

Living and Working With Disabilities

This brochure presents basic information about existing tax credits and benefits that may be available to qualifying taxpayers with disabilities, parents of children with disabilities, and businesses or other entities wishing to accommodate persons with disabilities. More detailed information on these topics can be found in IRS Publication 907, Tax Highlights for Persons with Disabilities, and in the other publications cited below.

AS A PERSON WITH A DISABILITY, you may qualify for some of the following tax deductions, income exclusions, and credits. For more detailed information, please take a look at the IRS publications referenced.

Standard Deduction: If you are legally blind, you may be entitled to a higher standard deduction on your tax return. **See IRS Publication 501**

Gross Income: Certain disability-related payments may be excluded from gross income. Veterans Administration (VA) disability benefits and Supplemental Security Income (SSI) may also be excluded from your gross income. **See IRS Publication 525**

Impairment-Related Work Expenses: If you are an employee and have a physical or mental disability that functionally limits your employment, you may be able to claim business expenses for attendant care at your workplace and other expenses in connection with your workplace that are necessary for you to work. **See IRS Publication 529**

Credit for the Elderly or Disabled: You may be able to claim this credit if you are 65 or older or if you are under 65 and you retired on permanent and total disability. **See IRS Publication 524**

Medical Expenses: are the costs of diagnosis, cure, mitigation, treatment, or prevention of disease, and the costs for treatments affecting any part or function of the body. They include the costs of equipment, supplies, and diagnostic devices needed for these purposes. They also include dental expenses. **See IRS Publication 502**

Earned Income Tax Credit (EITC): is a tax credit for certain people who work and have low earned income. A tax credit usually means more money in your pocket. It reduces the amount of tax you owe. The EITC may also give you a refund.

Many working individuals with a disability that have no qualifying children, who are at least 25 years of age but under 65 years of age, qualify for EITC.

See IRS Publication 596

AS A PARENT OF A CHILD WITH A DISABILITY, you may qualify for some of the following tax exemptions, deductions and credits. More detailed information may be found in the IRS publications referenced.

Dependents: You may be able to claim your child as a dependent regardless of age if they are permanently and totally disabled.

Permanently and totally disabled:

- He or she cannot engage in any substantial gainful activity because of a physical or mental condition.
- A doctor determines the condition has lasted or can be expected to last continuously for at least a year or can lead to death.

Dependent with a disability working at Sheltered Workshop: You may be able to claim a dependency exemption for a qualifying child or qualifying relative. Gross income does not include income from services the individual performs at a sheltered workshop however they must still meet the other dependency tests..

See IRS Publication 501

Adoption Credit: You may be able to claim an adoption credit and exclude employer-provided adoption benefits from your income if you adopt a child with special needs.

See IRS Publication 907

EITC for parents of children with disabilities: You may qualify for this credit if your qualifying child is permanently and totally disabled, regardless of age, as long as you meet the other requirements.

See IRS Publication 596

Child or Dependent Care Credit: You may be entitled to this credit if you pay someone to come to your home and care for your dependent or spouse regardless of their age if they are unable to care for themselves. Persons who cannot dress, clean, or feed themselves because of physical or mental problems are considered not able to care for themselves. Also, persons who must have constant attention to prevent them from injuring themselves or others are considered not able to care for themselves.

See IRS Publication 503

Medical Conferences: You can include in medical expenses amounts paid for admission and transportation to a medical conference if the medical conference concerns the chronic illness of yourself, your spouse, or your dependent.

See IRS Publication 502

AS A BUSINESS WISHING TO ACCOMMODATE PERSONS WITH DISABILITIES, you may qualify for some of the following tax credits and deductions. For more detailed information, please take a look at the IRS publications & forms referenced.

Disabled Access Credit: This is a tax credit for an eligible small business that pays or incurs expenses to provide access to persons with disabilities. The expenses must be to enable the eligible small business to comply with the Americans with Disabilities Act of 1990. (IRS Code Section 44)

See IRS Publication 535 and Form 8826

Barrier Removal Tax Deduction: Businesses may be able to take an annual deduction for expenses related to removing physical, structural, and transportation barriers for people with disabilities.

See IRS Publication 535

Work Opportunity Credit: This credit provides employers with an incentive to hire persons from certain population groups having a particularly high unemployment rate or other special employment needs, such as Vocational Rehabilitation referrals.

See IRS Form 5884, Form 3800, and Form 8850