**Common Unallowable Costs**

The table below lists expenses that generally are ineligible for cost reimbursement on Government contracts (either direct or indirect costs). This list is not exhaustive, but it identifies many types of costs commonly incurred.

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| --- | --- |
| **Far Reference** | **Unallowable Costs** |
|  |  |
| 31.205-1 & 31.205-38(b)(1) | Advertising |
| 31.205-1(f)(2) | Trade Show Expenses |
| 31.205-1(f)(2) | Trade Show Labor |
| 31.205-1(f)(5) | Brochures and Other Promotional Material |
| 31.205-1(d)(2) | Souvenirs/Imprinted Clothing Provided to Public |
| 31.205-1(f)(7) | Membership in Civic and Community Organizations |
| 31.205-3 | Bad Debts |
| 31.205-3 | Collection Costs |
| 31.205-6(m)(2) | Personal Use of Company Vehicles |
| 31.205-8 & 31.205-1( e)(3) | Contributions or Donations |
| 31.205-13(b) | Employee Gifts and Recreation |
| 31.205-14 | Membership in Social, Dining and Country Clubs |
| 31.205-14 | Social Activities |
| 31.205-15(a) | Fines, Penalties, and Mischarging Costs Related to Violation of Laws |
| 31.205-16 | Gains and Losses |
| 31.205-19(e)(2)(v) | Life Insurance on Key Employees |
| 31.205-19 | Costs to Correct Defects in Materials and Workmanship |
| 31.205-20 | Interest Expense |
| 31.205-22 | Lobbying and Political Activity Costs |
| 31.205-27 | Organization/Reorganization Legal Fees |
| 31.205-27 | Organization/Reorganization Accounting Fees |
| 31.205-27 | Organization/Reorganization Incorporation Fees |
| 31.205-27 | Organization/Reorganization Labor |
| 31.205-27 | Capital Raising (Equity or Long-Term Debt) Legal Fees |
| 31.205-27 | Capital Raising (Equity or Long-Term Debt) Accounting Fees |
| 31.205-27 | Capital Raising (Equity or Long-Term Debt) Lender Fees |
| 31.205-30( c) | Patent Costs |
| 31.205-33( e) | Retainer Agreements (unless properly supported) |
| 31.205-35 | Relocation Costs (In certain circumstances) |
| 31.205-46 | Travel Costs in Excess of FTR Rates |
| 31.205-49 | Goodwill |
| 31.205-51 | Alcoholic Beverages |

Resources for Creating an Overhead Rate:

* Federal Acquisition Regulation
* American Association of State Highway and Transportation Officials (AASHTO) Uniform Audit and Accounting Guide

If additional information is needed, MnDOT has a policy regarding ‘Audit Oversight of Consultant Contract Indirect Cost Rates’ which is available upon request.