

Small Business Tax Credit Internal Revenue Code Section 44: Disabled Access Credit

How does the Americans with Disabilities Act (ADA) affect my practice?

A tax credit (Section 44 of the IRS Tax Code) has been established to assist small businesses in improving accessibility to disabled individuals. This credit may be applied to “acquire or modify equipment or devices used to assist individuals with disabilities”. The credit is equal to 50% of the qualifying purchase to the extent that is over \$250 and not more than \$10,250 annually for a maximum credit of \$5,000/year.

How do I determine if I qualify for a tax credit under Section 44 of the tax code?

While you will need to consult your tax advisor, a general overview of the credit states that you need only satisfy ONE of the following two constraints. You must either: (1) have gross receipts of the practice in the preceding tax year of no more than \$1,000,000 *OR* (2) employ no more than 30 full-time employees during the preceding tax year. Download Tax Form 8826 here: <https://www.irs.gov/pub/irs-pdf/f8826.pdf>

Which Medical Positioning, Inc. products may be eligible for a tax credit?

Any model which includes the height adjustable feature may be eligible under the code. Medical Positioning, Inc. has a variety of models in different price ranges that are height adjustable. Your sales representative will be happy to help you determine which model best suits your practice. You can reach a representative directly at 800.593.3246.

Can you provide me with an example of how the ADA affects the price of a table purchase?

Your practice decides to purchase a table priced at \$5,295 which is equipped with height adjustability. You and your tax advisor agree that you meet the requirements of Section 44. For this example, we will assume that you have \$100,000 in taxable income and you are also in the 34% tax bracket.

**\$250 is subtracted from the purchase price to correctly figure the credit*

| | WITHOUT CREDIT | WITH CREDIT |
|-------------------------------------|----------------|-------------|
| Taxable Income | \$100,000 | \$100,000 |
| Estimated Tax | \$22,250 | \$22,250 |
| Section 44 Credit (\$5,295-250)*50% | \$ - | (\$2,522) |
| Estimated Net Tax Due | \$22,250 | \$19,728 |

Are there any additional tax savings I might apply to reduce my out-of-pocket cost on the purchase of a Medical Positioning, Inc. product?

Yes, in addition you may be eligible to apply a tax deduction utilizing Section 179 to further lower your actual expense. Following the example above, determine the remaining balance of the purchase price (\$5,295 - \$2,522) or \$2,773. Multiply this value by the 34% marginal tax rate which results in a tax reduction of \$943, bringing your overall expense to \$1,830. For additional information on Section 179 visit: <https://www.irs.gov/publications/p946/ch02.html>