



## HOW TO IMPROVE YOUR CLIENT OR CUSTOMER BASE

Business owners perceive the cost of access improvements as too expensive and because of this people with disabilities continue to face undue architectural barriers. These barriers make it impossible to access goods and services offered by said businesses. Without access, the more than 57 million Americans with disabilities make up a huge, untapped market for many small business owners.

The good news is that financial assistance is available to help small businesses comply with ADA Federal regulations which prohibit the discrimination of people with disabilities and open doors for full participation in all aspects of everyday life. To help small businesses welcome customers with disabilities, the IRS offers two tax incentives to remove access barriers.

A small business is defined by the IRS as: “a business that for the previous tax year had either revenues of \$1,000,000 or less or 30 or fewer full-time workers.” Make sure your business takes advantage of these valuable incentives.

### 1. TAX CREDIT

The first incentive is a **tax credit**. The tax credit was established under Section 44 of the Internal Revenue Code. It was created in 1990 specifically to help small businesses cover ADA-related “eligible access expenditures.” The credit can be used for architectural adaptations, equipment acquisitions and services.

Small businesses may take a credit of up to \$5,000 (half of eligible expenses up to \$10,250, with no credit for the first \$250) to offset their costs for access. These costs include:

- Barrier Removal – such as widening a doorway or installing a ramp
- Provision of Accessibility Services – such as having sign language interpreters
- Provision of Printed Materials in Alternative Formats – such as large print, audio or Braille
- Fees for Consulting Services

The credit cannot be used for the costs of new construction. It can be used only for adaptations to existing facilities that are required to comply with the ADA.

## **2. TAX DEDUCTION**

The second incentive is a **tax deduction**. The tax deduction was established under Section 190 of the Internal Revenue Code. Businesses can take a business expense deduction of up to \$15,000 per year for the cost of removing architectural or transportation barriers.

## **3. TAX INCENTIVES IN COMBINATION**

Small businesses can use both of these incentives together. If 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.

## **4. ANNUAL INCENTIVES**

Both the tax credit and the tax deduction can be used every year. A small business may not carry over expenses from one year to the next and claim a credit or deduction for the portion that exceeded the expenditure limit the previous year.

## **FOR MORE INFORMATION**

Request IRS Publications 535 and 334 for further information on tax incentives, or Form 8826 to claim your tax credit. Visit: [www.ada.gov](http://www.ada.gov) or [www.irs.gov](http://www.irs.gov) for more information. Or call the Department of Justice ADA Information Line at 800-514-0301. Contact [The Mobility Resource](http://www.themobilityresource.com/) to get in touch with the author. <http://www.themobilityresource.com/>  
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