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NOTICE 12-05

ELIMINATION OF CERTAIN INCOME TAX CREDITS FOR INDIVIDUALS, PARTNERSHIPS, S CORPORATIONS, AND LIMITED LIABILITY COMPANIES

CARRY OVER OF UNUSED CREDITS

Elimination of Credits for Pass-Through Entities and Individuals

During the 2012 Legislative Session House Bill 2117 was passed and signed into law. Beginning in tax year 2013, certain credits will be available only to corporations that are subject to the Kansas corporate income tax, i.e. C corporations. The credits listed below will not be available to individuals, partnerships, S corporations, limited liability companies, or other pass-through entities.

1. Credit for financial support provided to persons eligible to receive aid to families with dependent children under agreement with SRS. (Section 1, amending K.S.A. 39-7,132 and Section 22, amending K.S.A. 79-32,200) Claimed on Schedule K-61 / Temporary Assistance to Families Contribution Credit

2. Credit for employers providing health insurance or care, or contributions to health savings accounts. (Section 2, amending K.S.A. 40-2246) Claimed on Schedule K-57 / Small Employer Healthcare Credit

3. Credit for contributions to an individual development account to assist a person with disabilities. (Section 3, amending K.S.A. 65-7107) Claimed on Schedule K-42 / Assistive Technology Contribution Credit

4. Credit for purchase of liability insurance by an agritourism operator. (Section 4, amending K.S.A. 74-50,173) Claimed on Schedule K-33 / Agritourism Liability Insurance Credit

5. Credit for contributions to community-based organizations through an individual development account. (Section 5, amending K.S.A. 74-50,208) Claimed on Schedule K-68 / Individual Development Account Credit

6. Credit for investment in Kansas Venture Capital, Inc. (Section 6, amending K.S.A. 74-8206) Claimed on Schedule K-55 / Venture and Local Seed Capital Credit

7. Credit for investment in certified Kansas venture capital companies. (Section 7, amending K.S.A. 74-8304) Claimed on Schedule K-55 / Venture and Local Seed Capital Credit

8. Credit for investment in a technology-based venture capital fund. (Section 8, amending K.S.A. 74-8316) Claimed on Schedule K-55 / Venture and Local Seed Capital Credit

9. Credit for investment in a certified local seed capital pool. (Section 9, amending K.S.A. 74-8401) Claimed on Schedule K-55 / Venture and Local Seed Capital Credit

10. Credit for expenditures to provide disabled access. (Section 19, amending K.S.A. 79-32,177) Claimed on Schedule K-37 / Disabled Access Credit

11. Credit for research and development expenditures. (Section 20, amending K.S.A. 79-32,182b) Claimed on Schedule K-53 / Research and Development Credit

12. Credit for provision of child care services or facilities. (Section 21, amending K.S.A. 79-32,190) Claimed on Schedule K-56 / Child Day Care Assistance Credit

13. Credit for expenditures for a qualified alternative-fueled motor vehicle or alternative-fuel fueling station. (Section 23, amending K.S.A. 79-32,201) Claimed on Schedule K-62 / Alternative-Fuel Tax Credit

14. Credit for required improvements to a qualified swine facility. (Section 24, amending K.S.A. 79-32,204) Claimed on Schedule K-38 / Swine Facility Improvement Credit

15. Credit for plugging an abandoned oil or gas well. (Section 25, amending K.S.A. 79-32,207) Claimed on Schedule K-39 / Credit For Plugging An Abandoned Oil or Gas Well

16. Credit for certain property taxes imposed on telecommunications companies. (Section 26, amending K.S.A. 79-32,210) Claimed on Schedule K-36 / Telecommunications Credit

17. Credit for income attributable to the retirement of indebtedness authorized by a single city port authority. (Section 27, amending K.S.A. 79-32,212) Claimed on Schedule K-76 / Single City Port Authority Credit

18. Credit for expenditures to bring a refinery into compliance with environmental standards or requirements. (Section 28, amending K.S.A. 79-32,222) Claimed on Schedule K-81 / Environmental Compliance Credit

In addition to the credits, listed above, which are only available to C corporations, additional credits are repealed, beginning in tax year 2013. After tax year 2012 the credits listed below will not be available.

1. Credit for household and dependent care expenses. (Section 40, repealing K.S.A. 79-32,111a) Claimed directly on Form K-40 / Credit for Child & Dependent Care Expenses.

2. Credit for expenditures to provided disabled access. (Section 40, repealing K.S.A. 79-32,176) Claimed on Schedule K-37 / Disabled Access Credit

3. Credit for adoption expenses. (Section 40, repealing K.S.A. 79-32,202) Claimed on Schedule K-47 / Adoption Credit

4. Credit for provision of health insurance for a member of the Kansas National Guard. (Section 40, repealing K.S.A. 79-32,213) Claimed on Schedule K-54 / National Guard Employer Health Insurance Credit

5. Credit for contributions to the Kansas Law Enforcement Training Center. (Section 40, repealing K.S.A. 79-32,242) Claimed on Schedule K-72 / Law Enforcement Training Center Credit

Carry Over of Unused Credits

New Section 36 of HB 2117 addresses the question of what happens to the unused portion of nonrefundable credits that carry over from years prior to 2013 and are held by individuals, partnerships, S corporations, limited liability companies, or any other pass-through entity. This Section specifically provides individual taxpayers may continue to carry these credits forward as long as all statutory requirements contine to be met. The Section provides:

> Any nonrefundable credits applicable to the Kansas income tax imposed on individuals that are no longer available commencing in tax year 2013 pursuant to this act and earned in any tax year prior to 2013 which are unused may continue to be claimed, subject to the limitations applicable to any such credit pursuant to law at the time such credit was earned.

Taxpayer Assistance

Additional copies of this notice, forms or publications are available from our web site, **www.ksrevenue.org**. If you have questions about income tax, please contact:

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