**TAX INCENTIVES** are available to encourage compliance with the Americans with Disabilities Act (ADA). This chart includes the three Federal tax incentives and encourages you to inquire to see if your state offers similar incentives. Unfortunately, many business owners and employers are unaware that these incentives exist. Make sure your business takes advantage of these valuable incentives!

<table>
<thead>
<tr>
<th>Name</th>
<th>Code / Form</th>
<th>Eligibility</th>
<th>Purpose / Examples</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural / Transportation Tax Deduction</td>
<td>Code: Section 190, Barrier Removal Forms: 907 &amp; 535</td>
<td>All businesses</td>
<td>Removal of physical, structural, and transportation barriers Ex: widening doors, building ramps, modifying vehicles</td>
<td>Max = $15,000</td>
</tr>
<tr>
<td>Small Business Tax Credit</td>
<td>Code: 44, Disabled Access Credit Form: 8826</td>
<td>Small businesses</td>
<td>Most expenses to comply with the ADA, including barrier removal, providing auxiliary aids/services, and accommodating employees Ex: Providing sign language interpreters, creating Braille documents, building ramps</td>
<td>50% between $250 &amp; $10,250 Max = $5,000</td>
</tr>
<tr>
<td>Work Opportunity Tax Credit</td>
<td>Form: 5884</td>
<td>Employers</td>
<td>This credit encourages employment of certain targeted groups, including SSI recipients and vocational rehabilitation referrals</td>
<td>Max = $2,400</td>
</tr>
</tbody>
</table>

**State Tax Credits** States often offer additional tax incentives. Please contact your state tax office or the DBTAC: National Network of ADA Centers to learn more about these state-wide incentives.
DID YOU KNOW?
► A small business is one that has 30 or fewer employees OR $1,000,000 or less in gross receipts from the previous year.
► If a credit exceeds the amount of taxes owed, businesses may carry forward the unused portion of the credit to the next year.
► Small businesses can use these incentives in combination, if the expenditures incurred qualify under both! See Example C.
► Physical modifications must comply with the applicable accessibility standards (ADA Accessibility Guidelines).

EXAMPLE A: CREDIT
Restaurant ABC employs 25 individuals, and its gross revenue for last year was $3,000,000. It qualifies as a small business with fewer than 30 employees. Last year, ABC provided Braille and large print menus (an auxiliary aid) for its customers, costing a total of $1,500. ABC removed physical barriers to the restaurant’s entrance and modified its transportation shuttle, totaling $8,000. Each of these expenditures qualifies under the Small Business Tax Credit. To calculate ABC’s tax credit, start by adding the total amount spent on accessibility ($8,000 + $1,500 = $9,500) and subtract $250 ($9,500 - $250 = $9,250). Divide this amount by two ($9,250 / 2 = $4,625) to find the amount redeemable as a tax credit. ABC earned a tax credit of $4,625.

EXAMPLE B: DEDUCTION
Corporation XYZ removed barriers to its building two years in a row. Although the corporation deducted $4,000 from its taxes last year, XYZ spent money on an additional barrier removal project this year. This is an annual tax incentive, so XYZ is eligible for another tax deduction. XYZ removed all barriers from its bathrooms, which cost $8,000. XYZ is able to deduct this amount, $8,000, dollar for dollar, from the amount of money on which it pays taxes.

EXAMPLE C: CREDIT & DEDUCTION
If Restaurant ABC (ex. A) spent $15,000, it would exceed the maximum tax credit of $5,000. If ABC’s expenditures qualify under the tax credit and deduction, ABC can use these incentives in combination. ABC can deduct the difference between the total expenditures and the amount received from the credit ($15,000 - $5,000 = $10,000), for a deduction of $10,000.

FOR MORE INFORMATION
► DBTAC National Network of ADA Centers for free technical assistance: (800) 949-4232 V/TTY. www.adata.org
► Internal Revenue Service (IRS): Questions: (800) 829-1040 V; (800) 829-4059 TTY.
   Publications and forms: (800) 829-3676 V; (800) 829-4059 TTY. www.irs.ustreas.gov/formspubs
► U.S. Department of Justice (DOJ) Disability Rights Section: Questions: (800) 514-0301 V;
   (800) 514-0383 TTY. DOJ Tax Packet: www.ada.gov/taxpack.htm

This is a publication of the Mid-Atlantic ADA Center, funded by the National Institute on Disability and Rehabilitation Research of the U.S. Department of Education (Grant # H133A060085).