

## **Important Tax Incentives for Improving Accessibility**

Your purchase of RehaMed International's products may qualify you for a special tax incentive on your tax return. These tax incentives are available to individuals and businesses that incur expenses to accommodate the needs of someone who is disabled.

### **Individuals**

The Internal Revenue Service lets you deduct in full, as medical expenses, any home improvements and purchases made to accommodate someone in the family who is disabled. These include:

- Entrance or exit ramps to the house
- Widened doorways and entrances or exits to the house
- Railings, support bars, or other modifications installed in bathrooms
- Lowered or modified kitchen cabinets or equipment
- Moved or altered electrical outlets and fixtures
- Installation of porch lifts or other forms of lifts
- Modifications to stairways
- New handrails and grab bars, whether or not in bathroom
- Changes to hardware on doors
- Alterations to areas in front of entrance and exit doorways
- New grading on your property to provide access to the home

**Note: If you're claiming expenses as medical deductions, you can deduct only the amount of your expenses that exceed 7.5% of your adjusted gross income.** These deductions must be itemized separately with appropriate documentation (receipt), and totaled on the "Medical and Dental Expenses" portion in **Schedule A** of your annual income tax return (Form 1040). Please speak with your Accountant or qualified tax preparer for more information on how to take advantage of this benefit.

### **Businesses**

Two tax incentives are available to businesses to help cover the cost of making access improvements. The first is a Disabled Access 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 and transportation adaptations.

#### ***Disabled Access Credit***

Small businesses qualify for the Disabled Access Credit if they meet **one** of the following criteria:

- ✓ Had revenues equaling less than \$1,000,000 for the previous tax year
- ✓ Have 30 or fewer **full-time** employees

The amount of the tax credit is equal to 50% of the eligible access expenditures in a year that exceed \$250 but are not more than \$10,250. Thus, the maximum allowable credit is \$5,000. The credit can be used to cover a variety of expenditures including barrier removal, providing interpreters, and the purchase of adaptive equipment (such as our Aquatic Lifts or VitaGlide) or modifying equipment. These expenses must be associated with required adaptations to existing facilities. To apply, you must fill out the **Disabled Access Credit** form (form 8826) and provide appropriate documentation in your tax return. Please speak with your Accountant or qualified tax preparer for more information on how to take advantage of this benefit.

### ***Tax Deduction***

The tax deduction allows a business of any size to expense up to a maximum of \$15,000 per year of items that normally must be capitalized (depreciated). This deduction may be used for expenses associated with the removal of architectural or transportation barriers in association with a trade or business that complies with applicable accessibility standards. Please speak with your Accountant or qualified tax preparer for more information on how to take advantage of this benefit.

Small businesses can use these incentives in combination if the expenditures incurred qualify under both the tax credit and tax deduction. For more information regarding these programs for small businesses, please visit <http://www.ada.gov/taxpack.htm>

***This information has been compiled by RehaMed International only for your convenience, and is not intended to take the place of professional consultation or official documentation. Please speak with an Accountant or qualified tax preparer for complete details about these programs.***

Department of the Treasury  
Internal Revenue Service

▶ Attach to your return.

Name(s) shown on return

Identifying number

**Part I Current Year Credit**

<b>1</b>	Total eligible access expenditures (see instructions)	<b>1</b>	
<b>2</b>	Minimum amount	<b>2</b>	\$ 250 00
<b>3</b>	Subtract line 2 from line 1. If zero or less, enter -0-	<b>3</b>	
<b>4</b>	Maximum amount	<b>4</b>	\$10,000 00
<b>5</b>	Enter the <b>smaller</b> of line 3 or line 4.	<b>5</b>	
<b>6</b>	Current year credit. Multiply line 5 by 50% (.50)	<b>6</b>	
<b>7</b>	Disabled access credits from pass-through entities:	<b>7</b>	
	If you are a—	Then enter total of current year disabled access credit(s) from—	
	<b>a</b> Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13	
	<b>b</b> Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13	
<b>8</b>	<b>Total current year disabled access credit.</b> Add lines 6 and 7, but do not enter more than \$5,000.	<b>8</b>	

**Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)**

<b>9</b>	Regular tax before credits:	}	<b>9</b>	
•	Individuals. Enter the amount from Form 1040, line 40			
•	Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the amount from the applicable line of your return			
•	Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return			
<b>10</b>	Alternative minimum tax:	}	<b>10</b>	
•	Individuals. Enter the amount from Form 6251, line 28			
•	Corporations. Enter the amount from Form 4626, line 15			
•	Estates and trusts. Enter the amount from Form 1041, Schedule I, line 39			
<b>11</b>	Add lines 9 and 10		<b>11</b>	
<b>12a</b>	Foreign tax credit	<b>12a</b>		
<b>b</b>	Credit for child and dependent care expenses (Form 2441, line 9)	<b>12b</b>		
<b>c</b>	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	<b>12c</b>		
<b>d</b>	Education credits (Form 8863, line 18)	<b>12d</b>		
<b>e</b>	Rate reduction credit (Form 1040, line 47)	<b>12e</b>		
<b>f</b>	Child tax credit (Form 1040, line 48)	<b>12f</b>		
<b>g</b>	Mortgage interest credit (Form 8396, line 11)	<b>12g</b>		
<b>h</b>	Adoption credit (Form 8839, line 14)	<b>12h</b>		
<b>i</b>	District of Columbia first-time homebuyer credit (Form 8859, line 11)	<b>12i</b>		
<b>j</b>	Possessions tax credit (Form 5735, line 17 or 27)	<b>12j</b>		
<b>k</b>	Credit for fuel from a nonconventional source	<b>12k</b>		
<b>l</b>	Qualified electric vehicle credit (Form 8834, line 20)	<b>12l</b>		
<b>m</b>	Add lines 12a through 12l	<b>12m</b>		
<b>13</b>	Net income tax. Subtract line 12m from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18	<b>13</b>		
<b>14</b>	Tentative minimum tax (see instructions):	}	<b>14</b>	
•	Individuals. Enter the amount from Form 6251, line 26			
•	Corporations. Enter the amount from Form 4626, line 13			
•	Estates and trusts. Enter the amount from Form 1041, Schedule I, line 37			
<b>15</b>	Net regular tax. Subtract line 12m from line 9. If zero or less, enter -0-	<b>15</b>		
<b>16</b>	Enter 25% (.25) of the excess, if any, of line 15 over \$25,000 (see instructions)	<b>16</b>		
<b>17</b>	Enter the greater of line 14 or line 16	<b>17</b>		
<b>18</b>	Subtract line 17 from line 13. If zero or less, enter -0-	<b>18</b>		
<b>19</b>	<b>Disabled access credit allowed for the current year.</b> Enter the <b>smaller</b> of line 8 or line 18 here and on Form 1040, line 50; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 4a; Form 1041, Schedule G, line 2c; or the applicable line of your return	<b>19</b>		

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

Eligible small businesses use Form 8826 to claim the disabled access credit. This credit is part of the general business credit.

A partnership or S corporation that is an eligible small business completes Part I of the form to figure the credit to pass through to its partners or shareholders. Electing large partnerships, include this credit in "general credits."

### Definitions

**Eligible small business.** For purposes of the credit, an eligible small business is any business or person that (a) had gross receipts for the preceding tax year that did not exceed \$1 million or had no more than 30 full-time employees during the preceding tax year and (b) elects (by filing Form 8826) to claim the disabled access credit for the tax year.

For purposes of the definition:

- Gross receipts are reduced by returns and allowances made during the tax year,
- An employee is considered full time if that employee is employed at least 30 hours per week for 20 or more calendar weeks in the tax year, and
- All members of the same controlled group and all persons under common control generally are considered to be one person—see section 44(d)(2).

**Eligible access expenditures.** For purposes of the credit, these expenditures are amounts paid or incurred by the eligible small business to comply with applicable requirements under the Americans With Disabilities Act of 1990 (Public Law 101-336) as in effect on November 5, 1990.

Eligible access expenditures include amounts paid or incurred:

1. To remove barriers that prevent a business from being accessible to or usable by individuals with disabilities;
2. To provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals;
3. To provide qualified readers, taped texts, and other methods of making visual materials available to individuals with visual impairments; or
4. To acquire or modify equipment or devices for individuals with disabilities.

The expenditures must be reasonable and necessary to accomplish the above purposes.

Eligible expenditures **do not** include expenditures in 1 above that are paid or incurred in connection with any facility first placed in service after November 5, 1990.

Eligible access expenditures must meet those standards issued by the Secretary of the Treasury as agreed to by the Architectural and Transportation Barriers Compliance Board and set forth in regulations. See section 44(c) for other details.

**Disability.** For an individual, this means:

- A physical or mental impairment that substantially limits one or more of the major life activities of that individual,
- A record of such an impairment, or
- Being regarded as having such an impairment.

## Specific Instructions

### Part I—Current Year Credit

**Line 1.** Enter total eligible access expenditures paid or incurred during the tax year. See **Eligible access expenditures** above.

**Controlled groups.** All members of a controlled group of corporations (within the meaning of section 52(a)) and all persons under common control (within the meaning of section 52(b)) are treated as one person for purposes of the credit. The group member with the most eligible access expenditures should figure the group credit in Part I and skip Part II. On separate Forms 8826, each member of the group skips lines 1 through 5 and enters its share of the group credit on line 6. Each member then completes the remaining applicable lines (or Form 3800, if required) on its separate form. Each member must also attach to its Form 8826 a schedule showing how the group credit was divided among all members. The members share the credit in the same proportion that they contributed eligible access expenditures.

**Denial of double benefit.** To the extent of the credit shown on line 6, the eligible access expenditures may not be claimed as a deduction in figuring taxable income, capitalized, or used in figuring any other credit.

### Who Must File Form 3800

Complete **Form 3800**, General Business Credit, instead of completing Part II of Form 8826 to figure the tax liability limit if for this year you have:

- More than one of the credits included in the general business credit listed below,
- A carryback or carryforward of any of the credits,
- A credit from a passive activity, or
- General credits from an electing large partnership (Schedule K-1, Form 1065-B).

The general business credit consists of the following credits.

- Investment (Form 3468).
- Work opportunity (Form 5884).
- Welfare-to-work (Form 8861).
- Alcohol used as fuel (Form 6478).
- Research (Form 6765).
- Low-income housing (Form 8586).
- Enhanced oil recovery (Form 8830).
- Disabled access (Form 8826).
- Renewable electricity production (Form 8835).
- Indian employment (Form 8845).
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846).

- Orphan drug (Form 8820).
- New markets (Form 8874).
- Contributions to selected community development corporations (Form 8847).
- Trans-Alaska pipeline liability fund.

The empowerment zone employment credit (Form 8844), while a component of the general business credit, is figured separately on Form 8844 and is never carried to Form 3800.

### Part II—Tax Liability Limit

Complete Part II if you do not have to file Form 3800.

**Line 14.** Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete and attach the applicable AMT form or schedule and enter the TMT on line 14.

**Line 16.** See section 38(c)(3) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, and real estate investment trusts.

**Line 19.** If you cannot use part of the credit because of the tax liability limit (line 18 is smaller than line 8), carry it back 1 year then forward up to 20 years. See the Instructions for Form 3800 for details.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	7 hr., 53 min.
<b>Learning about the law or the form</b> . . . . .	43 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	51 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions of the tax return with which this form is filed.

