



Steven Freeman
Director of Communications
520-307-6640
stevenfreeman@azdes.gov
FOR IMMEDIATE RELEASE

TAX INCENTIVES FOR BUSINESSES HIRING PEOPLE WITH DISABILITIES

(Phoenix – October 2022) - October is National Disability Employment Awareness Month (NDEAM) and the perfect time to explore the federal tax incentives available for employers who hire individuals with disabilities.

People with disabilities currently represent an untapped resource in our state and across the nation, and companies hiring people with disabilities benefit beyond just filling a position. According to Forbes magazine, they also experience increased productivity for the business, improved organizational culture, and reduced turnover.

Concerns about providing workplace accommodations can worry potential employers, but these concerns are generally exaggerated. Most accommodations for employees cost absolutely nothing for a business to implement, says the U.S. Department of Labor's Office of Disability Employment Policy. And a variety of federal tax incentives can mitigate many of the costs a business does incur, including:

- **Architectural/Transportation Tax Deduction**
All businesses are eligible for an annual tax deduction of up to \$15,000 for qualified expenses incurred in removing physical, structural, and transportation barriers for persons with disabilities.
- **Small Business Tax Credit**
Small businesses are eligible to take an annual tax credit to mitigate the costs of making their businesses accessible to persons with disabilities. The credit is 50% of expenditures over \$250, but may not exceed \$10,250, for a maximum benefit of \$5,000.



Tax Credit Brief

TAX INCENTIVES FOR BUSINESSES HIRING PEOPLE WITH DISABILITIES

October is National Disability Employment Awareness Month (NDEAM) and the perfect time to explore the federal tax incentives available for employers who hire individuals with disabilities.

People with disabilities currently represent an untapped resource in our state and across the nation. New national data shows that just 38% of working-age people with disabilities participate in the labor force, compared to 77% of those without a disability.¹ Increased workforce participation of individuals with disabilities would come as a welcome relief to the many businesses nationwide continuing to struggle² to both fill jobs and retain employees.

Companies hiring people with disabilities benefit beyond just filling a position. They also experience increased productivity for the business, improved organizational culture, and reduced turnover.³ Concerns about providing workplace accommodations can worry potential employers, but it shouldn't. Most accommodations for employees cost absolutely nothing for businesses to execute⁴, and federal tax incentives can mitigate some costs for the rest.

Architectural/Transportation Tax Deduction⁵

All businesses are eligible for an annual tax deduction of up to \$15,000 for qualified expenses incurred in removing physical, structural, and transportation barriers for persons with disabilities; however, it may not be used for expenses incurred for new construction, renovations, or for normal replacement of depreciable property.

Examples of deductions include:

- Providing accessible building entrances, parking spaces, and curb cuts.
- Making walkways at least 48 inches wide.

¹ <https://kesslerfoundation.org/press-release/nide-september-2022-jobs-report-people-disabilities-continue-enter-labor-force>

² <https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-most-impacted-industries>

³ <https://www.forbes.com/sites/forbesbusinesscouncil/2021/12/03/seven-reasons-why-hiring-people-with-disabilities-is-good-for-business/?sh=55c8f5cd1832>

⁴ 2020 survey prepared by the Job Accommodation Network (JAN) for the Department of Labor's Office of Disability Employment Policy

⁵ IR Code Section 190, Barrier Removal

Arizona also enacted SB 1348⁹ (2020), which specifies that eligible business access expenditures include reasonable and necessary amounts paid or incurred to:

- Remove any barriers that prevent a business from being accessible to or usable by people with disabilities.
- Provide qualified interpreters or other methods of making audio materials available to people with hearing impairments.
- Provide qualified readers, taped texts, and other effective methods of making visually delivered materials available to people with visual impairments.
- Acquire or modify equipment or devices for people with disabilities.
- Provide other similar services, modifications, materials, or equipment.

More Resources

- Internal Revenue Service - [Tax Benefits for Businesses Who Have Employees with Disabilities](#)
- U.S. Chamber of Commerce - [Employer Guide To Tax Credits For Hiring Employees With Disabilities](#)

⁹ <https://legiscan.com/AZ/bill/SB/1348/2020>