

## **ARCHITECTURAL/TRANSPORTATION TAX DEDUCTION: IRS CODE SECTION 190, BARRIER REMOVAL**

**What is it and who is eligible?** All businesses are eligible to take an annual deduction for expenses incurred to remove physical, structural, and transportation (i.e. vehicle-related) barriers for persons with disabilities at the workplace.

**What is the amount?** Businesses may take a tax deduction of up to \$15,000 a year for expenses incurred to remove barriers for persons with disabilities. Amounts in excess of the \$15,000 maximum annual deduction may be depreciated.

**What expenses are covered?** The deduction is available every year. It can be used for a variety of costs to make a facility or public transportation vehicle, owned or leased for use in the business, more accessible to and usable by persons with disabilities.

**What expenses are not covered?** The deduction may not be used for expenses incurred for new construction, or for a complete renovation of a facility or public transportation vehicle, or for the normal replacement of depreciable property.

**Example:** Chassis: \$25,000 – (Depreciation as normal)  
ADA Modifications: \$15,000 – (Tax Deduction can't be depreciated)  
If Modification is greater than \$15,000, (Depreciate as Chassis)

**Are there limits on annual usage?** Although the deduction may be used annually, if a business spends more than may be claimed in one year, it cannot carry over those expenses and claim a tax benefit in the next year.

**How can this expenditure be deducted?** The amount spent is subtracted from the total income of a business to establish its taxable income. Businesses should follow the instructions found in IRS Publication 535 entitled: Business Expenses. It is important to note that businesses may not take a deduction and a tax credit on the same expenditure. In order for expenses to be deductible, accessibility standards established under the Section 190 regulations must be met.

\*\*Information collected from Counsel of Pass through & Special Industries. Please consult your accountant when applying the IRS Section 190 Tax Deduction.

The Office of Associate Counsel, IRS,  
Pass through & Special Industries,  
1111 Constitution Avenue, NW, Washington, DC 20224.