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What's New

DUE DATE FOR FILING. April 17, 2012 is the due date for filing 2011 income tax returns. See page 4.

FOOD SALES TAX ALLOWANCES. Qualifying income and refund amounts for food sales tax have increased – see page 8.

NEW TAX CREDIT REQUIREMENT. A Social Security number is now required for all dependents and a spouse (if applicable) when claiming a tax credit, the earned income credit, a credit for dependent care, and a food sales tax refund.

INDIVIDUAL DEVELOPMENT ACCOUNT (IDA) CREDIT. The credit for contributions to IDAs increased from 50% to 75%. See Schedule K-68.

NEW CREDIT – PROMOTING EMPLOYMENT ACROSS KANSAS CREDIT (PEAK). A credit for 95% of tax liability attributed to qualified business income is available to “business owners” that relocate a business to Kansas and is certified through the Kansas Department of Commerce as having met PEAK qualifications. **The K-40 must be filed electronically to claim this credit.** The credit will be computed in the electronic return preparation process – see page 26 for electronic information.

NEW CREDIT FOR TAX YEAR 2012 – RURAL OPPORTUNITY ZONE (ROZ). A credit for 100% of Kansas tax liability will be available next tax year (2012) for nonresidents who establish residency (domicile) in one of the 50 ROZ counties in Kansas. To qualify you must have:

- established residency in a ROZ on or after July 1, 2011 and remained domiciled in the ROZ during the **entire** year for which the credit is to be claimed.
- been domiciled outside of Kansas in the five or more years prior to establishing domicile in a ROZ.
- not exceeded \$10,000 in “Kansas source income” for each of the five years prior to your residency in a ROZ.

For details see our web site at ksrevenue.org or the Kansas Department of Commerce web site at: kansascommerce.com

HIGH PERFORMANCE INCENTIVE PROGRAM CREDIT (HPIP). HPIP carry forward on unexpired credits is increased from 10 to 16 years for those investments that were placed into service in taxable years commencing after December 31, 2000. See Schedule K-59.

BUSINESS & JOB DEVELOPMENT CREDIT. This credit is no longer available in metro counties. Beginning in tax year 2012, it will not be available in metro and non-metro counties. See Schedule K-34.

If you purchased goods on-line or through catalogs, newspapers, TV ads, etc. and did not pay sales tax, then you likely owe
Kansas Compensating Use Tax



What is Compensating Use Tax? Since 1937 Kansas has imposed a compensating use tax on goods purchased from outside Kansas and used, stored or consumed in Kansas. Its purpose is to protect Kansas retailers from unfair competition from out-of-state retailers who sell goods tax-free by applying a tax on these items equal to the Kansas rate. It also helps to assure fairness to Kansans who purchase the same items in Kansas and pay Kansas sales tax.

Individuals and businesses buying items from retailers in other states may be subject to Kansas compensating use tax on those purchases. The use tax applies to the total cost of the merchandise, including postage, shipping, handling or transportation charges. The use tax rate is the same as the combined state and local sales tax rate in effect where the buyer takes delivery in Kansas. For individuals, this is usually our home. For businesses, it will be the office, shop, job site, etc. where the item(s) are used.

Do I owe this tax? *Kansans* that buy goods in other states or through catalogs, internet, mail-order companies, or from TV, magazine and newspaper ads must pay Kansas use tax on these purchases if the seller does not charge a Kansas tax equal to the Kansas Retailers' Sales Tax rate in effect where the item(s) will be used, stored or consumed. **EXAMPLE:** An Anytown, KS resident orders a computer from a company in New York over its web site. Total cost for the computer is \$2,000 plus \$10 shipping. The Anytown resident will owe 8.95% (current Anytown sales tax rate) Kansas use tax on the total cost of \$2,010 – $\$2,010 \times 0.0895 = \179.90 .

How do I pay the Compensating Use Tax? To pay the Kansas use tax on your untaxed out-of-state purchases made during calendar year 2011, refer to the instructions for line 18 of Form K-40 on page 10. You may either use the chart, or compute the tax due by applying the state and local sales tax rate in effect for your address to the total purchases subject to the tax. *Don't know your sales tax rate?* Go to ksst.kdor.ks.gov/lookup.cfm to look up the rate for your location.

If you have any questions about use tax or about your responsibilities for reporting and paying this tax as an individual Kansas consumer, please contact our Taxpayer Assistance Center (see page 26).



The **ORNATE BOX TURTLE** has notoriety as the official Kansas state reptile. It is also a favorite of kids, allowing close-up enjoyment of a very interesting animal. The male of this species has red eyes. While not on a current list for sensitive species, they are definitely in danger from over-harvest and need your support now more than ever. Contribute to the Chickadee Checkoff to help conserve this fascinating Kansas creature.