

# **Tax Incentives Packet on the Americans with Disabilities Act**

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Office of the Attorney General letterhead, July 6, 2001

Dear Sir or Madam:

Under President Bush's New Freedom Initiative, this Administration is committed to full and fair enforcement of the Americans with Disabilities Act (ADA), which provides people with disabilities an equal opportunity to work and to participate in the mainstream of American life. As part of the President's initiative, the Department of Justice is providing information to small businesses about the ADA and tax benefits to help them comply with the law. I am pleased to send you this ADA Tax Incentives Packet.

This packet contains information about the disabled access credit that is available for small businesses and the tax deduction that is available for businesses of any size to help offset some of the costs of improving accessibility for customers or employees with disabilities. It also includes the Internal Revenue Service (IRS) form and instructions for claiming the

disabled access credit, a list of ADA publications available free from the Department of Justice, and a list of telephone numbers and Internet sites to which you can turn for answers to your ADA questions.

If you have questions about the ADA or want to order ADA publications, please call the ADA Information Line at 800-514-0301 (voice) or 800-514-0383 (TTY). Specialists are available to answer questions from 10:00am until 6:00pm Eastern time and automated service is available 24 hours a day to order publications. The ADA Home Page also provides information and publications at any time, day or night. Please visit us at <http://www.usdoj.gov/crt/ada/adahom1.htm>.

I hope you find this packet useful, and I encourage you to let others know about it.

Sincerely,



signature of John Ashcroft

John Ashcroft  
Attorney General

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- ☐ [\*\*Fact Sheet 4 Tax Incentives for Improving Accessibility \(text version\)\*\*](#)
  - ☐ [\*\*Fact Sheet 4 Tax Incentives for Improving Accessibility \(Acrobat PDF version\)\*\*](#)
  - ☐ [\*\*IRS Form 8826 \(tax credit\) \(Acrobat PDF version\)\*\*](#)
  - ☐ [\*\*ADA Information from the Department of Justice \(HTML\)\*\*](#)
  - ☐ [\*\*ADA and Tax Information Services from Federal Agencies \(including link to IRS website\)\*\*](#)
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## FACT SHEET 4

# Tax Incentives for Improving Accessibility

### The Americans with Disabilities Act Fact Sheet Series

September 4, 1998



#### *Fact Sheets in this series:*

Fact Sheet 1. Who Has Obligations Under Title III?

Fact Sheet 2. Providing Effective Communication

Fact Sheet 3. Communicating with People with Disabilities

#### **Fact Sheet 4. Tax Incentives for Improving Accessibility**

Fact Sheet 5. Alternatives to Barrier Removal

Fact Sheet 6. Resources for More Information

To obtain additional copies of any fact sheet in this series, contact your Disability and Business Technical Assistance Center. To be automatically connected to your regional center, call 1-800-949-4ADA. This fact sheet may be copied as many times as desired by the Disability and Business Technical Assistance Centers for distribution to small businesses but may not be reproduced in whole or in part and sold by any other entity without written permission from the authors.

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Adaptive Environments Center, Inc. and Barrier Free Environments, Inc. are authorized by the National Institute on Disability and Rehabilitation Research (NIDRR) to develop information and materials on the Americans with Disabilities Act (ADA). However, you should be aware that NIDRR is not responsible for enforcement of the ADA. The information presented here is intended solely as informal guidance, and is neither a determination of your legal rights or responsibilities under the ADA, nor binding on any agency with enforcement responsibility under the ADA.

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Fact Sheet 4

## **Tax Incentives for Improving Accessibility**

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 or transportation adaptations.

(NOTE: A tax credit is subtracted from your tax liability after you calculate your taxes, while a tax deduction is subtracted from your total income before taxes, to establish your taxable income.)

### **Tax Credit**

The tax credit, established under Section 44 of the Internal Revenue Code, was created in 1990 specifically 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 credit can be used to cover a variety of expenditures, including:

- provision of readers for customers or employees with visual disabilities

- provision of sign language interpreters
- purchase of adaptive equipment
- production of accessible formats of printed materials (i.e., Braille, large print, audio tape, computer diskette)
- removal of architectural barriers in facilities or vehicles (alterations must comply with applicable accessibility standards)
- fees for consulting services (under certain circumstances)

Note that 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.

The amount of the tax credit is equal to 50% of the eligible access expenditures in a year, up to a maximum expenditure of \$10,250. There is no credit for the first \$250 of expenditures. The maximum tax credit, therefore, is \$5,000.

## **Tax Deduction**

The tax deduction, established under Section 190 of the Internal Revenue Code, is now a maximum of \$15,000 per year a reduction from the \$35,000 that was available through December 31, 1990. A business (including active ownership of an apartment building) of any size may use this deduction for the removal of architectural or transportation barriers. The renovations under Section 190 must comply with applicable accessibility standards.

Small businesses can use these incentives in combination if the expenditures incurred qualify under both Section 44 and Section 190. For example, a small business that spends \$20,000 for access adaptations may take a tax credit of \$5,000 (based on \$10,250 of expenditures), and a deduction of \$15,000. The deduction is equal to the difference between the total expenditures and the amount of the credit claimed.

**Example:** A small business' use of both tax credit and tax deduction

\$20,000 cost of access improvements (rest room, ramp, 3 doors widened)

- \$5,000 maximum credit

\$15,000 remaining for deduction

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Fact Sheet 4

## **Tax Incentives for Improving Accessibility**

### **Annual Incentives**

The tax credit and deduction 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.

For further details and information, review these incentives with an accountant or contact your local IRS office or the national address below.

### **For More Information...**

Request IRS Publications 535 and 334 for further information on tax incentives, or Form 8826 to claim your tax credit.

#### **IRS Publications and Forms**

(800) 829-3676 Voice

(800) 829-4059 TDD

#### **IRS Questions**

(800) 829-1040 Voice

(800) 829-4059 TDD

### **Legal Questions**

Internal Revenue Service

Office of the Chief Counsel

attn: Jolene Shiraishi

CC:PSI: 7

1111 Constitution Avenue, NW, Room 5115

Washington, D.C. 20224

(202) 622-3120 Voice/Relay

<http://www.irs.gov/>

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Free Environments, NIDRR grant #H133D10122

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## **ADA Regulations and Technical Assistance Materials**

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### **ADA MATERIALS AVAILABLE FREE FROM THE DEPARTMENT OF JUSTICE**

The U.S. Department of Justice provides free ADA materials. Printed materials may be ordered by calling the [ADA Information Line](http://www.ada.gov) (1-800-514-0301 (Voice) or 1-800-514-0383 (TDD)). Automated service is available 24-hours a day for recorded information and to order publications.

Publications are available in standard print as well as large print, audiotape, Braille, and computer disk for people with disabilities.



Many of these materials are available from an automated fax system that is available 24-hours a day. To order a publication by fax, call the [ADA Information Line](#) and follow the directions for placing a fax order. When prompted to enter the document number, enter the specific number from the following publication list.

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## ADA LEGAL DOCUMENTS

**[Text of the Americans with Disabilities Act.](#)** The ADA prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. It also mandates the establishment of TDD/telephone relay services

**[ADA Regulation for Title II](#)**, as printed in the Federal Register (7/26/91). The Department of Justice's regulation implementing title II, subtitle A, of the ADA which prohibits discrimination on the basis of disability in all services, programs, and activities provided to the public by State and local governments, except public transportation services.

**[ADA Regulation for Title III](#)**, as printed in the Code of Federal Regulations (7/1/94). The Department of Justice's regulation implementing title III of the ADA, which prohibits discrimination on the basis of disability in "places of public accommodation" (businesses and non-profit agencies that serve the public) and "commercial facilities" (other businesses). The regulation includes Appendix A to Part 36 - Standards for Accessible Design establishing minimum standards for ensuring accessibility when designing and constructing a new facility or altering an existing facility.

**[Title II & III Regulation Amendment Regarding Detectable Warnings](#)**, as printed in the Federal Register (11/23/98). This amendment suspends the requirements for detectable warnings at curb ramps, hazardous vehicle areas, and reflecting pools until July 26, 2001. **FAX # 3001**

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## GENERAL ADA PUBLICATIONS AND INFORMATION



**ADA Questions and Answers.** (Spanish, Chinese, Korean, Tagalog and Vietnamese editions available from the [ADA Information Line](#).) A 32-page booklet giving an overview of the ADA's requirements for ensuring equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation, and requiring the establishment of TDD/telephone relay services.

☐ **FAX # 3106**

**ADA Information Services.** A 2-page list with the telephone numbers and Internet addresses of Federal agencies and other organizations that provide information and technical assistance to the public about the ADA. ☐ **FAX # 3101**

**Enforcing the ADA:** *A Status Report from the Department of Justice.* A brief report issued by the Justice Department each quarter providing timely information about ADA cases and settlements, building codes that meet ADA accessibility standards, and ADA technical assistance activities. ☐ **FAX # 3102** (for the most current issue)

**Enforcing the ADA: Looking Back on a Decade of Progress.** A 41-page special edition of the Department of Justice's quarterly status reports highlighting accomplishments and activities from 1990 through 2000.

[Enforcing the ADA: Looking Back on a Decade of Progress \(HTML format\)](#) ☐ [Acrobat PDF format](#)

**A Guide to Disability Rights Laws.** A 21-page booklet that provides a brief over view of eleven Federal laws that protect the rights of people with disabilities and provides information about the federal agencies to contact for more information. (Spanish, Cambodian, Chinese, Hmong, Japanese, Korean, Laotian, Tagalog, Vietnamese editions available from the [ADA Information Line](#).)

☐ **FAX # 3103**

[A Guide to Disability Rights Laws \(HTML format\)](#) ☐  
[Acrobat PDF format](#)

**A Guide for People with Disabilities Seeking Employment.** A 2-page pamphlet for people with disabilities providing a general explanation of the employment provisions of the ADA and how to file a complaint with the Equal Employment Opportunity Commission. (Spanish edition available from the [ADA Information Line](#).) ☐ **FAX # 3108**



[A Guide for People with Disabilities Seeking Employment](#)  
(HTML format) ☐ [Acrobat PDF format](#)

**[Learn About the ADA in Your Local Library](#)**. An 10-page annotated list of 95 ADA publications and one videotape that are available to the public in 15,000 public libraries throughout the country. ☐ **FAX # 3104**

**[ADA Mediation Program](#)**. A 6-page publication that provides an overview of the Department's Mediation Program and examples of successfully mediated cases. ☐ **FAX # 3107**

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## **BUSINESSES AND NON-PROFIT SERVICE PROVIDERS**

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### **TECHNICAL ASSISTANCE MANUALS AND PUBLICATIONS**

**[Title III Technical Assistance Manual](#)** (1993) and **[Yearly Supplements](#)**. An 83-page manual that explains in lay terms what businesses and non-profit agencies must do to ensure access to their goods, services, and facilities. Many examples are provided for practical guidance. (Spanish edition available from the [ADA Information Line](#).)

**[Title III Highlights](#)**. A 12-page outline of the key requirements of the ADA for businesses and non-profit agencies. This publication provides detailed information in bullet format for quick reference. ☐ **FAX # 3200** (Spanish edition available from the [ADA Information Line](#).)

**[Accessible Stadiums](#)**. A 4-page publication highlighting features that must be accessible in new stadiums and providing guidance on line of sight for wheelchair seating locations. ☐ **FAX # 3201**

[Accessible Stadiums \(TEXT\)](#) ☐ [Acrobat PDF format](#)

**[ADA Guide for Small Businesses](#)**. This 15-page illustrated guide presents an overview of some basic ADA requirements for small businesses that provide goods and services to the public. It provides guidance on how to make their services accessible and how tax credits and deductions may be used to offset specific costs. ☐ **FAX # 3202** (Spanish edition available from the [ADA Information](#)



Line.)

[ADA Guide for Small Businesses \(HTML\)](#) ☐ [Acrobat PDF format](#)

**ADA-TA: A Technical Assistance Update from the Department of Justice.** A serial publication that addresses two topics in each issue: "Common Questions" answers questions about ADA requirements; "Design / Details" provides information and illustrations of particular design requirements.

**Volume 1: Readily Achievable Barrier Removal and Van-Accessible Parking Spaces** ☐ **FAX # 3250**

[Readily Achievable Barrier Removal and Van-Accessible Parking \(HTML\)](#) ☐ [Acrobat PDF format](#)

**[ADA Tax Incentive Packet for Businesses](#)** A packet of information to help businesses understand and take advantage of the tax credit and deduction available for complying with the ADA.  
☐ **FAX # 3203**

**Common ADA Errors and Omissions in New Construction and Alterations.** This 13-page document lists a sampling of common accessibility errors or omissions that have been identified through the Department of Justice's ongoing enforcement efforts. The significance of the errors is discussed and references are provided to the requirements of the ADA Standards for Accessible Design.  
☐ **FAX # 3207**

[Common ADA Errors and Omissions in New Construction and Alterations \(HTML\)](#) ☐ [Acrobat PDF format](#)

**ADA Design Guide 1 - Restriping Parking Lots.** A 2-page illustrated design guide explaining the number of accessible parking spaces that are required and the restriping requirements for accessible parking spaces for cars and van-accessible parking spaces. ☐ **FAX # 3208**

[Restriping Parking Lots \(HTML\)](#) ☐ [Acrobat PDF format](#)



**How to File a Title III Complaint.** This publication details the procedure for filing a complaint under title III of the ADA, which prohibits discrimination based on disability by businesses and non-profit agencies. ☐ **FAX # 3206**

**Commonly Asked Questions About Child Care Centers and the Americans with Disabilities Act** A 13-page publication explaining how the requirements of the ADA apply to Child Care Centers. The document also describes some of the Department of Justice's ongoing enforcement efforts in the child care area and it provides a resource list on sources of information on the ADA. ☐ **FAX # 3209**

**Assistance at Self-Serve Gas Stations.** A 1-page document providing guidance on the ADA and refueling assistance at self-serve gas stations. ☐ **FAX # 3210**

[Assistance at Self-Serve Gas Stations \(HTML\)](#) ☐ [Acrobat PDF format](#)

**Common ADA Problems at Newly Constructed Lodging Facilities.** An 11-page document lists a sampling of common accessibility problems at newly constructed lodging facilities that have been identified through the Department of Justice's ongoing enforcement efforts. ☐ **FAX # 3211**

[Common ADA Problems at Newly Constructed Lodging Facilities \(HTML\)](#) ☐ [Acrobat PDF format](#)

**Five Steps To Make New Lodging Facilities Comply With The ADA.** A 3-page document highlighting five steps that owners, operators, and franchisors can take to make sure that new lodging facilities comply with the ADA. ☐ **FAX # 3212**

[Five Steps To Make New Lodging Facilities Comply With The ADA \(HTML\)](#) ☐ [Acrobat PDF format](#)

**Americans with Disabilities Act Checklist for New Lodging Facilities.** This 34-page checklist is a self-help survey that owners, franchisors, and managers of lodging facilities can use to identify ADA mistakes at their facilities.

**Americans with Disabilities Act Guide for Places of Lodging: Serving Guests Who Are Blind or Who Have Low Vision.** A 12-page publication explaining what hotels, motels, and other places of transient lodging can do to accommodate guests who are blind or have low vision. ☐ **FAX # 3214**



[Americans with Disabilities Act Guide for Places of Lodging: Serving Guests Who Are Blind or Who Have Low Vision \(HTML\)](#) ☐ [Acrobat PDF format](#)

**Guide for Passengers: Accessible Bus Service Under the Greyhound Agreement.** A 3-page document explaining how passengers can get accessible bus service from Greyhound under the Department of Justice settlement agreement until October 1, 2001 when Department of Transportation regulations will require accessible, lift-equipped service on demand with 48 hours' notice.  
☐ **FAX # 3400**

[Guide for Passengers: Accessible Bus Service Under the Greyhound Agreement \(HTML\)](#) ☐ [Acrobat PDF format](#)

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## **STATE AND LOCAL GOVERNMENTS -- TECHNICAL ASSISTANCE MANUALS AND PUBLICATIONS**

**[Title II Technical Assistance Manual](#)** (1993) and **[Yearly Supplements](#)**. A 30-page manual that explains in lay terms what State and local governments must do to ensure that their services, programs, and activities are provided to the public in a nondiscriminatory manner. Many examples are provided for practical guidance. (Spanish edition available from the [ADA Information Line](#).)

**[Title II Highlights](#)**. An 8-page outline of the key requirements of the ADA for State and local governments. This publication provides detailed information in bullet format for quick reference. ☐ **FAX # 3300** (Spanish edition available from the [ADA Information Line](#).)

**ADA Guide for Small Towns.** A 21-page guide that presents an informal overview of some basic ADA requirements and provides cost-effective tips on how small towns can comply with the ADA.  
☐ **FAX # 3307**

[ADA Guide for Small Towns \(HTML\)](#) ☐ [Acrobat PDF format](#)

**The ADA and City Governments: Common Problems.** A 9-page document that contains a sampling of common problems shared by city governments of all sizes, provides examples of common deficiencies and explains how these problems affect persons with



disabilities. ☐ **FAX # 3308**

[The ADA and City Government: Common Problems \(HTML\)](#) ☐ [Acrobat PDF format](#)

**Accessible Stadiums.** A 4-page publication highlighting features that must be accessible in new stadiums and providing guidance on line of sight for wheelchair seating locations. ☐ **FAX # 3201**

[Accessible Stadiums \(HTML\)](#) ☐ [Acrobat PDF format](#)

**ADA-TA: A Technical Assistance Update from the Department of Justice.** A serial publication that addresses two topics in each issue: "Common Questions" answers questions about ADA requirements; "Design Details" provides information and illustrations of particular design requirements.

*Volume 1: Readily Achievable Barrier Removal and Van-Accessible Parking Spaces* ☐ **FAX # 3250**

[Readily Achievable Barrier Removal and Van-Accessible Parking \(HTML\)](#) ☐ [Acrobat PDF format](#)

**[Commonly Asked Questions About the ADA and Law Enforcement.](#)** A 13-page publication providing information for law enforcement agencies in a simple question and answer format. ☐ **FAX # 3301**

**[Questions and Answers: The ADA and Hiring Police Officers.](#)** A 5-page publication providing information on ADA requirements for interviewing and hiring police officers. ☐ **FAX # 3302**

**[Commonly Asked Questions About Title II of the ADA.](#)** A 6-page fact sheet explaining the requirements of the ADA for State and local governments. ☐ **FAX # 3303** (Spanish edition available from the [ADA Information Line](#).)

**Access for 9-1-1 and Telephone Emergency Services Under the American with Disabilities Act.** A 10-page publication explaining the requirements for direct, equal access to 9-1-1 for persons who use teletypewriters (TTYs). ☐ **FAX # 3304**

[Access for 9-1-1 and Telephone Emergency Services \(HTML\)](#) ☐ [Acrobat PDF format](#)



**Questions and Answers: the ADA and Persons with HIV/AIDS.**

A 16-page publication explaining the requirements of the ADA for employers, businesses and non-profit agencies that serve the public, and State and local governments to avoid discriminating against persons with HIV/AIDS. ☐ **FAX # 3206** (Spanish edition available from the [ADA Information Line](#).)

**Common ADA Errors and Omissions in New Construction and Alterations.** This 13-page document lists a sampling of common accessibility errors or omissions that have been identified through the Department of Justice's ongoing enforcement efforts. The significance of the errors is discussed and references are provided to the requirements of the ADA Standards for Accessible Design. ☐ **FAX # 3207**

[Common ADA Errors and Omissions in New Construction and Alterations \(HTML\)](#) ☐ [Acrobat PDF format](#)

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[Restriping Parking Lots \(HTML\)](#) ☐ [Acrobat PDF format](#)

**Commonly Asked Questions About Child Care Centers and the Americans with Disabilities Act** A 13-page publication explaining how the requirements of the ADA apply to Child Care Centers. The document also describes some of the Department of Justice's ongoing enforcement efforts in the child care area and it provides a resource list on sources of information on the ADA. ☐ **FAX # 3209**

**Title II Complaint Form.** Standard form for filing a complaint under title II of the ADA or section 504 of the Rehabilitation Act of 1973, which prohibit discrimination on the basis of disability by State and local governments and by recipients of federal financial assistance. ☐ **FAX # 3306**

**U.S. Department of  
Justice**  
Civil Rights Division  
*Disability Rights Section*



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## **AMERICANS WITH DISABILITIES ACT AND TAX INFORMATION SERVICES**

For information on the ADA and how it applies to your business or facility, or to obtain copies of ADA regulations, Standards for Accessible Design, the Guide for Small Businesses, or other publications, contact the U.S. Department of Justice

**ADA Information Line** for publications, questions, and referrals

800-514-0301 (voice)

800-514-0383 (TTY)

**Internet address** (ADA Home Page)

[www.ada.gov](http://www.ada.gov)

For information on ADA provisions applying to employers and employees, contact the Equal Employment Opportunity Commission

**Employment - questions**

800-669-4000 (voice)

800-669-6820 (TTY)

**Employment - publications**

800-669-3362 (voice)

800-800-3302 (TTY)



**Internet address**

[www.eeoc.gov](http://www.eeoc.gov)

For information about tax code provisions that can assist businesses in complying with the ADA, contact Internal Revenue Service

**Tax code - information**

800-829-1040 (voice)

800-829-4059 (TTY)

**Legal questions about ADA tax incentives**

202-622-3120 (voice)

TTY: use relay service

**Internet address**

<http://www.irs.gov/>

For information on how to accommodate an employee with a disability, contact the Job Accommodation Network (JAN) funded by the U.S. Department of Labor

**Job Accommodation Network**

800-526-7234 (voice/TTY)

**Internet address**

<http://www.usdoj.gov/cgi-bin/outside.cgi?>

<http://www.jan.wvu.edu>

For information on the ADA Accessibility Guidelines, contact the U.S. Access Board

**ADA Accessibility Guidelines**

800-526-7234 (voice and TTY)

**Internet address**

<http://www.access-board.gov/>

For information on making transportation accessible, contact Project ACTION funded by the Department of Transportation

**Project ACTION**

800-659-6428 (voice)  
TTY: use relay service

**Internet address**

[http://www.usdoj.gov/cgi-bin/outside.cgi?](http://www.usdoj.gov/cgi-bin/outside.cgi?http://www.projectaction.org)  
<http://www.projectaction.org>

For information on complying with the ADA and to obtain assistance in your area of the country, contact the regional Disability and Business Technical Assistance Centers funded by the Department of Education

**Disability & Business Technical Assistance Centers**

800-949-4232 (voice and TTY)

**Internet address**

<http://www.usdoj.gov/cgi-bin/outside.cgi?http://www.adata.org>

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**[Return to Top](#)**

**[Return to ADA Home Page](#)**

**[Return to ADA Business Connection](#)**

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