

# KANSAS FILM PRODUCTION CREDIT

For the taxable year beginning \_\_\_\_\_, 20\_\_\_\_; ending \_\_\_\_\_, 20\_\_\_\_.

Name of taxpayer (as shown on return)	Social Security Number or Employer ID Number (EIN)
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	Employer ID Number (EIN)

## PART A – COMPUTATION OF CREDIT

- 1. Total amount of direct production expenditures made by an eligible production company this tax year. 1. \_\_\_\_\_
- 2. Maximum percentage allowed. 2. 30%
- 3. Maximum allowable credit for this tax year (multiply line 1 by line 2). 3. \_\_\_\_\_
- 4. Proportionate share percentage (see instructions). 4. \_\_\_\_\_
- 5. Your share of the credit for this year's expenditures (multiply line 3 by line 4). 5. \_\_\_\_\_

## PART B – COMPUTATION OF TOTAL CREDIT CLAIMED THIS TAX YEAR

- 6. Amount of available carry forward from the prior year's Schedule K-86. No credit may be carried forward after the third taxable year succeeding the year in which the costs were incurred. 6. \_\_\_\_\_
- 7. Total credit available (add lines 5 and 6). 7. \_\_\_\_\_
- 8. Amount of tax liability for current taxable year after all previously claimed credits. 8. \_\_\_\_\_
- 9. Amount of credit allowable this tax year (enter the lesser of line 7 or line 8). Enter this amount on the appropriate line of Form K-40, K-41 or Form K-120. 9. \_\_\_\_\_

**If line 9 is less than line 7, complete PART C.**

## PART C – COMPUTATION OF CREDIT CARRY FORWARD

- 10. Amount of credit to carry forward to next year's Schedule K-86 (subtract line 9 from line 7). 10. \_\_\_\_\_

# INSTRUCTIONS FOR SCHEDULE K-86

## GENERAL INSTRUCTIONS

2007 House Bill 2004 provides for a 30% tax credit for tax years commencing after December 31, 2006, against the income tax liability of an eligible film production company for direct production expenditures made in Kansas that are directly attributable to the production of a film in Kansas.

The credit allowed shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made. If the amount of the credit allowed by this section exceeds the taxpayer's income tax liability for such taxable year, such excess may be carried over in the succeeding taxable years until the total amount of the credit is used, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the year in which the costs are incurred.

To be eligible for the film production tax credit, a film production company shall submit to the Kansas Department of Commerce (KDOC) information required by the department to demonstrate conformity with the requirements of this act. No film production tax credits shall be allowed for any tax year commencing on or after January 1, 2013. The total amount of film production tax credits allowed shall not exceed \$2,000,000 per tax year.

“**Direct production expenditure**” means an expenditure incurred in the state of Kansas in the production of a Kansas film including:

- (1) payment of wages, fringe benefits or fees for talent, management or labor to a person who is a Kansas resident for purposes of the Kansas income tax act;
- (2) payment to a personal services corporation for the services of a performing artist, if:
  - (A) the personal services corporation is subject to taxation under the provisions of the Kansas income tax act; or
  - (B) the performing artist receiving payment from the personal services corporation pays Kansas income tax; and
- (3) any of the following provided by a vendor:
  - (A) the story and scenario to be used for a film;
  - (B) set construction and operations, wardrobe, accessories and related services;
  - (C) photography, sound synchronization, lighting and related services;
  - (D) editing and related services;
  - (E) rental of facilities and equipment;
  - (F) leasing of vehicles;
  - (G) food or lodging;
  - (H) airfare if purchased through a Kansas-based travel agency or travel company;
  - (I) insurance coverage and bonding if purchased through a Kansas-based insurance agent; and
  - (J) other direct costs of producing a film in accordance with generally accepted entertainment industry practice.

“**Eligible film production company**” means a film production company that has received certification from the KDOC.

“**Film**” means any film, video, commercial or television production, as approved by the KDOC, that is 30 minutes or less in length with an expected in-state expenditure budget in excess of \$50,000, or that is over 30 minutes in length with an expected in-state expenditure budget in excess of \$100,000. Film shall not include the following:

- (1) news or current events programming;
- (2) talk show;
- (3) production produced primarily for industrial, corporate or institutional purposes, and for internal use;
- (4) sports event or sports programming;

- (5) gala presentation or awards programming;
- (6) infomercial or any production that directly solicits funds;
- (7) political advertisement; or
- (8) production that is considered obscene.

“**Film production company**” means a person that produces one or more films.

## SPECIFIC LINE INSTRUCTIONS

Enter all requested information at the top of this schedule.

### PART A - COMPUTATION OF CREDIT

**LINE 1** – Enter total amount of direct production expenditures made by an eligible production company this tax year.

**LINE 2** – This percentage (30%) determines the maximum credit allowable by law.

**LINE 3** – Multiply line 1 by line 2 and enter the result. This is the maximum credit allowable.

**LINE 4** – Partners, shareholders or members: Enter the percentage that represents your proportionate share in the partnership, S corporation, LLC or LLP. All other taxpayers: Enter 100%.

**LINE 5** – Multiply line 3 by line 4 and enter the result. This is your share of the total credit for the amount expended this year.

### PART B —COMPUTATION OF TOTAL CREDIT CLAIMED THIS TAX YEAR

**LINE 6** – Enter the carry forward amounts available from prior year's K-86 schedule.

**LINE 7** – Add lines 5 and 6. Enter the result.

**LINE 8** – Enter the total Kansas tax liability for the current tax year after all previously claimed credits.

**LINE 9** – Enter the lesser of line 7 or line 8. Enter this amount on the appropriate line of Form K-40, K-41, or K-120.

### PART C —COMPUTATION OF CARRY FORWARD CREDIT

**LINE 10** – Subtract line 9 from line 7. Enter the result. This amount cannot be less than zero. Enter this amount on next year's Schedule K-86.



**IMPORTANT:** Do not send enclosures with this schedule, however keep copies of important documentation with your records. The Kansas Department of Revenue reserves the right to request additional information as necessary.

## TAXPAYER ASSISTANCE

Address questions about qualifying for this credit to:

Kansas Secretary of Commerce  
Kansas Film Commission  
1000 SW Jackson St, Suite 100  
TOPEKA, KS 67504-0647  
Phone: (785) 66612

For information and assistance in completing this schedule contact the Kansas Department of Revenue:

Taxpayer Assistance Center  
Docking State Office Building  
915 SW Harrison St., 1<sup>st</sup> Floor  
Topeka, KS 66625-2007

Phone: (785) 368-8222  
Hearing Impaired TTY: (785) 296-6461

Kansas tax forms are available from our office or on our web site: [www.ksrevenue.org](http://www.ksrevenue.org)