

**DEPARTMENT OF TRANSPORTATION
BUREAU OF TRANSPORTATION STATISTICS
OFFICE OF AIRLINE INFORMATION**

ACCOUNTING AND REPORTING DIRECTIVE

No. 333 Issue Date: 6/15/2020 Effective Date: Immediately
Part: 241, 298

Guidance on Accounting for the Impact of COVID-19

In the aftermath of the Coronavirus Disease 2019 (COVID-19) public health emergency, the air transportation industry has been subjected to significant adverse financial consequences. This directive provides air carriers with guidance on how to account for the financial impact of COVID-19 and where to record the Coronavirus Aid, Relief and Economic Security (CARES) Act payroll support grant from the U.S. Department of the Treasury.

The Bureau of Transportation Statistics is adopting International Accounting Standards (IAS) 20 guidelines for accounting for government grants.

For air carriers submitting Form 41, Federal assistance payments received under the CARES Act for salary reimbursement should be recognized and recorded on the Schedule P-1.2 in Account 8189, Other Nonoperating Income and Expense; and the timing, amount and nature of such payments should be disclosed on Form 41 Schedule P-2, Notes to the BTS Form 41 Report. Federal assistance payments received under the CARES Act should be reported on Schedule P-1(a), Interim Operations Report, in the calculation of Net Income or (Loss) on Line 4. These payments should not be included on Schedule P-1(a) in the calculation of either Total Operating Revenues or Operating Profit or (Loss). The wage or salary reimbursement should be recognized and expensed in the normal salary expense accounts within Form 41 as they occur.

For air carriers submitting Form 298-C, Federal assistance payments received under the CARES Act will be recorded in Nonoperating Income and Expense, therefore, such payments should be included on Schedule F-1, in the calculation of Net Income or (Loss) on Line 3. These payments should not be included on Schedule F-1 in the calculation of Total Operating Revenues.

For all air carriers, all assistance payments received under the CARES Act should be reported in the accounting period when the payment is received.

For air carriers submitting Form 41, at a minimum, the following disclosures should be included on Form 41 Schedule P-2, Notes to the BTS Form 41 Report in a separately identifiable paragraph or section entitled CARES Act:

- (a) A description of the nature and amounts of losses and costs recognized because of the COVID-19 public health emergency.
- (b) A description of contingencies resulting from the COVID-19 public health emergency that have not yet been recognized in the financial statements but that are reasonably

expected to impact the entity's financial statements in the near term (for example, future losses).

- (c) A description of the timing, nature and amount of any payments received under the provisions of the CARES Act and the Schedules and accounts affected.

For air carriers submitting Form 298-C, the timing, amount and nature of Federal assistance payments received under the CARES Act should be disclosed as a footnote to Schedule F-1, Report of Financial Data, Line 3, Net Income or (Loss) and emailed to: 298C.Support@dot.gov

Questions about this directive may be addressed to Jeff Gorham at (202) 366-4406 or by email at jeff.gorham@dot.gov

The contents of this Directive do not have the force and effect of law and is not meant to bind the public in any way. This Directive is intended only to provide clarity to the public regarding existing requirements under 14 CFR Part 241 and 14 CFR Part 298.

This action is taken under authority delegated by 14 CFR § 385.19(b).

William Chadwick, Jr.
Director
Office of Airline Information