

28.106-7 Withholding contract payments.

(a) During contract performance, agencies *shall* not withhold payments due contractors or assignees because subcontractors or suppliers have not been paid.

(b) If, after completion of the contract work, the Government receives written notice from the *surety* regarding the contractor's failure to meet its obligation to its subcontractors or suppliers, the *contracting officer shall* withhold final payment. However, the *surety must* agree to hold the Government harmless from any liability resulting from withholding the final payment. The *contracting officer* will authorize final payment upon agreement between the contractor and *surety* or upon a judicial determination of the rights of the parties.

(c) For any withholding incident to the labor standards provisions of the contract, see [part 22](#).

Parent topic: [28.106 Administration](#).