

Architectural/Transportation Barrier Removal Deduction—

You can tax-deduct up to \$15,000 for making a facility (e.g. part of a building, structure, equipment, road, walkway, parking lot or similar property) more usable by people with disabilities. In fact, certain types of expenditures could qualify for this deduction and for the Disabled Access Tax Credit:

Example: A small business that spends \$20,000 to increase workplace access may take a tax credit of \$5,000 (based on the \$10,250 maximum) and a deduction of \$15,000. The deduction is equal to the difference between your actual total expenditures and the amount of your tax credit.

**\$20,000 Cost to improve restroom access, build ramp, and widen doors
-\$5,000 Maximum Disabled Access Tax Credit
\$15,000 Deduction**

While both tax credit and deduction can be used in any year in which there are new expenses, any portion of a cost that exceeds the maximum in a given year may not count toward a credit or deduction in the next. However, if your credit exceeds the amount of taxes you owe, the unused portion may carry over to the following year.

Welfare to Work (WTW) Tax Credit—

When your new employee has received welfare benefits (TANF or AFDC) for at least 18 consecutive months prior to hire, you are eligible for the Welfare to Work Tax Credit, as much as \$8,500 for each new qualifying employee. You can receive up to 35 percent of the first \$10,000 of your employee's first-year wages and up to 50 percent of the first \$10,000 in the second year.



(919)855-3500 • 1-800-689-9090 • TTY (919)855-3579
Fax (919)733-7968 • <http://dvr.dhhs.state.nc.us>



State of North Carolina • Beverly E. Perdue, Governor
Department of Health and Human Services • Lanier M. Cansler, Secretary
www.ncdhhs.gov • The NC Department of Health and Human Services does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or provision of services. 10,000 copies of this public document were printed at a cost of \$765 or \$.076 per copy. 09/10

Give Yourself a Break!

On top of benefits like screened and qualified employees, customized consultation, and follow-up after the hire, you can be one of the thousands of employers who enjoy a tax savings when you employ someone referred by the N.C. Division of Vocational Rehabilitation Services. It's simple! There are four kinds of tax incentives available. Let's take a look at each one—

Work Opportunity Tax Credit (WOTC)—

If you hire someone referred by VR, you can receive a tax credit of up to 40 percent of the first \$6,000 of your new employee's first-year wages, if the employee works at least 400 hours. VR referrals are one of eight such categories covered by the WOTC. However, VR is the only agency that can *conditionally certify* your tax credit – guaranteeing certification by the Employment Security Commission. All you have to do is complete the form that VR prepares for you, date it with your new employee's first working day and mail it to ESC by the 28th working day. VR staff will be happy to walk you through the process!

Disabled Access Tax Credit—

When you hire a VR referral, you get a screened, qualified employee. In some cases, your new hire will have a disability that may require a (typically) minimal investment to help your workplace work better. You may be able to offset such costs with a tax credit of up to 50 percent of eligible expenses. If your business has 30 or fewer full-time employees or if it earned \$1,000,000 or less in gross receipts the previous tax year, you can earn the credit for costs that exceed \$250 but don't exceed \$10,250. Such costs might include sign-language interpreters, printed materials in alternate formats, adaptive equipment, job-coaching by another employee and removal of architectural barriers.

Example: Because Company X's newly hired programmer has a disability, a co-worker spent two hours each day providing support. In the first months of employment, the new programmer received 200 hours of support from her co-worker, whose hourly wage was \$10. Therefore the cost of providing this 'accommodation' was \$2,000. The amount by which \$2,000 exceeds \$250 is \$1,750. Fifty percent of \$1,750 is \$875. Therefore Company X has earned a credit of \$875 on its next tax return.

Continued on back page! For table of tax incentives, see inside pages.

Tax Incentives for Employers

	<i>Eligible Employers</i>	<i>Credits & Deductions, Retention Periods</i>	<i>Certification Requirements</i>	<i>Employer Requirements</i>
Work Opportunity Tax Credit	Employers who hire individuals being served or who've been served by VR. Seven other target groups also qualify.	40 percent of employee's first \$6,000 in qualified wages up to a maximum of \$2,400 if the employee works 400 hours. Partial credit of 25 percent up to \$6,000 in qualified wages after employee has worked 120 hours.	VR counselor completes <i>Conditional Certification Form ETA 9062</i> and <i>IRS Form 8850</i> and gives to employer by the first day of hire or to client with instructions to give to employer at hire.	Complete <i>Form 8850</i> . Have employee sign. Date with first day of work. Mail with <i>Form ETA 9062</i> (provided by VR counselor or applicant) to N.C. Employment Security Commission within 28 days of start date.
Disabled Access Tax Credit	Businesses with \$1 million or less in gross receipts or fewer than 30 full-time employees. Applies to expenses for accommodations allowing person with disability to perform job.** <small>**Examples: sign-language interpreters, adaptive equipment, printed materials in alternate formats, work-station modification, job coaching by another employee, architectural barrier removal.</small>	Expenditures over \$250 up to \$10,250 for a maximum credit of \$5,000.	ADA Accessibility Guidelines must be met.	This credit is part of the general business credit. Use IRS Form 8862 when filing taxes.
Architectural/Transportation Barrier Removal	Businesses that remove physical, structural and transportation barriers for people with disabilities.	Up to \$15,000 annually.	ADA Accessibility Guidelines must be met.	Follow instructions in IRS Publications 907 and 535 entitled "Business Expenses."
Welfare to Work Tax Credit	Employers who hire long-term Family Assistance or TANF recipients who received benefits for 18 consecutive months prior to date of last hire.	35 percent of up to the first \$10,000 in wages for maximum credit of \$3,500 the first year and up to 50 percent of the first \$10,000 for a maximum credit of \$5,000 the second year. Credit for both WTW and WOTC can be claimed on same employee but not in the same tax year.	Complete steps for WOTC. Check box #4 on <i>IRS Form 8850</i> . Complete <i>ETA Form 9061</i> , items 7-17.	Complete steps for WOTC. Check box #4 of <i>IRS Form 8850</i> . Complete <i>ETA Form 9061</i> , mail to N.C. Employment Security Commission within 28 days of start date. ESC will verify WtW status and, if eligible, issue dual certification.