

A Tax Credit or Deduction Can Help to Pay for Listen Auditory Assistance Products

Did you know?

- ◆ When used to accommodate ADA guidelines, Listen products can be partially paid for with a tax credit (up to \$5,000 for small businesses) and/or a tax deduction (up to \$15,000 for any size business). In certain instances, the tax savings can cover a significant portion of your purchase

Examples of facilities that must comply with ADA Guidelines: restaurants, hotels, theaters, convention centers, stadiums, arenas, retail stores, shopping centers, hospitals, museums, libraries, parks, zoos, amusement parks, private schools, day care centers, health spas, and bowling alleys.

**Take advantage of Listen's
no-obligation demo program!
Call 1-800-330-0891 or email
demo@ListenTech.com for
more information!**

Regarding ADA and the Benefits of Listen Products....

- ◆ The Americans with Disabilities Act (ADA) requires public facilities to provide assistive listening devices for hard of hearing people.
- ◆ Public facilities are required to provide enough listening devices for 4% of seating capacity (9% in the state of New York).
- ◆ Listen's 72MHz and 216MHz assistive listening devices meet ADA conformance guidelines.
- ◆ Listen's 216MHz systems can be used for multiple applications, adding value to your purchase! For example, in addition to assistance for the hard of hearing, the same system can be used for language translation and tour group communications.
- ◆ Listen products are 100% compatible with existing FM assistive listening systems - use Listen receivers to expand a system and, in many cases, improve its sound quality (Upgrades and new systems both can qualify for tax breaks!)
- ◆ When used to accommodate ADA guidelines, Listen products can be partially paid for with a tax credit (up to \$5,000 for small businesses) and/or a tax deduction (up to \$15,000 for any size business). In certain instances, the tax savings can cover a significant portion of your purchase

For your convenience, attached are specific ADA tax credit/deduction rules and a 2001 sample IRS form.

For additional copies of these guidelines or for more information regarding ADA compliance, please visit Listen's website at www.ListenTech.com or contact us at our office listed below.

ADA tax credits and deductions are applicable for U.S. companies only. Please consult with your tax advisor.

ADA Guidelines, in General

In the United States, the Americans with Disabilities Act (ADA) was signed into law on July 26, 1990. It is summarized by: "No person shall be discriminated against on the basis of disability in the full and equal enjoyment of the goods, services, facilities, privileges, advantages, and accommodations of any place of public accommodation." The ADA prohibits discrimination on the basis of disability in employment, programs and services provided by state and local governments, goods and services provided by private companies, and in commercial facilities.

This Act includes provisions to accommodate hard of hearing people, including incorporating Assistive Listening Systems in new building construction, in alterations or renovations to buildings and facilities, and when improving access to existing facilities of private companies providing goods or services to the public. It also requires that State and local governments provide access for the hard of hearing in programs offered to the public.

Types of Public Facilities that must Comply with ADA Requirements

Places of public accommodation that must comply with ADA requirements include restaurants, hotels, theaters, convention centers, retail stores, shopping centers, dry cleaners, laundromats, pharmacies, doctors' offices, hospitals, museums, libraries, parks, zoos, amusement parks, private schools, day care centers, health spas, and bowling alleys.

Commercial facilities are required to comply with ADA. They include office buildings, factories and warehouses whose operations affect commerce.

Religious organizations (including places of worship), residential housing, and private clubs do not need to comply. However, many places of worship voluntarily offer assistance for hard of hearing people.

Accessibility Requirements for Hard of Hearing People

- New construction of public facilities must have 4% of seating or people capacity accessible to hard of hearing people (please note, New York requires 9% of capacity).
- Existing public facilities seating more than 50 people, 4% of the seats must be accessible
- Existing public facilities seating less than 50 people, 4% of seats but not less than two seats must be accessible to hard of hearing people
- Existing public facilities under renovation require full 4% accessibility if the cost of making it accessible does not exceed 20% of the renovation cost, otherwise, full accessibility is not required

What is an Assistive Listening Device?

Under the mandate of the Americans with Disabilities Act, to make public facilities accessible to persons with disabilities, thousands of public meeting areas have been and are being equipped with Assistive Listening Devices (ALD).

These installations are designed to help hard of hearing people to better understand speech, music, and other sounds during a movie, performance, lecture, meeting or worship service.

Like a hearing aid, an assistive listening device makes sounds louder. Typically a hearing aid makes all sounds in the environment louder. An assistive listening device can increase the loudness of a desired sound (a radio or television, a public speaker, an actor or actress, someone talking in a noisy place) without increasing the loudness of the background noises.

People with all degrees and types of hearing loss—even people with normal hearing—can benefit from assistive listening devices. Some ALD are used with a hearing aid. Some can be used without a hearing aid.

Find complete ADA Guideline Information on Listen's Web Site at: <http://www.listentech.com/>

FACT SHEET 4

Tax Incentives for Improving Accessibility



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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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)
<u>– \$5,000</u>	maximum credit
\$15,000	remaining for deduction

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 INFORMATIONÉ

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

Publications and Forms

(800) 829-3676 Voice

(800) 829-4059 TDD

Questions

(800) 829-1040 Voice

(800) 829-4059 TDD

Legal Questions

Internal Revenue Service

Office of the Chief Counsel

P&SI:6

1111 Constitution Avenue, NW, Room 5112

Washington, D.C. 20224

(202) 622-3110 Voice/ Relay

Department of the Treasury
Internal Revenue Service

▶ **Attach to your tax return.**

Name(s) shown on return

Identifying number

Part I Current Year Credit

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

Part II Allowable Credit (See Who must file Form 3800 to find out if you complete Part II or file Form 3800.)

9	Regular tax before credits:			
	• Individuals. Enter the amount from Form 1040, line 42	}		
	• 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			
10	Alternative minimum tax:			
	• Individuals. Enter the amount from Form 6251, line 35	}		
	• Corporations. Enter the amount from Form 4626, line 15			
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56			
11	Add lines 9 and 10	11		
12a	Foreign tax credit	12a		
b	Credit for child and dependent care expenses (Form 2441, line 11)	12b		
c	Credit for the elderly or the disabled (Schedule R (Form 1040), line 24)	12c		
d	Education credits (Form 8863, line 18)	12d		
e	Credit for qualified retirement savings contributions (Form 8880, line 14)	12e		
f	Child tax credit (Form 1040, line 50)	12f		
g	Mortgage interest credit (Form 8396, line 11)	12g		
h	Adoption credit (Form 8839, line 18)	12h		
i	District of Columbia first-time homebuyer credit (Form 8859, line 11)	12i		
j	Possessions tax credit (Form 5735, line 17 or 27)	12j		
k	Credit for fuel from a nonconventional source	12k		
l	Qualified electric vehicle credit (Form 8834, line 20)	12l		
m	Add lines 12a through 12l	12m		
13	Net income tax. Subtract line 12m from line 11. If zero, skip lines 14 through 17 and enter -0- on line 18	13		
14	Net regular tax. Subtract line 12m from line 9. If zero or less, enter -0-	14		
15	Enter 25% (.25) of the excess, if any, of line 14 over \$25,000 (see instructions)	15		
16	Tentative minimum tax (see instructions):			
	• Individuals. Enter the amount from Form 6251, line 33	}		
	• Corporations. Enter the amount from Form 4626, line 13			
	• Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54			
17	Enter the greater of line 15 or line 16	17		
18	Subtract line 17 from line 13. If zero or less, enter -0-	18		
19	Credit allowed for the current year. Enter the smaller of line 8 or line 18 here and on Form 1040, line 53; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 18 is smaller than line 8, see instructions	19		

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:

- 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
 - 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 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 major life activities,
- 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.

Part II—Allowable Credit

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file **Form 3800**, General Business Credit.

Who must file Form 3800. You must file Form 3800 if you have:

- A disabled access credit from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844 or 8884), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 for a list of credits included in the general business credit.

Line 15. See section 38(c)(4) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, and real estate investment trusts.

Line 16. 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 16.

Line 19. If you cannot use part of the credit because of the tax liability limit (line 18 is smaller than line 8), carry the unused credit 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:

Recordkeeping	7 hr., 53 min.
Learning about the law or the form	42 min.
Preparing and sending the form to the IRS	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.

