

# HILL LABORATORIES COMPANY

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## Section 44 Tax Credit

The tax credit, established under Section 44 of the Internal Revenue Code, was created in 1990 specifically to help small businesses cover ADA-related "eligible access expenditures." A business that for the previous tax year grossed less than \$1,000,000 in revenue or who employed fewer than 30 full-time workers is an "eligible small business" for the Disabled Access Credit.

The Disabled Access Credit is available to an "eligible small business" and is equal to 50% of the "eligible access expenditures" which exceeds \$250 but does not exceed \$10,250, for a maximum credit of \$5,000 a year.

Example:

A Hill Laboratories elevation table can be used for a tax credit because it allows easier access for patients with disabilities.

Hill Laboratories has many elevation tables with numerous options, but for this example we will use a table that costs \$3,000. Subtract \$250 because the "eligible access expenditure" must exceed \$250. This leaves \$2,750. 50% of \$2,750 is \$1,375. The tax credit for a \$3,000 Hill elevation table is **\$1,375**.

<u>Credit -</u>	<u>Without Credit</u>	<u>With Credit</u>
Taxable Income	\$100,000	\$100,000
Tax @ 31%	\$31,000	\$31,000
Section 44 Credit (\$3000 -\$250) x 50%	\$0.00	\$1,375
Net Tax Due	\$31,000	\$29,625

## Tax Deduction

In addition, you can deduct \$1,625 (\$3000 less the credit of \$1,375) in depreciation over the table's tax code economic life or utilize the Section 179 deduction.

Cost of Table	\$3,000
Section 44 Credit	\$1,375
Section 179 Deduction (\$1,625 x 31% tax savings)	<u>\$503.75</u>
Net table cost	\$1,121.25

Consult your accountant for this unique cost-saving opportunity.