

American Disability Act - Section 44 Tax Credit Available for Hill Podiatry Chairs

Tax Credit (IRS Form 8826)

The tax credit was created in 1990 specifically to help small businesses cover ADA-related “eligible access expenditures.” A business that for the previous tax year grossed less than \$1,000,000 in revenue or who employed fewer than 30 full-time workers is an “eligible small business” for the Disabled Access Credit.

The Disabled Access Credit is available to an “eligible small business” and is equal to 50% of the “eligible access expenditures” which exceeds \$250 but does not exceed \$10,250, for a maximum credit of \$5,000 a year.

Example:

A Hill Podiatry Chair can be used for a tax credit because it allows easier access for people with disabilities. For example we will use a Hill Podiatry chair which costs \$3,695. Subtract \$250 because the “eligible access expenditure” must exceed \$250. This leaves \$3,445. 50% of \$3,445 is \$1,722.50. The tax credit is \$1,722.50.

The Difference Between Tax Deduction and Tax Credit

A credit reduces the tax, while a deduction reduces the amount of income that is taxed. A “tax credit” entitles the taxpayer to subtract the amount of the credit (dollar-for-dollar) from the total federal income tax bill. Credits are generally more valuable to taxpayers because they constitute a greater percentage of the overall tax bill.

Annual Incentives

The tax credit can be used annually. You 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. However, if the amount of credit you are entitled to exceeds the amount of taxes you owe, you may carry forward the unused portion of the credit to the following year.

This sheet is for your information only. Contact your accountant or tax attorney for details.