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## **GSA SMARTPAY® SMART BULLETIN**

**U.S. GENERAL SERVICES ADMINISTRATION  
FEDERAL ACQUISITION SERVICE  
SMART BULLETIN NO. 002**

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### **FAR Amendment: Micro-purchase threshold limit increased to \$3,000**

#### **INTRODUCTION:**

The purpose of this GSA SmartPay® Smart Bulletin is to inform customer agencies and stakeholders of the Federal Acquisition Circular (FAC) 2005-13 which was issued on September 28, 2006, increasing the micro-purchase threshold to \$3,000. This Smart Bulletin is not intended to address the FAC 2005-13 in its entirety, but to highlight only those items relevant to the government charge card program.

**BUSINESS LINE(S) AFFECTED:** Purchase, Integrated

#### **SUMMARY:**

Federal Acquisition Circular (FAC) 2005-13 was issued on September 28, 2006, consisting of five final rules, all of which are effective immediately. Rule IV amends the FAR to adjust certain acquisition-related thresholds for inflation. The rule implements 41 USC 431a as added by Section 807 of the Ronald W. Reagan National Defense Authorization Act for FY 2005 (Pub. L. 108-375). Section 807 provides for adjustment of acquisition-related thresholds every 5 years, except for thresholds established by the Davis-Bacon Act (\$2,000), Service Contract Act (\$2,500), and trade agreement thresholds. Specifically, the rule changes the following non-statutory acquisition-related thresholds:

- **The micro-purchase threshold for supplies, equipment and some services is raised from \$2,500 to \$3,000.**
- The Federal Procurement Data System (FPDS) reporting threshold is raised from \$2,500 to \$3,000.

#### **EFFECT OF POLICY CHANGE:**

With the exception of the Service Contract Act (SCA) and the Davis-Bacon Act thresholds which remain unchanged, requirements regarding competition, price reasonableness, and small business set-asides that were effective at \$2,500 are now effective at above \$3,000. To mitigate the increased risk of purchase card users

violating the SCA and Davis-Bacon Act, the micro-purchase threshold will remain \$2,500 for purchases subject to the SCA and \$2,000 for micro-purchases subject the Davis-Bacon Act.

Agencies should also be aware of the potential impact of the micro-purchase threshold increase on the restrictions that apply to small dollar value acquisitions, which are the acquisitions that small businesses are most likely to participate.

The micro-purchase threshold increase does not require agencies to increase cardholder's single purchase limit to \$3,000. Agencies should evaluate their current procurement needs against established purchase card spending limits to determine whether or not an increase is warranted to meet the needs of the agency. In some cases, review of cardholder spending patterns may instead indicate that a decrease in single and monthly purchase card limits is appropriate.

**ACTION:**

- Agencies are not required to increase their purchase cardholders per transaction limit to the new micro-purchase limit of \$3,000. Per transaction limits may remain at current levels, such as \$2,500.
- Per transaction limits should be established based on agency need. Cardholder spending patterns may indicate that a reduction in per transaction and/or monthly limits is warranted because the amount of spending authority is in excess of agency need.
- When reviewing agency need, do not forget to consider any emergency and/or disaster spending requirements a given cardholder may have.
- Coordinate any purchase card per transaction and/or monthly spending limit changes with the cardholder and his/her manager, the servicing bank, and any associated agency-specific systems.
- Ensure affected purchase card holders (particularly non-procurement personnel) know that any per transaction spending limit increase does not apply to procurements subject to the Davis Bacon or Service Contract Act. These thresholds remain at \$2,000 and \$2,500 respectively.
- Implement appropriate management controls to manage any risk of fraud, waste, and abuse resulting from the increase.

**TIMEFRAME:** The new rule contained in the FAC 2005-13 is effective immediately.

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