

JAN

Job Accommodation Network

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Accommodation and Compliance Series

Accommodation and Compliance Series: Tax Incentives

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JAN'S Accommodation and Compliance Series

Introduction

The Job Accommodation Network (JAN) is a national, toll-free, consulting service that provides information regarding job accommodations. This publication summarizes tax incentives related to accessibility and the employment of people with disabilities. If you need further assistance, please contact an accountant or tax attorney. Further information about these credits and the necessary forms are available through the [IRS](#).

There also may be local government agencies and organizations that can provide you with assistance in employing people with disabilities and other available tax credits. You may want to conduct an on-line search or check your local phone directory for available local resources.

The Disabled Access Credit

The Disabled Access Credit is designed to help businesses comply with the Americans with Disabilities Act (ADA). It is available to eligible small businesses whose gross receipts did not exceed \$1,000,000 for the preceding taxable year or who employed no more than 30 full-time employees during the preceding year. The tax credit is equal to 50% of the "eligible access expenditures" that exceed \$250 but do not exceed \$10,250 for a taxable year.

Eligible Access Expenditures include expenditures for:

- Removing barriers that prevent a business from being accessible to or usable by individuals with disabilities;
- Providing qualified interpreters or other effective methods of making audio materials available to individuals with hearing impairments;
- Providing qualified readers, taped texts, and other methods of making visual materials available to individuals with visual impairments;
- Acquiring or modifying equipment or devices for individuals with disabilities.

All expenditures must be reasonable and necessary and must meet the standards issued by the Secretary of the Treasury in concurrence with the Architectural and Transportation Barriers Compliance Board. Expenses incurred for new construction are not eligible. Eligible expenditures do not include those to remove barriers that prevent a business from being accessible to or usable by individuals with disabilities that are paid or incurred in connection with any facility first placed in service after November 5, 1990. Other terms and conditions apply.

For the purposes of this tax credit, disability is defined exactly as in the ADA. A full-time employee is defined as one who is employed at least 30 hours per week for 20 or more calendar weeks in the taxable year. In general, all members of a controlled group of corporations are treated as one person for purposes of credit eligibility, and the dollar limitation among the members of any group will be apportioned by regulation. In the case of a partnership, the expenditure limitation requirements will apply to the partnership and to each partner. Similar rules will apply to S corporations (see Internal Revenue Code sections 1361 through 1379, Subchapter S of Chapter 1) and their shareholders.

For additional information on the Disabled Access Credit, contact your local IRS office, go to the [Tax Information For Businesses](#), or phone them at (800) 829-4933 (V) or (800) 829-4059 (TTY).

Further information also is available at:

- [Tax Benefits for Businesses Who Have Employees with Disabilities](#)
- [Facts About Disability-Related Tax Provisions](#)

Architectural and Transportation Barrier Removal Deduction

Businesses may choose to deduct up to \$15,000 for making a facility or public transportation vehicle, owned or leased for use in the business, more accessible to and usable by individuals with disabilities. A facility is all or any part of a building, structure, equipment, road, walk, parking lot, or similar property. A public transportation vehicle is a vehicle such as a bus or railroad car that provides transportation service to the public or to customers. The deduction may not be used for expenses incurred for new construction, for a complete renovation of a facility or public transportation vehicle, or for the normal replacement of depreciable property. In the case of a partnership, the \$15,000 limit applies to the partnership and to each partner. Amounts in excess of the \$15,000 maximum annual deduction can be added to the basis of the property subject to depreciation. In order for expenses to be deductible, accessibility standards established under Section 190 regulations of Title 26 of the Internal Revenue Code must be met.

For additional information on Section 190, contact your local IRS office, go to the [Tax Information For Businesses](#), or phone them at (800) 829-4933 (V) or (800) 829-4059 (TTY).

Further information also is available at:

- [Tax Benefits for Businesses Who Have Employees with Disabilities](#)
- [Facts About Disability-Related Tax Provisions](#)

Vocational Rehabilitation (VR) Program

The VR Program has a long history of assisting people with disabilities to prepare for and enter the competitive work force. VR is a federal-state program. The Rehabilitation Act of 1973, as amended, authorizes annual funding to state VR agencies so they can achieve the goals of the program.

An on-the-job training program can be set up by VR with an employer for an individual client of VR. VR can share in the payment of the wages for the employee for a limited time on a negotiated schedule. The position must be permanent, full-time, and pay above minimum wage.

VR services vary from state to state, but in general VR can act as a recruiter and consultant for employers, conduct job analyses, provide rehabilitation engineering services for architectural barrier removal and worksite modifications, and conduct awareness training for a company's management and supervisory personnel.

For more information, contact your local state vocational rehabilitation agency (<http://askjan.org/concerns/State-Vocational-Rehabilitation-Agencies.cfm>).

Work Opportunity Tax Credit Program

The Workforce Opportunity Tax Credit (WOTC) program is a federal tax credit that encourages employers to hire certain targeted groups of job seekers. It reduces employers' federal income tax liability by as much as \$9,600, depending on the target group. For example, an employer may receive a tax credit of \$2,400 for hiring a short-term Temporary Assistance for Needy Families (TANF) recipient or a tax credit of \$9,600 for hiring a veteran entitled to compensation for a service-connected disability who has been unemployed for at least 6 months. For a complete listing of the WOTC tax credit amounts by target group see [WOTC Tax Credit Amounts](#).

Employers must file an IRS Form 8850 in order to apply for this credit. Page 1 of this form must be completed by the day the job offer is made to the individual. Page 2 must be completed after the individual is hired. Employers need to complete ETA Form 9061 or ETA form 9062 if the employee has been conditionally certified as belonging to a WOTC target group by a state workforce agency, a vocational rehabilitation agency, or another participating agency. The completed and signed forms must be submitted to the Employers state workforce agency within 28 calendar days of the employee's start date. Forms to complete this certification are available at the web link below. Other terms and conditions apply.

Further information and necessary forms are available at [Work Opportunity Tax Credit](#).

On December 18, 2015, President Obama signed into law the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act) that extends and modifies the WOTC Program and the Empowerment Zones. In summary, the PATH Act:

- Retroactively reauthorizes the WOTC program target groups for a five-year period, from December 31, 2014 to December 31, 2019.
- Extends the Empowerment Zones for a two-year period, from December 31, 2014 to December 31, 2016.
- Introduces a new target group, Qualified Long-term Unemployment Recipients, for new hires that begin to work for an employer on or after January 1, 2016 through December 31, 2019.

IRS Notice 2016 -22 is available [here](#). For further information, view [ETA's Interim Instructions](#).

VOW to Hire Heroes Act of 2011

On November 21, 2011, the WOTC was modified to expand the definition of the veterans' target group covered. To qualify, the eligible unemployed veteran must have begun work on or after November 22, 2011. To qualify, a veteran must be in **one** of the following categories:

- A member of a family receiving Supplemental Nutrition Assistance Program (SNAP) (food stamps) assistance for at least a 3-month period during the 15-month period ending on the hiring date.
- Be entitled to compensation for a service-connected disability, hired not more than 1 year after being discharged or released from active duty in the U.S. Armed Forces, and unemployed for at least 6 months in the year ending on the hiring date.

Other terms and conditions apply.

For more information, see [Veterans Opportunity to Work](#).

Situations and Solutions:

An employer wanted to hire several students with disabilities for the summer.

The business was able to use the Workforce Opportunity Tax Credit program to help fund this endeavor.

A construction contractor wanted to caption its training materials.

The business used the Disabled Access Credit to assist with paying for this change.

A small business needed funding assistance to provide qualified interpreters for a newly hired employee.

The business was able to use the Disabled Access Credit to provide this funding.

An arts and crafts store needed funding to help make its property accessible from the parking lot to the entrance.

The business deducted part of the cost toward this parking lot change using the Architectural and Transportation barrier Removal Deduction.

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