

Brewer 7000 Assist Power Procedure Table

Internal Revenue Code Section 44 ADA Tax Credit

Internal Revenue Code Section 179 Tax Deduction

At present, there is no written or specific opinion regarding the application of the Section 44 credit to the purchase of power tables. The Section 44 (ADA Credit) may be available to medical practices that purchase adjustable height power tables for the intended purpose of complying with the Americans With Disabilities Act (ADA) which is designed to enable greater access to equipment by individuals with disabilities.

Section 179 may provide a current year tax deduction for some or the entire purchase price of the power table. Eligibility for the ADA Tax Credit and Section 179 will be dependent on several factors and should be discussed with your personal tax advisor regarding the possibility of applicability to these provisions.

The Section 44 IRS Tax Credit: The Internal Revenue Code Section 44 provides a disabled access credit for an eligible small business that is an amount equal to 50 percent of the "eligible access expenditures" for the taxable year that exceeds \$250 but not more than \$10,250. The maximum credit allowable each year is \$5,000. Purchases for medical practices exceeding \$10,250 on a tax year will NOT be eligible for the Section 44 credit.

In addition to substantiation that the powered height tables were purchased to meet ADA compliance, the practice must also meet at least ONE of the following qualifications:

- 1) Gross receipts for the preceding tax year did not exceed \$1 million OR
- 2) The practice had no more than 30 full-time employees during the preceding tax year.

Example of Possible Section 44 & 179:

A physician's practice purchases an Assist Power Procedure Table for \$9,995. The physician's tax consultant then agrees that the equipment purchase meets the Section 44 credit and the physician's practice meets the indicated qualifications. We will assume the physician is in the 28% income tax bracket.

	<u>Without Tax Credit</u>	<u>With Tax Credit</u>
Tax Due	\$20,000	\$20,000
Section 44 Credit 50% x (\$9,995-\$250)	-	(\$4,872)
Net Tax Due:	\$20,000	\$15,128

Below we are assuming the practice may also be eligible to deduct \$5,123 (\$9,995 cost of table minus the Section 44 tax credit of \$4,872) of Internal Revenue Code Section 179 tax depreciation.

Cost of Power Table:	\$9,995
Section 44 Credit	(\$4,872)
Section 179 Tax Deduction (\$5,123 x 28% tax bracket)	(\$1,364)
Net After Tax Cost of Power Table:	\$3,759

***The illustration above is a representation of a particular example. IRS Code and regulation provisions may prevent certain deductions and credits from being applied. It is very important that you consult with your tax advisor when determining if your practice qualifies for either or both of these incentives.**