: * Rate Area 1 includes Europe, Central America, Mediterranean Ports, Alaska, and Hawaii. Rate Area 2 includes Newfoundland, Labrador, Thule, Iceland, South America (East & West Coasts), Far East, African Ports (other than Mediterranean) and Near East.

Generic Codes							
DTC	Rate Area	L1A Inland CONUS	L2B CONUS Port Handling	L1B Ocean Transport	L1F Inland Overseas	L2C Overseas Port Handling	DTC %
2	-	2.75%	-	-	-	-	2.75%
5	-	2.75%	-	-	-	-	2.75%
7	1	2.75%	2.50%	3.75%	3.00%	1.00%	13.00%
7	2	2.75%	2.50%	5.50%	3.00%	1.00%	14.75%
8	-	2.75%	2.50%	-	-	-	5.25%
9	1	2.75%	2.50%	3.75%	-	1.00%	10.00%
9	2	2.75%	2.50%	5.50%	-	1.00%	11.75%

The Deputy Chief Financial Officer, in the Office of the Under Secretary of Defense (Comptroller) approved these rate reductions on July 9, 2018. The DoD FMR, Volume 15, Chapter 8, Table 8-18, Table 8-27, and Table 8-28 will be updated to reflect the revised generic code percentages, as shown in Attachment B. SAMM, Table C9.T4a, will be updated to reflect the revised DTC percentages, as shown in Attachment C.

If you have questions or would like additional information, please contact Ms. Danielle Ayers, DBO/FPA, mary.d.ayers2.civ@mail.mil, (703) 697-9407.


Charles W. Hooper
Lieutenant General, USA
Director

Attachments:
As stated

Attachment A

IMPLEMENTATION INSTRUCTIONS

Reduction of DTC Percentage Rates for “Below-the-Line” Transportation on FMS and BPC cases

Scope. The reduced rates are effective with all articles delivery reported under FMS and BPC cases on or after August 15, 2018. New cases or lines submitted to the DSCA Case Writing Division on or after August 15, 2018 (with a MILAP milestone on or after August 15, 2018), must use these new rates to estimate transportation costs for any lines using the applicable DTC rates. Cases already in Write, Review, or Proposed Status prior to August 15, 2018 (MILAP milestone prior to 15 Aug 2018) will continue to process as-is and will not be returned, but should be adjusted on the next LOA modification or amendment.

Within 90 days of this policy’s effective date, all cases and case lines with related DTC rates and undelivered lines (i.e. no articles have been delivered) should be amended or modified to update DTC rates.

1. Cases “Implemented” prior to 15 Aug 2018.

- a. Case lines with partial deliveries should be adjusted at closure; or on the next LOA document.
- b. Case lines with completely undelivered lines (i.e. no articles have been delivered) should be amended or modified to update DTC rates within 90 days of this policy’s implementation date.

2. Cases in “Development” Status on 15 Aug 2018. The new rates for the appropriate DTCs must be applied to all cases and completely undelivered case lines in development on or after 15 Sep 2018.

3. Cases in Write, Review, or Proposed Status prior to 15 Aug 2018 (MILAP milestone prior to 15 Aug 2018). Cases in write, review, or proposed status prior to 15 Aug 2018 will continue to process as-is and will not be returned. However, the rate for completely undelivered lines should be adjusted on the next LOA modification or amendment, initiated within 90 days of policy implementation.

4. Cases in “Offer” or “Accepted” Status on 15 Aug 2018. Cases in offer or accepted status on 15 Aug 2018 will continue to process as-is and will not be returned. However, the rate for completely undelivered lines should be adjusted on the next LOA modification or amendment, initiated within 90 days of policy implementation.

Additional Reminders.

- Implementing Agencies (IAs) should update all implemented but undelivered materiel lines to the new rate on the next modification or amendment. This LOA document must be initiated within 90 days of policy implementation. Please pay attention to the delivered transportation and update this Indirect Pricing Code (IPC) on all future modifications and amendments.
- Case preparers should adjust the effective date in the Line Price Estimation window in DSAMS to a date on/after 15 Aug 2018 for any undelivered case/lines established prior to this date in order for DSAMS to pull in the new rate.
- IAs must continue to ensure only transportation-related costs are charged to the FMS Transportation Account. Any costs not covered by the DTC rates must be charge as direct “Above-the-Line” costs and billed appropriately. Examples of these costs include, but are not limited to, charges related to tagging and tracking devices such as Radio Frequency Identification, containers not being returned to the transportation provider, assessment of storage fees for shipments not delivered in a timely manner, additional security requirements, and special off-loading expenses, etc. Special Airlift Assignment Mission (SAAM) flights must be charged as “Above-the-Line” direct costs. These premium transportation costs are not included in DTC transportation rates and therefore, are not billable to the FMS Transportation Accounts.

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-18. Surcharge Matrix

DSC	Contract Administration ¹	PC&H ²	Admin ³	Transportation ^{4,5} Parcel Post ⁶
AA	N	N	Y	A
AB	N	N	Y	A
AC	N	N	Y	A
AD	N	N	Y	A
AE	N	Y	Y	B
AG	N	Y	Y	B
AH	N	N	Y	A
AJ	N	N	Y	A
AK	N	N	Y	B
AL	N	N	Y	B
BA	N	N	Y	N
BB	Y	N	Y	N
BC	N	N ⁷	Y	N ⁷
BD	N	N	Y	N
BE	N	N	Y	N
BF	N	N	N	N
BG	N	N	Y	N
BH	N	N	Y	N
BK	N	N	Y	N
BT	N	N	Y	N
CA	N	N	N	N
CB	N	N	Y	N
CC	N	N	Y	N
CD	N	N	N	N
DA	N	N	Y	N
DB	N	N	Y	A
DC	N	N	Y	B
DD	N	N	Y	N
DE	Y	N	Y	N
DF	N	N	Y	N
DG	N	N	Y	N
DJ	N	N	Y	N
DK	Y	N	Y	N
DL	N	N	Y	N
DX	N	N	Y	N
EE	N	N	Y	N
EF	N	Y ⁸	Y	B ⁹
EG	N	N	Y	B ⁹
EH	N	N	Y	N
EJ	N	Y	Y	Y
EK	N	N	Y	N
EL	N	N	N	N
EM	N	N	N	N
EN	N	N	Y	N
SA	N	N	Y	A
SB	N	Y	Y	B
SD	N	Y	Y	B
SE	N	N	Y	B

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-18. Surcharge Matrix (Continued)

DSC	Contract Administration ¹	PC&H ²	Admin ³	Transportation ^{4,5} Parcel Post ⁶
EK	N	N	Y	N
EL	N	N	N	N
EM	N	N	N	N
EN	N	N	Y	N
SA	N	N	Y	A
SB	N	Y	Y	B
SD	N	Y	Y	B
SE	N	N	Y	B

¹ DFAS SCA will compute CAS if Price Code is “N” and Reimbursement Code is other than “N” unless statutory waiver of contract administration has been made. See subparagraphs 080502.D and 080502.P.

² PC&H does not apply to DWCF items with ship dates after September 30, 1990.

³ Administrative costs will be computed unless administrative costs have been waived pursuant to statute.

⁴ The Inland CONUS transportation charge of 2.75 percent does not apply to DWCF shipments with shipping dates after September 30, 1990. Computation for generic codes L1D and L1E for DWCF items was discontinued on items with shipping dates after September 30, 1991.

⁵ In this column, A refers to items furnished from DWCF. B refers to inventory items that are not shipped from DWCF. Transportation for inventory items furnished from DWCF to freight forwarders or Canada (except Newfoundland and Labrador) is included in the price. Shipments beyond that point are computed according to Table 8-27. Costs for items that are not furnished from DWCFs are also computed according to Table 8-28.

⁶ Transportation costs are computed using the TBC of the transaction. However, if this position is blank, transportation costs are computed using the DTC. If a DTC is not on the DTC Table, reject the transaction.

⁷ Included in actual or estimated actual repair cost.

⁸ Computed standard PC&H except if RIC begins with “G.” RIC that begins with “G” will not have PC&H computed.

⁹ For DSC “EF” and “EG” when transportation is by the General Services Administration (GSA) (RIC begins with “G”) and the TBC is not blank, or where the TBC is blank and the DTC is other than “4,” the CONUS transportation add-on (generic codes L1A, L1D, and L1E) is not computed. GSA includes CONUS transportation in the price of the item.

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-27. Transportation Charges Based on Transportation Bill Codes for Inventory Items Shipped by DWCF

TBC	Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
A	L1D	0.0 ^{1,2}	0.0
B	L1E	0.0 ^{1,2}	0.0
C	L1A	0.0 ²	7.25, 9.0/7.5, 9.5
	L2B	2.5	
	L1B /L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
	L2C	1.0	
D	N/A	0.0	0.0
E	L1A	0.0 ²	0.0
F	L1A	0.0 ²	6.25, 8.0/6.5, 8.5
	L2B	2.5	
	L1B/L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
G	L1A	0.0 ²	10.25, 12.0/10.5, 12.5
	L2B	2.5	
	L1B/L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
	L2C	1.0	
	L1F	3.0	
H	L1A	0.0 ²	2.5
	L2B	2.5	
J	L2B	2.5	7.5/9.5
	L1C	4.0/6.0 ⁵	
	L2C	1.0	
K	L1C	N/A	Actual amount billed by AMC
L	As applicable	N/A	Actual amount computed by shipper
M	L4O	3.0 ¹	3.0
N	L1A	0.0 ²	3.0
	L4O	3.0 ¹	
P	L1A	0.0 ²	5.75
	L4O	3.0 ¹	
	L1A	2.75 ²	
Q	L1A	0.0 ²	12.0, 13.75/12.25, 14.25
	L4O	3.0 ¹	
	L1A	2.75 ²	
	L2B	2.5	
	L1B/L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-27. Transportation Charges Based on Transportation Bill Codes for Inventory Items Shipped by DWCF (Continued)

TBC	Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
R	L1A	0.0 ²	16.0, 17.75/ 16.25, 18.25
	L4O	3.0 ¹	
	L1A	2.75 ²	
	L2B	2.5	
	L1B/L1C	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
	L2C	1.0	
S	L1F	3.0	8.25
	L1A	0.0 ²	
	L4O	3.0 ¹	
	L1A	2.75 ²	
U	L2B	2.5	2.5
	L1D	0.0 ^{1,2}	
V	L2C	1.0	7.25, 9.0/7.5, 9.5
	L1B/L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
	L2B	2.5	
	L1D	0.0 ^{1,2}	
W	L1O	N/A	Transportation Cost Look-Up Table
X	L1D	0.0 ^{1,2}	6.25, 8.0/6.5, 8.5
	L2B	2.5	
	L1B/L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
Y	L2C	1.0	10.25, 12.0/10.5, 12.5
	L1F	3.0	
	L1B/L1C ³	3.75, 5.50 ⁴ / 4.0, 6.0 ⁵	
	L2B	2.5	
	L1D	0.0 ^{1,2}	

¹ The costs of L1D, L1E, and L4O are included in the DWCF item price when being directly shipped to the customer. If the item is shipped to a staging location, the rate listed must be charged.

² L1A does not apply to DWCF shipments with shipping dates after September 30, 1990. Computation for L1D and L1E for DWCF items was discontinued on items with shipping dates after September 30, 1991. L1A is computed once on DWCF items shipped to a CONUS staging or aggregation area and then on to the CONUS water or aerial port. The first CONUS movement is included in the DWCF item price. The second movement TBCs (P, Q, R, or S) are charged at the normal rate.

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-27. Transportation Charges Based on Transportation Bill Codes for Inventory Items Shipped by DWCF
(Continued)

³ Wherever “L1B/L1C” appears, if the POE code is “A,” L1C is computed; otherwise, L1B is computed.

⁴ L1B is computed at 3.75 percent for rate area one or 5.50 percent for rate area two. See Chapter 7.

⁵ L1C is computed at 4.0 percent for rate area one or 6.0 percent for rate area two. See Chapter 7.

⁶ L1A is computed once on DWCF items shipped to a CONUS staging or aggregation area and then on to the CONUS water or aerial port. The first CONUS movement is included in the DWCF item price.

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-28. Transportation Charges Based on Transportation Bill Codes for Inventory Items Not Shipped by DWCF

TBC	Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
A	L1D	3.75 ¹	3.75
B	L1E	3.75 ¹	3.75
C	L1A	2.75	10.0, 11.75/ 10.25,12.25
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
	L2C	1.0	
D	N/A	0.0	0.0
E	L1A	2.75	2.75
F	L1A	2.75	9.0, 10.75 /9.25, 11.25
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
G	L1A	2.75	13.0, 14.75/13.25, 15.25
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
	L2C	1.0	
	L1F	3.0	
H	L1A	2.75	5.25
	L2B	2.5	
J	L2B	2.5	7.5/9.5
	L1C	4.0/6.0 ²	
	L2C	1.0	
K	L1C	N/A	Actual amount billed by AMC
L	As applicable	N/A	Actual amount computed by shipper
M	L4O	3.0 ¹	3.0
N	L1A	2.75	5.75
	L4O	3.0 ¹	
P	L1A	2.75 ⁵	8.5
	L4O	3.0 ¹	
	L1A	2.75 ⁵	
Q	L1A	2.75 ⁵	14.75, 16.5/15.0,17.0
	L4O	3.0 ¹	
	L1A	2.75 ⁵	
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	

Attachment B
Changes to DoD FMR, Volume 15, Chapter 8

Table 8-28. Transportation Charges Based on Transportation Bill Codes for Inventory Items Not Shipped by DWCF (Continued)

TBC	Generic Code	Percentage of Item Priced by Generic Code	Total Percentage
R	L1A	2.75 ⁵	18.75, 20.5/19.0, 21.0
	L4O	3.0 ¹	
	L1A	2.75 ⁵	
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
	L2C	1.0	
S	L1F	3.0	11.0
	L1A	2.75 ⁵	
	L4O	3.0 ¹	
	L2B	2.5	
U	L1D	3.75 ¹	6.25
	L2B	2.5	
V	L1D	3.75 ¹	11.0, 12.75/11.25, 13.25
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
	L2C	1.0	
W	L1O	N/A	Transportation Cost Look-Up Table
X	L1D	3.75 ¹	10.0, 11.75/10.25, 12.25
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
Y	L1D	3.75 ¹	14.0, 15.75/14.25, 16.25
	L2B	2.5	
	L1B/L1C ²	3.75, 5.50 ³ / 4.0, 6.0 ⁴	
	L2C	1.0	
	L1F	3.0	
Z	L1A	2.75	(Charge may not exceed \$25.00)

¹ Amounts collected for L1D, L1E, and L4O must be reimbursed to the shipping depot shown in the delivery transaction. SF 1080 billings for actual costs are not required.

² Wherever “L1B/L1C” appears, if the POE Code is “A,” L1C is computed; otherwise, L1B is computed.

³ L1B is computed at 3.75 percent for rate area one or 5.50 percent for rate area two. See Chapter 7.

⁴ L1C is computed at 4.0 percent for rate area one or 6.0 percent for rate area two. See Chapter 7.

⁵ L1A is computed twice on non-DWCF items shipped to a CONUS staging or aggregation area and then on to the CONUS water or aerial port for TBCs P, Q, R, and S

Attachment C E-SAMM Change 391

Change SAMM Table C9.T4a. Table of Delivery Term Codes and Percentages to reflect:

#	Delivery Term Codes (DTC)	Percentages to be used when Shipping from:	
		DWCF	Other than DWCF
2	a) Inland origin to inland destination within CONUS/Canada (except Newfoundland and Labrador)	0.00%	2.75%
	b) Inland origin to inland destination within a foreign country other than Canada	0.00%	2.75%
4	Recipient country is responsible for the cost of CONUS transportation and subsequent arrangement for onward movement or when transportation is provided as a case line such as high flight or special assignment airlift mission (SAAM)	0.00%	0.00%
5	DoD movement for FMS customer in CONUS/Canada (except Newfoundland and Labrador)	0.00%	2.75%
7	DoD movement from point of origin to, and including, inland carrier delivery to the specified inland location (includes overseas movement of parcel shipments via the Military Postal Service through APO/FPO channels):		
	a) To Europe, Hawaii, Latin America (Central America and Caribbean Basin), and Mediterranean ports	10.25%	13.00%
	b) To Newfoundland, Labrador, Thule, Iceland, South America (East and West Coasts), Far East, African ports (other than Mediterranean), and Near East	12.00%	14.75%
8	DoD movement from point of origin to, and including, unloading, handling, and storage aboard vessel at port of exit	2.50%	5.25%
9	DoD movement from point of origin to, and including, vessel discharge at the point of discharge:		
	a) To Europe, Hawaii, Latin America (Central America and Caribbean Basin), and Mediterranean port	7.25%	10.00%
	b) To Newfoundland, Labrador, Thule, Iceland, South America (East and West Coasts), Far East, African ports (other than Mediterranean), and Near East	9.00%	11.75%
Notes: <ul style="list-style-type: none"> At the time of preparation of the LOA, if it is known and authorized that materiel will be shipped via a SAAM, the cost should be included as a line on the case and priced as an estimate of the cost. This shipment will cite the line on the case for reimbursement. Delivery Term Codes 3 and 6 were eliminated in 2010 and should not be used when pricing LOAs. 			