

2007 KANSAS

Individual Income Tax & Food Sales Tax Refund

Forms and Instructions

If you are still filing
your tax return on
paper, see important
message on page 3.



QUALIFYING INCOME WORKSHEET for the KANSAS FOOD SALES TAX REFUND

All taxpayers who meet the “residency” and “taxpayer status” qualifications must complete this worksheet to determine if they meet the “income” qualification for a Food Sales Tax refund.

- ▶ If you are **NOT** required to file a federal return, enter your income and deduction amounts in COLUMN A, beginning with line 1.
- ▶ If you filed federal Form 1040, 1040A or 1040EZ, complete COLUMN B, beginning with line 24.

	COLUMN A	COLUMN B
Income. Enter the amounts received from the following sources:		
1. Wages, salaries, tips, etc.	1.	
2. Taxable interest and dividends	2.	
3. Taxable refunds	3.	
4. Alimony received	4.	
5. Business income or (loss) (federal Schedules C, C-EZ)	5.	
6. Farm income or (loss) (federal Schedule F)	6.	
7. Capital gains or (losses) (federal Schedule D or Form 4797)	7.	
8. Taxable amount of IRA, annuity and pension distributions	8.	
9. Taxable amount of Social Security benefits	9.	
10. Rental real estate, royalties, partnerships, S corporations, trusts, etc. (federal Schedule E)	10.	
11. Unemployment compensation	11.	
12. Other income (Jury duty, gambling winnings, etc.)	12.	
13. Total income. Add lines 1 through 12.	13.	
FEDERAL ADJUSTMENTS TO INCOME. ENTER DEDUCTIONS FOR:		
14. IRA deduction and self-employed SEP, SIMPLE and qualified plans	14.	
15. Penalty on early withdrawal of savings	15.	
16. Alimony paid and moving expenses	16.	
17. Clean-fuel vehicle deduction	17.	
18. Self-employed health insurance, Archer MSA and health savings account deduction	18.	
19. One-half of self-employment tax	19.	
20. Domestic production activities deduction	20.	
21. Tuition & fees deduction, student loan interest deduction, and educator expenses	21.	
22. Business Expenses for Reservists, Artists & Fee-Basis Government Officials	22.	
23. Total Adjustments. Add lines 14 through 22.	23.	
24. Federal Adjusted Gross Income. Column A filers: Subtract line 23 from line 13. Column B filers: Enter the federal adjusted gross income amount from Form 1040, 1040A, or 1040EZ.	24.	24.
25. Kansas Modifications to Federal Adjusted Gross Income. Enter the net modifications from line A19 of Kansas Schedule S, Part A. Refer to the instructions that begin on page 21. If this amount is a negative amount, put it in brackets ().	25.	25.
26. Kansas Adjusted Gross Income. If line 25 is a positive amount, add lines 24 and 25 and enter on line 26. If line 25 is a negative amount, subtract line 25 from line 24, and enter the result on line 26.	26.	26.
ADDITION TO INCOME FOR FOOD SALES TAX REFUND. ENTER THESE AMOUNTS:		
27. Interest income exempt from Kansas taxation, such as interest received from U. S. Savings Bonds, Treasury Notes, etc. (from line A9 of Kansas Schedule S, if applicable)	27.	27.
28. Exempt retirement benefits. Enter amount shown on line A12 of Schedule S, except Railroad Retirement Benefits.	28.	28.
29. Total Kansas additions. Add lines 27 and 28.	29.	29.
30. Qualifying Income for purpose of receiving a Food Sales Tax refund. Add lines 26 and 29.	30.	30.



If line 30 is **MORE** than \$29,700, you do not qualify for the Food Sales Tax Refund.

If line 30 is **LESS** than \$29,701, follow the instructions for line 25 of Form K-40 on page 19 to calculate the amount of your Food Sales Tax refund.

Amending Your Return

If you filed a Schedule S with your original return, then you must file a Schedule S with your amended return, even if there are no amended changes to the Schedule.

You must file an amended Kansas return when: 1) an error was made on your Kansas return, 2) there is a change (error or adjustment) on another state's return, 3) there is a change (error or adjustment) on your federal return. **Check the AMENDED box in the Filing Information section of the K-40 if you are amending your 2007 Kansas return.**

Pay the full amount of tax and interest due on an amended return and no late pay penalty will be assessed. Refer to the department's web site for annual interest rates.

AMENDED FEDERAL RETURN: If you are filing an amended federal income tax return, Form 1040X, for the same taxable year as this amended return, you must enclose a complete copy of the amended federal return and full explanations of all changes made on your amended Kansas return. If your amended federal return is adjusted or disallowed, it is necessary to provide the Department of Revenue with a copy of the adjustment or denial letter.

If you did not file a Kansas return when you filed your original federal return, and the federal return has since been amended or adjusted, use the information on the amended or adjusted federal return to complete your original Kansas return. A copy of both the original and amended federal returns should be enclosed with the Kansas return along with an explanation of the changes.

FEDERAL AUDIT: If you know that a previously filed federal return was not correct, or if your original return was adjusted by the Internal Revenue Service, amended returns or copies of the Revenue Agent's Reports must be submitted within 180 days of the date the federal adjustments are paid, agreed to, or become final, whichever is earlier. Failure to properly notify the Director of Taxation within the 180 day period will cause the statute of limitations to remain open (Department of Revenue could make assessments for as many years back as necessary).

Deceased Taxpayers

If you are the survivor or representative of a deceased taxpayer, you must file a return for the taxpayer who died during the calendar year.

If you are a surviving spouse filing a joint federal income tax return, a joint Kansas return must also be filed. Include the decedent's Social Security number in the space provided in the heading of the return. Be sure the appropriate box below the heading has been checked.

Decedent Refund Documentation

If you are a surviving spouse requesting a refund of \$100 or less, you must enclose **ONE** of the following with your Form K-40:

- Federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer
- Death certificate
- Obituary statement
- Funeral home notice
- Letters Testamentary
- Kansas Form RF-9, Decedent Refund Claim (a copy of this form can be found in this tax booklet)

If you are a surviving spouse requesting a refund of **OVER \$100**, or if a refund of **ANY** amount is being requested by someone other than the surviving spouse, you must submit with your Form K-40:

- Proof of death (death certificate, obituary statement or funeral home notice), **AND**
- Kansas Form RF-9, Decedent Refund Claim (a copy of this form can be found in this tax booklet)

Food Sales Tax Refund

*If you filed a Kansas income tax return last year, you can use "WebFile" to claim your food sales tax refund and get it **fast!** See page 3.*

Form K-40 is not only a Kansas income tax return, but also the claim form for the food sales tax refund. This program offers a refund of the sales tax paid on food. To qualify, you must be 55 years of age or older, or be blind or disabled, or have a dependent child under 18 who lived with you all year whom you claim as a personal exemption. You must also be a Kansas resident (residing in Kansas the entire year) whose Kansas qualifying income is \$29,700 or less (see page 14). The refund is claimed on line 25 of Form K-40. The food sales tax refund will either increase the amount of your income tax refund or decrease the amount you owe.

All returns requesting a food sales tax refund **MUST BE RECEIVED** by the department **NOT LATER THAN April 15th** or within the federal extension period. Failure to file for a food sales tax refund before October 15th will result in a denial of the refund. The Director of Taxation may extend the time for filing any claim when good cause exists, or accept a claim filed after the deadline for filing in the case of sickness, absence or disability of the claimant if such claim has been filed within four years of such deadline.

Homestead Refund Program

This program offers a property tax rebate of up to \$700 for homeowners and renters. To qualify, the claimant must be a Kansas resident (residing in Kansas the entire year) whose 2007 household income was \$29,100 or less, and who is over 55 years old, or is blind or disabled, or has a dependent child under 18 who lived with them all year. "Household income" is generally the total of all taxable and nontaxable income received by all household members.

This rebate is claimed on Kansas Form K-40H, Kansas Homestead Refund Claim. This form and instructions are available from our Taxpayer Assistance Center, your county clerk's office, and other places of convenience throughout the state, or by calling our voice mail forms request line: (785) 296-4937.

SIGNATURE

Your income tax return **must be signed**. You will not receive your refund if your return is not signed. Both taxpayers must sign a joint return even if only one had income. If the return is prepared by someone other than you, the preparer should also sign in the space provided.

If you are filing a return on behalf of a decedent, the return should be signed by the executor/executrix. If it is a joint return filed by the surviving spouse, indicate on the spouse's signature line "Deceased" and the date of death. **If a refund is due, enclose the required documents (see instructions for Deceased Taxpayers on page 13).**

PREPARER AUTHORIZATION BOX

In some cases it may be necessary for the Department of Revenue to contact you about your tax return. By marking the box above the signature line, you are authorizing the director or director's designee to discuss your tax return and any enclosures with your tax preparer.

MAILING YOUR RETURN

Before mailing your return, please be sure:

- ✓ you have completed all required information on the return.
- ✓ your numbers are legible in each box.
- ✓ you have enclosed, but not attached all K-19 forms.
- ✓ you have **enclosed Schedule S** if you have a modification on line 2 of Form K-40 or if you filed as a nonresident or part-year resident.
- ✓ you have completed and enclosed Form K-40V if you are making a tax payment.
- ✓ you signed your return.



If you file Form K-40 using a Kansas address, do not include a copy of your federal return. However, keep a copy as it may be requested by the department at a later date. If your Form K-40 shows an address other than Kansas, you must enclose a copy of your federal return (1040EZ, 1040A or 1040 and applicable Schedules A-F) with your Kansas return.

SCHEDULE S LINE-BY-LINE INSTRUCTIONS

PART A

MODIFICATIONS TO FEDERAL ADJUSTED GROSS INCOME

ADDITIONS TO FEDERAL ADJUSTED GROSS INCOME

These are items of income that are not taxed or included on your federal return but are taxable to Kansas.

LINE A1 — State and Municipal Bond Interest

Enter interest income received, credited or earned by you during the taxable year from any state or municipal obligations such as bonds and mutual funds. Reduce the income amount by any related expenses (management or trustee fees, etc.) directly incurred in purchasing these state or political subdivision obligations.

DO NOT include interest income on obligations of the state of Kansas or any Kansas political subdivision issued after 12/31/87, or the following bonds exempted by Kansas law:

- Board of Regents Bonds for Kansas Colleges and Universities
- Electrical Generation Revenue Bonds
- Industrial Revenue Bonds
- Kansas Highway Bonds
- Kansas Turnpike Authority Bonds
- Urban Renewal Bonds

If you are a shareholder in a fund that invests in both Kansas and other states' bonds, only the Kansas bonds are exempt. Use the information provided by your fund administrator to determine the amount of taxable (non-Kansas) bond interest to enter here.

LINE A2 — Contributions to Public Employees' Retirement Systems

Individuals affected are state employees, teachers, school district employees and other regular and special members of KPERS, regular and special members of the Kansas Police and Firemen's Retirement System and members of the Justice and Judges Retirement System.

Current employees: Enter the amount you **contributed** from your salary to the Kansas Public Employees' Retirement System (KPERS) as shown on your W-2 form, typically box 14.

Retired employees: If you are receiving RETIREMENT checks from KPERS, the amount of your retirement income is subtracted on line A12—Retirement benefits specifically exempt from Kansas income tax. Make no entry on this line unless you also made contributions to KPERS during 2007 (for example, you retired during 2007).

Lump Sum Distributions: If you received a lump sum KPERS distribution during 2007, include on line A2 your 2007 KPERS contributions and follow the instructions for line A17—Other subtractions from federal adjusted gross income.

LINE A3 — Federal Net Operating Loss Carry Forward

Enter any federal net operating loss carry forward claimed on your 2007 federal income tax return.

LINE A4 — Contributions to a Regional Foundation

Enter the amount of any charitable contribution claimed on your federal return used to compute the Regional Foundation Community Contribution Credit on Schedule K-32.

LINE A5 — Other Additions to Federal Adjusted Gross Income

Enter on line A5 the following additions to your federal adjusted gross income:

- **Individual Development Account (IDA).** CONTRIBUTORS: Enter amount of the contribution claimed to the extent the same is the basis for claiming the IDA Credit on Schedule K-68. ACCOUNT HOLDERS: Enter amounts received as withdrawals that are not used to pay for education expenses; job training costs; purchase of primary residence; or major repairs or improvement to a primary residence.
- **Federal Income Tax Refund.** Generally, there will be no entry here unless you amended your federal return for a

prior year due to an investment credit carry back or a net operating loss carry back which resulted in you receiving a federal income tax refund in 2007 for that prior year.

- **Disabled Access Credit Modification.** Amount of any depreciation deduction or business expense deduction claimed on your federal return that was used to determine the Disabled Access Credit on Schedule K-37.
- **Partnership, S Corporation or Fiduciary Adjustments.** If you received income from a partnership, S corporation, joint venture, syndicate, estate or trust, enter your proportionate share of any required addition adjustments. The partnership, S Corporation, or trustee will provide you with the necessary information to determine these amounts.
- **Community Service Contribution Credit.** The amount of any charitable contribution claimed on your federal return used to compute the Community Service Contribution Credit on Schedule K-60.
- **Swine Facility Improvement Credit.** The amount of any costs claimed on your federal return and used as the basis for this credit on Schedule K-38.
- **Learning Quest Education Savings Program.** The amount of any "nonqualified withdrawal" from the Learning Quest Education Savings Program.
- **Small Employer Healthcare Credit.** Reduce the amount of expense deduction that is included in federal adjusted gross income by the dollar amount of the credit claimed.
- **Expenditures – Energy Credits.** Enter the amount of any expenditures claimed to the extent the same is claimed as the basis for any credit allowed on Credit Schedule K-73, K-77, K-78, K-79, K-80, K-81, K-82 or K-83.
- **Amortization – Energy Credits.** Enter the amount of any amortization deduction claimed on the federal income tax return to the extent the same is claimed for deduction with regard to Credit Schedule K-73, K-77, K-78, K-79, K-82 or K-83 and any amount claimed in determining federal adjusted gross income on carbon dioxide recapture, sequestration or utilization machinery and equipment, or waste heat utilization system property.

LINE A6 — Total Additions to Federal Adjusted Gross Income

Add lines A1 through A5 and enter the result on line A6.

SUBTRACTIONS FROM FEDERAL ADJUSTED GROSS INCOME

These are items of income that are taxable on your federal return but are not taxable to Kansas.

LINE A7 — Social Security Benefits

If the amount on Line 1 of Form K-40, Kansas Individual Income Tax Return, is \$50,000 or less, (regardless of your filing status) enter on line A7 the amount received as benefits in 2007 under the Social Security Act (including SSI) to the extent these benefits are included in federal adjusted gross income. **Do not make an entry** if your social security benefit is not subject to federal income tax.

LINE A8 — KPERS Lump Sum Roll Overs

Enter any amounts withdrawn from a qualified retirement account and include any earnings thereon to the extent that the amounts withdrawn were: 1) Originally received as a KPERS lump sum payment at retirement that you rolled over into a

qualified retirement account, and 2) the amount entered is included in federal adjusted gross income (included in line 1 of Form K-40). **Do not make an entry** if the amount withdrawn consists of income that was originally received from retirement annuity contracts purchased for faculty and others employed by the State Board of Regents or by educational institutions under its management with either their direct contributions or through salary reduction plans or, a pension received from any Kansas first class city that is not covered by the Kansas Public Employee's Retirement System.

LINE A9 — Interest on U.S. Government Obligations

Enter any interest or dividend income received from obligations or securities of any authority, commission or instrumentality of the United States and its possessions that was included in your federal adjusted gross income. This includes U.S. Savings Bonds, U.S. Treasury Bills, and the Federal Land Bank. You must reduce the interest amount by any related expenses (management or trustee fees, etc.) directly incurred in the purchase of these securities.

If you are a shareholder in a mutual fund that invests in both exempt and taxable federal obligations, only that portion of the distribution attributable to the exempt federal obligations may be subtracted here.

Retain a schedule showing the name of each U.S. Government obligation interest deduction claimed, as it may be requested by the department at a later date.

Interest from the following are taxable to Kansas and may NOT be entered on this line:

- Federal National Mortgage Association (FNMA)
- Government National Mortgage Association (GNMA)
- Federal Home Loan Mortgage Corporation (FHLMC)

LINE A10 — State or Local Income Tax Refund

Enter any state or local income tax refund included as income on your federal return.

LINE A11 — Kansas Net Operating Loss Carry Forward

Enter the amount from line 14 of Schedule CRF if it is the first year of carry forward or line 16a-j of Schedule CRF if it is any of the years following. Enclose a Schedule CRF for each loss year.

LINE A12 — Exempt Retirement Benefits

If you are **receiving** retirement benefits/pay, use this line to report **retirement benefits** exempt from Kansas income tax (do not include Social Security benefits on this line). For example, KPERS retirement benefits are subject to federal income tax, but exempt from Kansas income tax. You must make a specific entry on Schedule S to report these exempt benefits. On line A12 enter the total amount of benefits received from these plans that was included in your federal adjusted gross income. Do not enclose copies of the 1099R forms with your return but keep copies for your records in case the Department of Revenue requires verification at a later date.

- **Federal Retirement Benefits:** Federal Civil Service Retirement or Disability Fund payments and any other amounts received as retirement benefits from employment by the federal government or for service in the United States Armed Forces.
- **Kansas Pension Plans:**
 - Kansas Public Employees' Retirement Annuities
 - Kansas Police and Firemen's Retirement System Pensions
 - Kansas Teachers' Retirement Annuities

