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NOTICE 22-06

CHILD DAY CARE ASSISTANCE CREDIT

(OCTOBER 4, 2022)

During the 2022 Legislative Session House Bill 2237 was passed and signed into law. Section 23 of the Bill amends K.S.A. 79-32,190 which provides a credit for employer provided child day care services expenditures.

The Bill amends K.S.A. 79-32,190(a) to add new subparagraph (4) addressing shared services. The new language amends the statute to provide:

> (a) Any taxpayer that pays for or provides child day care services, including the provision of the service of locating such services, to its employees or that provides facilities and necessary equipment for child day care services shall be allowed a credit against the privilege or income tax imposed by articles 11 and 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, as follows:
>
> *(4) for all taxable years commencing after December 31, 2020, 50% of the amount equal to the total amount expended during the taxable year by a taxpayer as payments to an organization providing access to available child day care services for the taxpayer's employees.*

This addition provides a tax credit for those entities making payments to an organization that is partnering with child care providers to share costs and deliver services.

The Bill also amends K.S.A. 79-32,190(e) to limit the period during which only corporate income tax filers could claim the credit. The amended language provides:

> (e) For tax ~~year~~ *years* 2013 ~~and all tax years thereafter~~ *through 2020*, the income tax credit provided by this section shall only be available to taxpayers subject to the income tax on corporations imposed pursuant to ~~subsection (c) of~~ K.S.A. 79-32,110 *(c)*, and amendments thereto, and shall be applied only against such taxpayer's corporate income tax liability.

To claim the credit, complete and submit Schedule K-56 Child Day Care Assistance Credit with your Kansas income or privilege tax return.

As provided in the amendment, the new credit provision and removal of the limitation which allowed only corporate income taxpayers to claim the credit is retroactively effective to tax year 2021. As a result, all taxpayers (income and privilege tax) that qualify can claim the credit. To

claim the credit for tax year 2021 an amended return should be filed. Forms, instructions, and other information about filing an amended return are available through the Department's website at: www.ksrevenue.gov.

TAXPAYER ASSISTANCE

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

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