

TAX INCENTIVES FOR PROVIDING BUSINESS ACCESSIBILITY

There are tax incentives available to help employers cover the cost of accommodations for employees with disabilities and to make their places of business accessible.

■ **SMALL BUSINESS TAX CREDIT: IRS CODE SECTION 44, DISABLED ACCESS CREDIT**

What is it? Small businesses may take an annual tax credit for making their businesses accessible to persons with disabilities.

Who is eligible? Small businesses that in the previous year earned a maximum of \$1 million in revenue or had 30 or fewer full-time employees.

What is the amount? The credit is 50 percent of expenditures over \$250, not to exceed \$10,250, for a maximum benefit of \$5,000. The credit amount is subtracted from the total tax liability.

What expenses are covered? The credit is available every year and can be used for a variety of costs such as:

- sign language interpreters for employees or customers who have hearing impairments;
- readers for employees or customers who have visual impairments;
- the purchase of adaptive equipment or the modification of equipment;
- the production of print materials in accessible formats (e.g., Braille, audio tape, large print);
- the removal of barriers, in buildings or vehicles, which prevent a business from being accessible to, or usable by, individuals with disabilities; and
- fees for consulting services (under certain circumstances.)

Expenses must be paid or incurred to enable a small business to comply with the requirements of the Americans with Disabilities Act.

What expenses are not covered? The tax credit does not apply to the costs of new construction, and a building being modified must have been placed in service before November 5, 1990.

How can this credit be claimed? Businesses can claim the Disabled Access Credit on IRS Form 8826.

Where can I obtain additional information?

Office of Associate Counsel, IRS
Passthrough & Special Industries
1111 Constitution Avenue, NW
Washington, DC 20224
(202) 622-3110

■ ARCHITECTURAL/TRANSPORTATION TAX DEDUCTION: IRS CODE SECTION 190, BARRIER REMOVAL

What is it and who is eligible? All businesses are eligible to take an annual deduction for expenses incurred to remove physical, structural, and transportation (i.e. vehicle-related) barriers for persons with disabilities at the workplace.

What is the amount? Businesses may take a tax deduction of up to \$15,000 a year for expenses incurred to remove barriers for persons with disabilities. Amounts in excess of the \$15,000 maximum annual deduction may be depreciated.

What expenses are covered? The deduction is available every year. It can be used for a variety of costs to make a facility or public transportation vehicle, owned or leased for use in the business, more accessible to and usable by persons with disabilities. Examples include the cost of:

- providing accessible parking spaces, ramps, and curb cuts;
- providing telephones, water fountains, and restrooms that are accessible to persons in wheelchairs;
- making walkways at least 48 inches wide.

What expenses are not covered? The deduction may not be used for expenses incurred for new construction, or for a complete renovation of a facility or public transportation vehicle, or for the normal replacement of depreciable property.

How can this credit be deducted? The amount spent is subtracted from the total income of a business to establish its taxable income. In order for expenses to be deductible, accessibility standards established under the Section 190 regulations must be met.

Who can provide more information? The Office of Associate Counsel, IRS, Passthrough & Special Industries, 1111 Constitution Avenue, NW, Washington, DC 20224.
Telephone: (202) 622-3120

Where do I get Tax Incentives Forms and Publications? Visit the IRS website: www.irs.gov or call 800-829-3676 (voice); 800-829-4059 (TTY) to order necessary forms & publications: Form 8826 (Disabled Access Credit) & Publication 535 *Business Expenses* (tax deduction).

May I use the tax credit and tax deduction together? Small businesses may use the credit and deduction together, if the expenses incurred qualify under both Sections 44 and 190. If a business spent \$12,000 for access adaptations, it would qualify for a \$5,000 tax credit and a \$7,000 tax deduction.

Are there limits on annual usage? Although both the tax credit and deduction may be used annually, if a business spends more than may be claimed in one year, it cannot carry over those expenses and claim a tax benefit in the next year. However, if the amount of credit the business is entitled to exceeds the amount of taxes owed, the business can carry forward the unused portion of the credit to the following year.



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