

1996 Disabled Access Credit

3548

Attach to your California tax return.

Name(s) as shown on return	Social security or California corporation number
Business address (number and street)	Federal employer identification number (FEIN)
City or town, state and ZIP code	

1	Eligible access expenditures. See instructions	1		
2	Maximum amount of eligible access expenditures	2	\$250	00
3	Enter the smaller of line 1 or line 2	3		
4	Current year credit. Multiply line 3 by 50% (.50)	4		
5	Flow-through disabled access credit(s) from Schedule K-1 (100S, 541, 565 or 568). See instructions	5		
6	Current year disabled access credit. Add line 4 and line 5, but do not enter more than \$125.	6		
7	Enter the amount of credit claimed on the current year tax return ■	7		
Caution: Your credit may be limited. See the instructions for line 7.				
8	Credit carryover available for future years. Subtract line 7 from line 6	8		

General Instructions

Beginning in 1996, California allows a disabled access credit which is similar to the federal disabled access credit under Internal Revenue Code (IRC) Section 44, with exceptions. Unless specifically identified otherwise, the references in these instructions are to the IRC as it existed on January 1, 1993.

A Purpose

Eligible small businesses use form FTB 3548 to figure and claim a credit for expenditures to provide access to disabled individuals. The form is also used to claim the pass-through of disabled access credits received from S corporations, estates or trusts, partnerships, or limited liability companies taxed as partnerships. S corporations, estates or trusts, partnerships and limited liability companies taxed as partnerships should complete form FTB 3548 to figure the credit to pass through to shareholders, beneficiaries, partners or members and attach it to Form 100S, Form 541, Form 565 or Form 568.

B Introduction

Eligible small businesses that comply with the federal Americans With Disabilities Act of 1990 (Public Law 101-336) by paying or incurring eligible access expenditures for taxable or income years beginning on or after January 1, 1996 may claim the disabled access credit. (See General Instruction D for the definition of an eligible small business and the definition of eligible access expenditures). The California credit is equal to 50% of the qualified expenditures that do not exceed \$250. The maximum credit per eligible small business per taxable or income year is \$125.

C California and Federal Differences

The federal disabled access credit under IRC Section 44 and the California disabled access credit under Revenue and Taxation Code Section 17053.42 and Section 23642 are generally the same, except that:

- The California credit is based on 50% of the eligible access expenditures up to \$250, as opposed to the federal credit which is based on 50% of the eligible access expenditures that exceed \$250 up to a maximum of \$10,000.
- The California credit may be carried over until exhausted. The federal credit is part of the general business credit and subject to the limitations imposed by IRC Section 38.

D Definitions

Eligible small business means any business or person that:

- Had gross receipts for the preceding taxable or income year that did not exceed \$1 million, or if gross receipts exceed \$1 million, employed no more than 30 full-time employees during the preceding taxable or income year; **and**
- Elects (by filing form FTB 3548) to claim the disabled access credit for the taxable or income year.

For purposes of the definition of an eligible small business:

- Gross receipts are reduced by returns and allowances made during the taxable or income year.
- An employee is considered full time if that employee is employed at least 30 hours per week for 20 or more calendar weeks in the taxable or income year.

- Generally, all members of the same controlled group and all persons under common control are considered to be one person. See IRC Section 44(d)(2).

Eligible access expenditures are the amounts paid or incurred by the eligible small business to comply with applicable requirements under the Americans With Disabilities Act of 1990. Eligible access expenditures include amounts paid or incurred:

1. To remove architectural, communication, physical or transportation barriers that prevent a business from being accessible to or usable by individuals with disabilities, but only in connection with a facility first placed in service before November 6, 1990 (the effective date of the Americans with Disabilities Act of 1990);
2. To provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals;
3. To provide qualified readers, taped texts and other methods of making visual materials available to individuals with visual impairments;
4. To acquire or modify equipment or devices for individuals with disabilities; or
5. To provide other similar services, modifications, materials or equipment.

The expenditures must be reasonable and necessary to accomplish the above purposes. See IRC Section 44(c) for further details.

Disability for an individual (under the definition used in the Americans With Disabilities Act of 1990) means:

1. A physical or mental impairment that substantially limits one or more of the major life activities of that individual;
2. A record of such an impairment described in 1 above; or
3. Being regarded as having such an impairment described in 1 above.

E Limitations

The amount of credit generated for any taxable or income year is limited to \$125. This limitation applies at the entity level (for S corporations) as well as to each shareholder. S corporations may claim only 1/3 of the credit (not to exceed \$41.67) against the 1.5% entity level tax. In addition, the S corporation may pass-through 100% of the credit (not to exceed the \$125 limitation) to its shareholders.

This credit is taken in lieu of any deduction or credit otherwise allowable for the same costs. Therefore, to the extent that the credit is claimed (the amount shown on line 7), the eligible access expenditures may not be claimed as a deduction or used in figuring any other credit.

This credit may not reduce the minimum franchise tax (corporations, limited partnerships, limited lia-

bility partnerships, limited liability companies and S corporations), the alternative minimum tax (corporations and individuals), the built-in gains tax (S corporations) or the excess net passive income tax (S corporations). The credit cannot reduce regular tax below the tentative minimum tax (TMT). See Schedule P (100, 540, 540NR or 541) for more information.

The credit is not refundable.

F Carryover

If the available credit exceeds the current year tax, the unused credit may be carried over to succeeding years. In no event may the credit be carried back and applied against a prior year's tax.

Specific Line Instructions

Line 1 – Enter the total eligible access expenditures paid or incurred during the taxable or income year beginning on or after January 1, 1996.

Line 5 – If you have flow-through credit(s) received from S corporations, estates or trusts, partnerships or limited liability companies taxed as partnerships, add them and enter the total on line 5. Attach a schedule showing the names and identification numbers of the entities from which the credit(s) were reported to you on Schedule(s) K-1(100S, 541, 565 or 568).

Line 7 – The amount of this credit you may claim on your tax return may be further limited (in addition to the maximum credit limitation). Refer to the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return. You must use credit code number **205** to claim this credit.