

CASP Inspection Bulletin

ADA Tax Incentives

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Over fifty-four million Americans with disabilities make up a huge, nearly untapped market for businesses of all types and sizes. To help businesses welcome disabled customers, the IRS offers two tax incentives when access barriers are removed.

Businesses can take advantage of these two IRS tax incentives which are available to help cover some of the costs associated with making improvements to access for customers with disabilities:

- **A Tax Credit** - For small businesses who remove access barriers from their facilities, provide accessible services, or take other steps to improve accessibility for customers with disabilities.
- **A Tax Deduction** - For all size businesses that remove access barriers in their facilities or vehicles.

Any business that annually incurs eligible expenses to bring itself into compliance with the ADA can enjoy these tax incentives each year.

The incentives may be applied to a variety of expenditures; however, they may not be applied to the costs of new construction.

All barrier removal must comply with applicable Federal accessibility standards.

TAX CREDIT

Small businesses with 30 or less employees, or with total revenues of \$1 million or less can use the Disabled Access Credit (IRS Code, Section 44).

Eligible small businesses may take a credit of up to \$5,000 (half of eligible expenses up to

\$10,250, with no credit taken for the first \$250) to offset the costs incurred for improving access, including barrier removal from their facilities (e.g., adding ADA parking, widening a doorway, installing a ramp) and improving accessibility services (e.g., sign language interpreters), the provision of printed material in alternate formats (e.g., large-print, audio systems, Braille), and the addition or modification of special equipment.

TAX DEDUCTION

Businesses of all sizes may take advantage of this tax deduction. Under Internal Revenue Code, Section 190, businesses can take a business expense deduction of up to \$15,000 per year for costs of removing barriers in facilities or vehicles.

TAX INCENTIVES IN COMBINATION

These two incentives can be used together by eligible businesses if the expenditures qualify under both Sections 44 and 190. If a small business' expenses exceed \$10,250 for the maximum \$5,000 tax credit, then the deduction equals the difference between the total spent and the amount of the credit claimed.

TAX INCENTIVE FORMS AND PUBLICATIONS

Visit the Internal Revenue Service website at www.irs.gov to download the forms, or call 800-829-3676 (voice); 800-829-4059 (TTY) to order the necessary business forms and publications:

- **Form 8826** – “Disabled Access Credit”; and
- **Publication 535** "Business Expenses" (tax deduction).

For more information about these tax incentives and the ADA, call the Department of Justice ADA Information Line at: 800-514-0301 (voice) 800-514-0383 (TTY) or visit the *ADA Business Connection* at: www.ada.gov.



About the author - Jon Rose is a Certified Access Specialist CASp Inspector, Building Official, ADA Plans Examiner and Expert Witness.

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