



Pension Benefit Guaranty Corporation
445 12th St, SW, Washington, DC 20024

Class Deviation PBGC-2026-0018

MEMORANDUM FOR PBGC ACQUISITION WORKFORCE

Date: February 3, 2026
From: Damon Q. McClure, Senior Procurement Executive
Subject: FAR Class Deviation for FAR Part 29 in Support of Executive Order on Restoring Common Sense to Federal Procurement

1. Purpose: This class deviation is issued in accordance with FAR 1.304 and pursuant to the Office of Federal Procurement Policy memorandum entitled, “Deviation Guidance to Support the Overhaul of the Federal Acquisition Regulation,” to provide contracting officers with revised FAR Part 29 language and implement the FAR Council’s model deviation to FAR Part 29.

2. Background: On April 15, 2025, [Executive Order \(E.O.\) 14275 on Restoring Common Sense to Federal Procurement](#) was signed. Section 2 of the E.O. establishes the policy that the FAR “should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed.”

The FAR is being updated to:

- Remove language that is not required by statute
- Remove duplicative or outdated language
- Clarify or provide more plain language
- Revise the language for the new FAR framework
- Retain language necessary for governmentwide acquisition standards.

This project is referred to as the Revolutionary FAR Overhaul (RFO) initiative.

3. Summary of Changes. FAR Part 29, Taxes, has been updated to be more direct, active, and accessible. The main objective was to rewrite the complex tax requirements in plain language, leading to an approximate 20% reduction in word count.

Statutory requirements retained in the RFO FAR Part 29 model deviation include, but are not limited to, the following:

- 26 U.S.C. § 4041, Imposition of tax
- 26 U.S.C. § 4053, Exemptions
- 26 U.S.C. § 4064, Gas guzzler tax
- 26 U.S.C. § 4221, Certain tax-free sales
- 26 U.S.C. § 4293 and § 4483, Tax exemptions
- 26 U.S.C. § 5000C, Imposition of tax on certain foreign procurement
- 10 U.S.C. § 402, Transportation of humanitarian relief supplies to foreign countries

- 10 U.S.C. § 404, Foreign disaster assistance
- 10 U.S.C. § 2557, Domestic emergency assistance
- 10 U.S.C. § 2561, Humanitarian assistance

Change	Description
Retained	<ul style="list-style-type: none"> • Revisions made to the “Scope of Part” at 29.000 are minor plain language adjustments. The substantive scope of the part remains. • Subpart 29.1 - Guidance for resolving tax problems is retained at 29.101; however, contracting officers are now required to request assistance from assigned legal counsel when tax issues arise. It was previously encouraged, but not required, to do so. • Subpart 29.2 - Federal Excise Taxes is retained; however contracting officers are now required to request offers on a tax-exclusive basis when the law exempts the Government from federal excise taxes, unless inappropriate for the circumstances. It was previously encouraged, but not required, to do so. • Subpart 29.3 - The language governing application of State and Local Taxes has been logically reorganized and renumbered. This restructuring improves the flow of information, making the subpart more intuitive for users. For instance, the specific rules for the North Carolina Sales and Use Tax Act, previously located in a sub-paragraph, have been elevated to a standalone section, increasing their visibility and usability. • Subpart 29.4 - Most of the solicitation provisions, contract clauses, and prescriptions are retained, with plain language edits where appropriate, because they are tied to specific tax law. • Clauses and provisions retained with plain language adjustments include: <ul style="list-style-type: none"> ○ 52.229-1, State and Local Taxes ○ 52.229-2, North Carolina State and Local Sales and Use Tax ○ 52.229-3, Federal, State, and Local Taxes ○ 52.229-4, Federal, State, and Local Taxes (State and Local Adjustments) ○ 52.229-5, Remains “Reserved” ○ 52.229-6, Taxes-Foreign Fixed-Price Contracts ○ 52.229-7, Taxes-Fixed-Price Contracts with Foreign Governments ○ 52.229-8, Taxes-Foreign Cost-Reimbursement Contracts ○ 52.229-9, Taxes-Cost-Reimbursement Contracts with Foreign Governments ○ 52.229-10, State of New Mexico Gross Receipts and Compensating Tax ○ 52.229-11, Tax on Certain Foreign Procurements – Notice and Representation ○ 52.229-12, Tax on Certain Foreign Procurements
Removed	<ul style="list-style-type: none"> • Definitions of North Atlantic Treaty Organization (NATO) Forces, and U.S. Forces in Afghanistan have been removed. • Information in Section 29.304, Matters requiring special consideration has been removed or relocated, as appropriate.

	<ul style="list-style-type: none"> • Subsection 29.402-4, prescribing tax requirements for foreign contracts in Afghanistan has been removed in its entirety, along with the following clauses prescribed in that section: <ul style="list-style-type: none"> ○ 52.229-13, Taxes Foreign Contracts in Afghanistan ○ 52.229-14, Taxes Foreign Contracts in Afghanistan (North Atlantic Treaty Organization Status of Forces Agreement)
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This table is not an exhaustive list

4. Instructions:

- The PBGC acquisition workforce shall follow the RFO Part 29 model deviation text instead of FAR Part 29 as codified at 48 CFR Chapter 1. The Council’s RFO Part 29 model deviation text is available at [Acquisition.gov/far-overhaul](https://www.acquisition.gov/far-overhaul) and is incorporated into this class deviation.
- When using any provisions or clauses that have been revised, utilize the RFO model deviation language at [RFO FAR Part 52](#).
- Do not include any of the removed provisions or clauses in future solicitations and contracts.
- For open solicitations or awarded contracts, the contracting officer has discretion regarding the need to enforce or amend the provisions or clauses. Note that without some of the removed provisions or clauses, the contracting officer may be required to separately address certain aspects in the contract.
- Review templates and related standard operating procedures to remove unnecessary process steps.

5. Applicability: This deviation applies to all Pension Benefit Guaranty Corporation solicitations and new contracts.

6. Authority: This class deviation is issued under the authority of Executive Order (E.O.) 14275, [OMB M-25-26](#), 48 CFR Subpart 1.4, and FAR RFO 1.304.

7. Effective Date: This class deviation remains in effect until the changes described herein are incorporated in the FAR, superseded, or otherwise rescinded.

8. Point of Contact: Questions or comments on this class deviation may be sent to Jeff Gangi at gangi.jeffrey@pbgc.gov.