
15 U.S. Code § 657s

Limitations on subcontracting

(a) In general

If awarded a contract under section 637(a), 637(m), 644(a), 657a, or 657f of this title, a covered small business concern—

- (1) in the case of a contract for services, may not expend on subcontractors more than 50 percent of the amount paid to the concern under the contract;
- (2) in the case of a contract for supplies (other than from a regular dealer in such supplies), may not expend on subcontractors more than 50 percent of the amount, less the cost of materials, paid to the concern under the contract;
- (3) in the case of a contract described in paragraphs (1) and (2)—
 - (A) shall determine for which category, services (as described in paragraph (1)) or supplies (as described in paragraph (2)), the greatest percentage of the contract is awarded;
 - (B) shall determine the amount awarded under the contract for that category of services or supplies; and
 - (C) may not expend on subcontractors, with respect to the amount determined under subparagraph (B), more than 50 percent of that amount; and
- (4) in the case of a contract which is principally for supplies from a regular dealer in such supplies, and which is not a contract principally for services or construction, shall supply the product of a domestic small business manufacturer or processor, unless a waiver of such requirement is granted—
 - (A) by the Administrator, after reviewing a determination by the applicable contracting officer that no small business manufacturer or processor can reasonably be expected to offer a product meeting the specifications (including period for performance) required by the contract; or
 - (B) by the Administrator for a product (or class of products), after determining that no small business manufacturer or processor is available to participate in the Federal procurement market.

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