



Research for practice and policy

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Tax Credits and Supports for Employers Hiring People with Disabilities

Maryland Programs

Maryland Disability Employment Tax Credit (MDETC): This tax credit gives an employer that hires a qualified person with a disability 30 percent of the new employee's first year's salary and 20 percent of the second year's salary. These salary rebates are capped at \$6,000 in wages with a maximum tax credit of \$1,800 for the first year and \$1,200 for the second year. The program also offers up to \$600 in the first year and \$500 in the second year to cover costs for child care or transportation paid for by the employer. People with disabilities get vouchers from Maryland's vocational rehabilitation agency (DORS) which they give to their new employer once they are hired. The employer has 30 days to send the voucher to DORS for processing. Once the voucher is approved, the employer can claim the tax credit on their tax return. Disability employment agencies working with people with disabilities can help obtain the vouchers and submit them to DORS for processing. For more information on this program and contacts see [Maryland Disability Employment Tax Credit](#).

DDA Co-Worker Employment Supports: Starting in July 2018, employers of people with disabilities served by Maryland's Developmental Disabilities Administration (DDA) can get financial assistance to help new employees learn the specific skills for their job, workplace culture, social skills, and develop positive work related relationships in order to help the individual succeed on the job and fit in to the informal culture of the workplace. The disability employment or day program agency working with the new employee can arrange for funding through this program. For more information see [proposed services for employment](#).

Federal Programs

Work Opportunity Tax Credit: This tax credit program provides tax credits to employers that hire people in several targeted groups, including people with disabilities. Employers get a tax credit on wages for the first year of employment totaling 25 percent of total wages for new employees with disabilities if the employee works between 120 and 399 hours for the year and 40 percent for those working 400 hours or more. If the individual is part of a family that has received TANF (public assistance) for 18 months or more, the employer may qualify for a second year tax credit of 50 percent of wages. The maximum tax credit ranges from \$1,200 to \$9,600, depending on the employee hired and the length of employment. In order to qualify for the tax credit, the employer and employee need to fill out form 8850 to certify the disability and submit it to the state. In Maryland, these forms are submitted electronically at [Work Opportunity Tax Credit electronic system](#). Both the certification and tax credit forms are short and easy to fill out. Disability employment agencies working with people with disabilities can help fill out form 8850 and submit it. Information on this program is available on the [federal work opportunity tax credit](#) site and [Maryland Work Opportunity Tax Credit](#) site. The Maryland site also has contacts for additional information or specific questions.

Tax Credits to Make Businesses Accessible: The federal government also has several tax credits to help businesses who hire or have customers who are elderly or disabled become accessible. In addition to paying for architectural accessibility features, these programs can pay for sign language interpreters and other assistive technology. For additional information see [IRS tax benefits for businesses with employees with disabilities](#).