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DISABLED ACCESS CREDIT

Under the Internal Revenue Code 44 - an “eligible small business” - may elect to apply a credit against income tax of 50% of the amount of “eligible access expenditures” - for the tax year that is over \$250 and not more than \$10,250. The maximum amount of the “disabled access credit” for any tax year is \$5,000.

“Eligible access expenditures” - are amounts paid or incurred by an eligible small business to enable the business to comply with the Americans With Disabilities Act of 1990.

Generally, an “eligible small business” is one that *either* has gross annual receipts which do not exceed \$1,000,000 *or* that employed no more than 30 full-time employees during the taxable year before the taxable year in which the credit is elected.

The facts and circumstances in regards to the *specific usage* of acquired “medical equipment” will dictate whether the purchase is eligible for the “disabled access credit”.

The “Hubbard” Tax Court ruling (Hubbard, David B., (2003) TC Memo 2003-245) - found that an optometrist/taxpayer's purchase of an automatic refractor that enabled him to treat disabled patients he otherwise could not have treated qualified as an eligible access expenditure - even though the taxpayer also used the equipment to treat nondisabled patients. Before purchasing the refractor, the taxpayer was unable to treat some disabled persons and had to refer them to other optometrists. Hubbard purchased the equipment in order to treat disabled patients and to comply with ADA's prohibition of discrimination against disabled individuals and the benefit to his practice and to the community made the purchase of the equipment reasonable and necessary to his practice.

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The aforementioned **is not intended** to render an opinion on any particular set of facts or circumstances. Please refer to your tax advisor for specific guidance regarding your facts and circumstances as they pertain to the “disabled access credit.”



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