

Worksupport Connections

October 2005 -- Vol. 1, #4

Rehabilitation Research & Training Ctr.
on Workplace Supports & Job Retention



Business Tax Credits & Incentives for Employment of People with Disabilities



ARCHITECTURAL /TRANSPORTATION TAX DEDUCTION?

What is it?

Businesses may take an annual deduction for expenses incurred to remove physical, structural, and transportation barriers for persons with disabilities. The Internal Revenue Service (IRS) allows a deduction of up to \$15,000 per year for qualified architectural and transportation barrier removal expenses.

Who is eligible? All businesses are eligible.

What expenses are covered?

The architectural/transportation deduction is available each year to businesses with qualified expenses. It can be used for a variety of costs to make a facility or public transportation vehicle, owned or leased for business use, more accessible to and usable by individuals with disabilities.

Examples of deductions include:

- providing accessible parking spaces, ramps, and curb cuts;
- providing telephones, water fountains, and wheelchair accessible restrooms;
- making walkways at least 48 inches wide; and/or
- providing accessible building entrances, including stairs and floors.

What expenses are NOT covered?

The deduction may not be used for new construction expenses incurred, completion of renovation to a facility or public transportation vehicle, or normal replacement of depreciable property.

How can this expenditure be deducted?

Businesses seeking a deduction for expenditures made for architectural and transportation modifications should follow the instructions found in IRS Publication 907 and 535, entitled: *Business Expenses*. It is important to note that businesses may not take a deduction and tax credit on the same expenditure.

SMALL BUSINESS TAX CREDITS

(IR 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. The total disabled access tax credits taken in 1996 on corporate income tax returns by all industries totaled \$11,865,000 (IRS 1996 Statistics of Income Report, 1999). The credit is 50% of expenditures over \$250, but not to exceed \$10,250, for a maximum benefit of \$5,000.

Who is eligible?

Small businesses that in the previous year earned \$1 million or less in gross receipts or had 30 or fewer full-time employees are eligible for the Small Business Tax Credit.

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www.worksupport.com

What expenses are covered?

The tax credit is available every year and can be used for various costs such as:

- ☀ sign language interpreters for employees/customers with hearing impairments;
- ☀ readers for employees/customers with visual impairments;
- ☀ the purchase of adaptive equipment or the modification of equipment;
- ☀ printed materials in alternate formats (e.g., braille, audio tape, large print);
- ☀ the removal of architectural barriers in buildings or vehicles; and
- ☀ other services (i.e., use of job coach or co-worker to provide support to an employee with a disability).

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 6, 1990.

How can this credit be claimed?

Businesses can claim the **Disabled Access Credit on IRS Form 8826**.

Example of a Small Business Disabled Access Tax Credit using co-worker support as a similar service cost.

Company X hired an individual with a disability; a co-worker was assigned to support the new employee as a workplace accommodation. The co-worker spent a total of one hour each day providing support. The number of co-worker hours spent with the employee totaled 200 hours during the calendar year. The co-worker's hourly wage was \$10.00 per hour. Therefore, the cost of providing the reasonable accommodation for the new employee with a disability was \$2,000. The amount by which \$2,000 exceeds \$250 is \$1,750. Fifty percent of \$1,750 is \$875. Company X may take a tax credit of \$875 on its next income tax return.



RESOURCES

- ☀ IRS web site for information: <http://www.irs.gov/prod/help/newmail/user.htm>.
- ☀ WOTC web site address is: www.ttrc.doleta.gov/common/directories or call (202) 219-9092
- ☀ The Virginia Department of Rehabilitative Services web site: www.vadrs.org
- ☀ America's Service Locator web site: www.servicelocator.org
- ☀ Access the www.doleta.gov/employer.wtwweb.htm or www.usworkforce.org for more information on the Welfare-to-Work Tax Credit.
- ☀ Contact your local One-Stop Career Center by calling the AWN toll-free help line (877-US-2JOBS)

LOCATING A LOCAL ONE-STOP?

You can find the location of your local One-Stop by contacting America's Service Locator from the U.S. Department of Labor, on the Web at: www.servicelocator.org, or call toll free by phone at (877) US2-JOBS [877-872-5627]. You can also contact your state, county, or local department of labor or employment listed in the government section of the phone book.

FOR MORE INFORMATION REGARDING THIS FACT SHEET CONTACT:

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