What is the ADA tax credit & how would it apply to my purchase of an Impulse®/IQ® Adjusting system?

The ADA tax credit is a credit that that can be applied to a business tax return due to expenditures incurred toward making a facility accessible for disabled persons. The purchase of an Impulse® or IQ® qualifies for this tax credit because it allows you to adjust patients who may be immobile, or confined to a wheelchair. It is also both an audio and visual system, which are additional qualifying elements for the credit under ADA for the hearing impaired.

Additionally, the patient education slideshow has an audio track to cater to the visually impaired. We have included several frequently-asked questions below. In addition, the documentation needed, the tax form, and the Impulse®/IQ® Adjusting System statement of eligibility are attached. CLICK HERE to contact Neuromechanical Innovations if you have any questions.

What is the ADA? "ADA" stands for the Americans with Disabilities Act. This act requires facilities to provide equal access and opportunity to persons with disabilities, including those in wheelchairs and the hearing impaired.

What is an ADA tax credit?   It is a tax credit for expenditures incurred to provide access to disabled individuals. Under the Internal Revenue Code section 44, an income tax credit (not just a deduction) of up to $5,000 is available as a result of the purchase of equipment purchased to comply with the ADA. The equipment must be *for* individuals with disabilities but **does not** have to be for the exclusive use of individuals with disabilities.

• Refer to Code Section 44 of the Federal Tax Guide for more detailed information.
• Use Tax Form 8826 to Claim your ADA Tax Credit

How much credit is available?   The amount of the credit is 50% of the amount of eligible access expenditures for any taxable year that exceeds $250 but does not exceed $10,250. No other deductions or credits are permitted for any amount for which a disabled access tax credit is allowed.

• The maximum tax credit allowable is $5,000 per year.

Who is eligible?   An eligible small business is defined as any person who:

1. Had gross receipts for the preceding tax year that did not exceed $1 million **OR**
2. Had no more than 30 full-time employees during the preceding tax year. (Facilities should consult their professional tax advisor to verify eligibility.) An employee is considered full-time if the employee was employed for at least 30 hours per week for 20 or more calendar weeks in the taxable year. (Consult your professional tax advisor to verify eligibility.)

What are the eligible expenditures?   Costs paid or incurred related to:

1. The removal of architectural, communication, physical, or transportation barriers that prevent a business from being accessible to, or usable by, disabled individuals. **Note:** Costs incurred during new construction do not qualify. Also, the taxpayer faces the burden of proving to the IRS that the removal of such a barrier complies with the standards of the Architectural and Transportation Barriers Compliance Board.
2. Providing qualified interpreters or other effective methods of making aurally-delivered materials available to hearing impaired individuals.
3. *To provide qualified readers, taped texts, and other effective methods of making visually-delivered materials available to visually impaired individuals.*
4. *The acquisition or modification of equipment or devices for individuals with disabilities.*
5. Providing other similar services, modifications, materials, or equipment.

For an Impulse®/IQ® Adjusting System, point 3 is covered by the inclusion of the audio track for the patient education slideshow. Additionally, the software's audio cues allows even the blind or visually impaired to use an Impulse®/IQ® Adjusting System.

How do I get more information? The best way to get more information on the ADA tax credit is to consult your professional tax advisor or tax accountant. Tax laws change from year to year and a tax professional would have the most current information.