



# Small Business Disability-Related Tax Provisions

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## Facts About Disability-Related Tax Provisions

The Internal Revenue Code has disability-related provisions of particular interest to businesses as well as people with disabilities.

### **Disabled Access Tax Credit (Title 26, Internal Revenue Code, Section 44)**

This tax credit is available to an “eligible small business” in the amount of 50 percent of “eligible access expenditures” that exceed \$250 but do not exceed \$10,250 for a taxable year. A business may take the credit each year that it makes an eligible access expenditure.

Eligible small businesses are those businesses with either:

- \$1 million or less in gross receipts for the preceding tax year; or
- 30 or fewer full-time employees during the preceding tax year.

Eligible access expenditures are amounts paid or incurred by an eligible small business for the purpose of enabling the business to comply with the applicable requirements of the Americans with Disabilities Act (ADA.) These include amounts paid or incurred to:

- remove architectural, communication, physical, or transportation barriers that prevent a business from being accessible to, or usable by individuals with disabilities;
- provide qualified readers, taped texts, and other effective methods of making materials accessible to people with visual impairments;
- provide qualified interpreters or other effective methods of making orally delivered materials available to individuals with hearing impairments;
- acquire or modify equipment or devices for individuals with disabilities; or
- provide other similar services, modifications, materials or equipment.



Expenditures that are not necessary to accomplish the above purpose are not eligible. Expenses in connection with new construction are not eligible. “Disability” has the same meaning as it does in the ADA. To be eligible for the tax credit, barrier removals or the provisions of services, modifications, materials or equipment must meet technical standards of the ADA Accessibility Guidelines where applicable. These standards are incorporated in the Department of Justice regulations implementing Title III of the ADA (28 CFR Part 36; 56 CFR 35544, July 26, 1991.)

- Example: Company A purchases equipment to meet its reasonable accommodation obligation under the ADA for \$8,000. The amount by which \$8,000 exceeds \$250 is \$7,750. Fifty percent of \$7,750 is \$3,875. Company A may take a tax credit in the amount of \$3,875 on its next tax return.
- Example: Company B removes a physical barrier in accordance with its reasonable accommodation obligation under the ADA. The barrier removal meets the ADA Accessibility Guidelines. The company spends \$12,000 on this modification. The amount by which \$12,000 exceeds \$250 but not \$10,250 is \$10,000. Fifty percent of \$10,000 is \$5,000. Company B is eligible for a \$5,000 tax credit on its next tax return.

### **Tax Deduction to Remove Architectural and Transportation Barriers to People with Disabilities and Elderly Individuals (Title 26, Internal Revenue Code, Section 190)**

The IRS allows a deduction up to \$15,000 per year for “qualified architectural and transportation barrier removal expenses.” Expenditures to make a facility or public transportation vehicle owned or leased in connection with a trade or business more accessible to, and usable by individuals who are handicapped or elderly are eligible for the deduction. The definition of a “handicapped individual” is similar to the ADA definition of an “individual with a disability.” To be eligible for this deduction, modifications must meet the requirements of standards established by IRS regulations implementing section 190.

**The bottom line: Most assistive technology accommodations cost very little – usually less than \$500 – and with the Disabled Tax Credit, the net cost of the assistive technology can be reduced, in most cases, by as much as 50%.**



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### Resources

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303/315-1280 Main

800/255-3477 within Colorado

303/837-8964 TTY

303/837-1208 FAX

[www.assistivetechologypartners.org](http://www.assistivetechologypartners.org)

Rocky Mountain Disability &  
Business Technical Assistance  
Center

3630 Sinton Road, Suite 103

Colorado Springs, CO 80907

800/949-4232 Voice/TTY

719/444-0269 FAX

[www.ada-infonet.org](http://www.ada-infonet.org)

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