



# CNMI DEPARTMENT OF FINANCE

## DIVISION OF REVENUE AND TAXATION



# TAX BENEFITS FOR BUSINESSES WHO HAVE EMPLOYEES WITH DISABILITIES

# Presentation by the DIVISION OF REVENUE AND TAXATION

## Location:

Joeten-Dan Dan Commercial Building

P.O. Box 5234 CHRB

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<http://www.cnmidof.net/>

# BENEFITS

Hiring employees with disabilities



# FEDERAL TAX INCENTIVES

**1.**  
**DISABLED  
ACCESS CREDIT**

**2.**  
**BARRIER  
REMOVAL TAX  
DEDUCTION**

**3.**  
**WORK  
OPPORTUNITY  
TAX CREDIT**



1.

# DISABLED ACCESS CREDIT

*(IRC, Sec 44)*

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# DISABLED ACCESS CREDIT

## WHICH BUSINESSES QUALIFY?

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A business that for the previous tax year had either revenues of \$1 million or less or 30 or fewer full time employees may avail to this tax credit.

# EXPENDITURES FOR DISABLED ACCESS CREDIT

- Provision of readers for customers or employees with visual disabilities,
- Provision of sign language interpreters,  
Purchase of Adaptive Equipment

# EXPENDITURES FOR DISABLED ACCESS CREDIT

## ○Purchase of Adaptive Equipment

“**Adaptive equipment** are devices that are used to assist with completing activities of daily living. Bathing, dressing, grooming, toileting, and feeding are self-care activities that are including in the spectrum of activities of daily living. “-- Wikipedia





# ADAPTIVE EQUIPMENT

Purchase of Adaptive Equipment

# EXPENDITURES FOR DISABLED ACCESS CREDIT

- Production of accessible formats of printed materials (Braille, large print, audio tape, computer diskette)

# EXPENDITURES FOR DISABLED ACCESS CREDIT

- “Fees for consulting services (under certain circumstances). The tax credit may not be used to cover cost of new construction, and a building being modified must have been placed in service before November 5, 1990. Compliance with the ADA is required. 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.”

# FORM 8826

# DISABLED ACCESS CREDIT

<b>Form 8826</b> (Rev. December 2013) Department of the Treasury Internal Revenue Service	<b>Disabled Access Credit</b> ▶ Attach to your tax return. ▶ Information about Form 8826 and its instructions is at <a href="http://www.irs.gov/form8826">www.irs.gov/form8826</a> .	OMB No. 1545-1205 Attachment Sequence No. <b>86</b>
Name(s) shown on return		Identifying number
<b>1</b> Total eligible access expenditures (see instructions) . . . . .	<b>1</b>	
<b>2</b> Minimum amount . . . . .	<b>2</b>	\$ 250 00
<b>3</b> Subtract line 2 from line 1. If zero or less, enter -0- . . . . .	<b>3</b>	
<b>4</b> Maximum amount . . . . .	<b>4</b>	\$ 10,000 00
<b>5</b> Enter the <b>smaller</b> of line 3 or line 4 . . . . .	<b>5</b>	
<b>6</b> Multiply line 5 by 50% (.50) . . . . .	<b>6</b>	
<b>7</b> Disabled access credit from partnerships and S corporations . . . . .	<b>7</b>	
<b>8</b> Add lines 6 and 7, but do not enter more than \$5,000. Partnerships and S corporations, report this amount on Schedule K. All others, report this amount on Form 3800, line 1e . . . . .	<b>8</b>	

For Paperwork Reduction Act Notice, see instructions. Cat. No. 12774N Form **8826** (Rev. 12-2013)

<https://www.irs.gov/pub/irs-pdf/f8826.pdf>

# FEDERAL TAX INCENTIVES

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DISABLED  
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OPPORTUNITY  
TAX CREDIT



# 2. BARRIER REMOVAL TAX DEDUCTION *(IRC, Sec 190)*

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# BARRIER REMOVAL TAX DEDUCTION

## WHICH BUSINESSES QUALIFY?

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A business (including active ownership of an apartment building) of any size may use this tax deduction—a maximum of \$15,000 per year—for the removal of architecture or transportation barrier. Renovation under Section 190 must comply with applicable accessibility standards

# EXPENDITURES FOR BARRIER REMOVAL ■ TAX DEDUCTION

- Providing accessible parking spaces, ramps, and curb cuts.



# EXPENDITURES FOR BARRIER REMOVAL TAX DEDUCTION

- Providing telephones, water fountain, and restrooms which are accessible to people using wheelchairs.

# EXPENDITURES FOR BARRIER REMOVAL TAX DEDUCTION

- Making walkways at least 48 inches wide.

# COMBINING THE TWO INCENTIVES

○DISABLED  
ACCESS CREDIT



○BARRIER  
REMOVAL TAX  
DEDUCTION

# DISABLED ACCESS CREDIT & BARRIER REMOVAL TAX DEDUCTION

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A business cannot carry over expenses from one year to the other and claim a credit or deduction for the part that exceeds the expenditure limit the previous year.

## These incentives may be combined if the expenditures incurred qualify under both section 44 and section 190

- Example: A small business that spends \$ 20,000 for improvements may take a maximum tax credit of \$5,000 and a maximum tax deduction of \$ 15,000.

*Note: A tax credit is subtracted from your tax liability, while a tax deduction is subtracted from your total income.*

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3.

# WORK OPPORTUNITY TAX CREDIT (WOTC)

*The Work Opportunity Tax Credit (WOTC) is a federal tax credit providing incentives or tax credits to employers for hiring “target” groups.*

# WORK OPPORTUNITY TAX CREDIT (WOTC)

*Maximum credit for the first year of  
employment of \$9,600.00*

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# WORK OPPORTUNITY TAX CREDIT (WOTC)

*Employee must have worked at least 120 hours to claim a 25% credit and at least 400 hours to claim 40% credit on the gross wages of new employee.*

# WORK OPPORTUNITY TAX CREDIT (WOTC)

## WHICH BUSINESSES QUALIFY?

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The WOTC helps targeted groups find employment to gain skills and increase the chance of better employment opportunity.

# Business owner could benefit from hiring within the following groups:

- Temporary Assistance for Needy Families (TANF) recipient
- Food Stamp Recipient (Supplemental Nutrition Assistance Program)
- Vocational Rehabilitation Referrals
- Ticket-to-Work Participants
- Supplemental Security Income (SSI) recipient
- Disabled veteran who within in the last year was discharged or unemployed for 6+ months
- Unemployed Veteran
- Veteran receiving SNAP
- Qualified Ex-felon

# FORM 5884

# WORK OPPORTUNITY CREDIT

Form <b>5884</b>		<b>Work Opportunity Credit</b>		OMB No. 1545-0219	
Department of the Treasury Internal Revenue Service		▶ Attach to your tax return. ▶ Information about Form 5884 and its separate instructions is at <a href="http://www.irs.gov/form5884">www.irs.gov/form5884</a> .		<b>2015</b> Attachment Sequence No. <b>77</b>	
Name(s) shown on return			Identifying number		
1 Enter on the applicable line below the total qualified first- or second-year wages paid or incurred during the tax year, and multiply by the percentage shown, for services of employees who are certified as members of a targeted group.					
a Qualified first-year wages of employees who worked for you at least 120 hours but fewer than 400 hours . . . \$ _____ × 25% (0.25)			<b>1a</b>		
b Qualified first-year wages of employees who worked for you at least 400 hours . . . . . \$ _____ × 40% (0.40)			<b>1b</b>		
c Qualified second-year wages of employees certified as long-term family assistance recipients . . . . . \$ _____ × 50% (0.50)			<b>1c</b>		
2 Add lines 1a, 1b, and 1c. See instructions for the adjustment you must make to salaries and wages . . . . .			<b>2</b>		
3 Work opportunity credit from partnerships, S corporations, cooperatives, estates, and trusts (see instructions) . . . . .			<b>3</b>		
4 Add lines 2 and 3. Cooperatives, estates, and trusts, go to line 5. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, Part III, line 4b . . . . .			<b>4</b>		
5 Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .			<b>5</b>		
6 Cooperatives, estates, and trusts, subtract line 5 from line 4. Report this amount on Form 3800, Part III, line 4b . . . . .			<b>6</b>		
For Paperwork Reduction Act Notice, see separate instructions.			Cat. No. 135700D		Form <b>5884</b> (2015)

## OTHER LOCAL RESOURCES

- *Council on Developmental Disabilities (CDD), 664-7000*
- *Northern Marianas Protection & Advocacy Systems, Inc. (NMPASI), 235-7273*
- *Department of Public Works, Building Safety Code Division (DPW-BSCD), 235-5827*

## OTHER LOCAL RESOURCES

○ *Office of Vocational Rehabilitation*

<http://www.ovrgov.net/sec.asp?secID=32>

Voice: (670) 322-6537 or 322-6538;

TTY: (670) 322-6449;

Fax: (670) 322-6536

○ *Small Business Development Center, 664-3018*

<http://www.pacificsbdc.com/locations/cnmi-sbdc>

## OTHER RESOURCES

○ *US Small Business Administration*

<https://www.sba.gov/content/hiring-people-with-disabilities>

○ *Internal Revenue Service*

<https://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Tax-Benefits-for-Businesses-Who-Have-Employees-with-Disabilities>

## OTHER RESOURCES

○ *United States Department of Labor*

<https://www.doleta.gov/business/incentives/opptax/wotcEmployers.cfm>

○ *Americans with Disabilities Act*

<http://www.ada.gov/archive/taxpack.htm>



**THANK YOU!**



**ANY  
QUESTIONS?**

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