

Internal Revenue Service (I.R.S.)

Revenue Ruling

**INDIANS; NONREIMBURSABLE GRANTS UNDER INDIAN FINANCING ACT OF  
1974**

Published: 1977

Section 61.-Gross Income Defined, 26 CFR 1.61-1: Gross income.

**Indians; nonreimbursable grants under Indian Financing Act of 1974.**

Nonreimbursable grants made under the Indian Financing Act of 1974 to Indians to expand profit-making Indian-owned economic enterprises on or near reservations are excludable from gross income.

The taxpayers, Indians of various tribes in the United States, received nonreimbursable grants under the Indian Financing Act of 1974, Pub. L. No. 93-262 (the 'Act'). Title IV of the Act, entitled *Indian Business Grants*, was established by Congress for the purpose of stimulating and increasing Indian entrepreneurship and employment by providing equity capital through nonreimbursable grants made by the Secretary of the Interior to Indians and Indian tribes to expand profit-making Indian-owned economic enterprises on or near reservations.

Payments made under legislatively provided social benefit programs for promotion of the general welfare are not includible in a recipient's gross income. See, for example, Rev. Rul. 74-205, 1974-1 C.B. 20, and the Revenue Rulings cited therein; see also Rev. Rul. 75-271, 1975-2 C.B. 23, holding that assistance payments made to the mortgagee on behalf of low income homeowners by the Department of Housing and Urban Development pursuant to section 235 of the National Housing Act, as amended, are not includible in the gross income of the individual homeowners since such payments are in the nature of general welfare.

*Held*, grants made pursuant to Title IV of the Act are excludable from gross income for Federal income tax purposes.

Rev. Rul. 77-77, 1977-1 C.B. 11, 1977 WL 43872 (IRS RRU)

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