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Treasury Grants

The Coronavirus Economic Relief for Transportation Services (CERTS) Act of the Consolidated Appropriations Act of 2021 authorizes the Department of the Treasury to provide grants to transportation service providers--including eligible motorcoach ...

Jul. 07, 2021

The Internal Revenue Service has posted answers to questions that certain transportation companies may have regarding Treasury grants and related taxes.

The Coronavirus Economic Relief for Transportation Services (CERTS) Act of the Consolidated Appropriations Act of 2021 authorizes the Department of the Treasury to provide grants to transportation service providers—including eligible motorcoach companies, school bus companies, and passenger vessel companies— that experienced annual revenue losses of 25 percent or more as a result of COVID-19.

These companies must generally prioritize the use of the grants for payroll costs, though grants may be used for certain operating expenses (including the acquisition of services and equipment needed to protect workers and customers from COVID-19) and the repayment of debt accrued to maintain payroll. Funds not used for eligible activities within one year of receipt of the grant must be returned to the Treasury Department.

The [FAQs](#) posted today answer two important questions:

- Are the grants taxable? Yes, the receipt of a CERTS Act grant is not excluded from the recipient's gross income under the Code and therefore is taxable.
- Are costs for which the grants are used deductible? Yes, the costs are deductible to the extent that they are otherwise deductible under the law. The tax law generally permits the payment of wages, salaries, and benefits to employees and other

amounts paid to carry on a trade or business to be deducted as ordinary and

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