



IRS Tax Incentives for Improving Accessibility for the Disabled

The Internal Revenue Service is seeking to make businesses aware of tax incentives available for certain costs associated with improving accessibility for the disabled. Title I of the Americans with Disabilities Act of 1990 (ADA) prohibits private employers with 15 or more employees from discriminating against a qualified individual with a disability. To implement this prohibition, the ADA requires that employers provide reasonable accommodations to the known physical or mental limitations of a qualified individual with a disability, unless to do so would impose an undue hardship on the operation of an employer's business.

Two tax incentives are available to businesses to help cover the cost of making access improvements. The first is a tax credit that can be used for architectural adaptations, equipment acquisitions, and services such as sign language interpreters. The second is a tax deduction that can be used for architectural and transportation adaptations.

Internal Revenue Code Section 44 creates a disabled access credit to help small businesses cover ADA-related eligible access expenditures. A business that for the previous tax year had either revenues of \$1,000,000 or less or 30 or fewer full-time workers may take advantage of this credit. The amount of the tax credit is equal to 50% of the eligible access expenditures in a year that exceed \$250 but are not more than \$10,250. Thus, the maximum allowable credit is \$5,000. The credit can be used to cover a variety of expenditures including barrier removal, providing interpreters, or providing or modifying equipment. However, the expenses must be associated with required adaptations to existing facilities. The credit is not available for costs of new construction. For additional information on required expenditures of the ADA, see www.ada.gov.

The tax deduction, established under Section 190 of the Internal Revenue Code allows a business of any size to expense up to a maximum of \$15,000 per year of items that normally must be capitalized (depreciated). This deduction may be used for expenses associated with the removal of architectural or transportation barriers in association with a trade or business that complies with applicable accessibility standards. Additional information relating to qualified architectural and transportation barrier removal can be found in Internal Revenue Code Regulation 1.190-2.

These two incentives can be used in combination if the expenditures qualify under both Sections 44 and 190. In such a case the deduction is equal to the difference between the total expenditures and the amount of the credit claimed. Both the tax credit and the deduction can be used annually. However, you may not carry over expenses from one year to the next and claim a credit or deduction for a previous year's expense.

For more information about properly claiming this and other tax credits, refer to Publication 334, "Tax Guide for Small Business", and Form 8826, "Disabled Access Credit".

For more information about Spread Tech's ADA compliant playground safety surfacing, contact us at 1-866-685-2438.