* **Tariff Defined.** For purposes of this contract, “Tariff” means any new, increased, or modified import duty, tax, or levy imposed by the United States federal government under the Harmonized Tariff Schedule of the United States (HTSUS) after the effective date of this contract.
* **Eligibility to Request Price Adjustment.** If Tariffs change during the term of this contract and directly impact the cost of products, goods, materials, or a clearly defined component part thereof required for performance of this contract, the Contractor may request a price adjustment if the net change in cost attributable solely to such Tariff change exceeds **[choose percentage: e.g., five percent (5%)]** of the **[choose one: total contract price/material impacted]**. The Contractor is limited to one price adjustment per quarter.
* **Contractor’s Request for Price Adjustment.** If the Contractor is requesting a price adjustment, it must submit (1) a written request to **[specify: e.g., the person designated in the Notices section of the contract]** and (2) evidence of: (i) the unit price paid by Contractor as of the date of award for the good or raw material used to furnish the goods to the Unit under this contract, (ii) the applicability of the Tariff to the specific good or raw material, and (iii) Contractor’s payment of the increased Tariff (either directly or through an increase to the cost paid for the good or raw material). The evidence submitted shall be sufficient to allow the Unit to verify that the Tariff is the cause of the price change. The Unit may request, and the Contractor shall provide, additional documentation reasonably necessary to verify the Contractor’s request.
* **Calculation of Price Adjustments, Increased.** If approved by the Unit,the amount of any adjustment shall equal the difference between the actual material cost incurred and **[choose the correct percentage based on the percentage identified in the Eligibility section, e.g., 105%]** of the baseline cost. Adjustments shall be limited to the affected materials and shall not exceed **[choose percentage: e.g., fifteen percent (15%)]** of the initial contract price.
* **Calculation of Price Adjustments, Decreased.** If the Tariff is repealed or reduced prior to termination of this contract, the increase in the Unit’s contract price shall be reduced by the same amount and adjusted accordingly within **[specify time: e.g., ten (10) business days]**.
* **Right of Termination.** If the cumulative Tariff impact exceeds **[choose percentage, which should correlate with the section on increased price adjustments: e.g., fifteen percent (15%)]** of the contract price, either party may request termination of the contract without penalty.