

2010

KANSAS Franchise Tax

WAIT! Before you file a paper return, consider this ...

- ◆ Completing a paper return can take hours compared to completing one **electronically** – which you can get through in half the time. Also, there is less chance for error if you file electronically because the system does the math for you.
- ◆ It *costs 5 times more* of your taxpayer dollars to *process a paper* return than to process a return filed **electronically**.
- ◆ If you are expecting a refund, you will get it much faster with **electronic filing**.
- ◆ If you have a balance due, you can save yourself the hassle of writing a check and the cost for postage and an envelope by using our **direct payment** option.
- ◆ Finally, when you **file electronically** there is peace of mind knowing that the department received your return because you get immediate confirmation that your return was filed.

Join the **86% of taxpayers that filed** their Kansas income taxes **electronically last year**. Among other benefits, it saves you time and minimizes processing costs!

**See back cover for
your electronic file
and pay options.**

**Visit us at
www.webtax.org
for the most
up-to-date electronic
information.**



GENERAL INSTRUCTIONS

If any due date falls on a Saturday, Sunday, or legal holiday, substitute the next regular workday.


Who Must File a Return

NOTE: If your Kansas Net Worth (line 7 of K-150) is less than \$1,000,000, no tax is due.

A Kansas Franchise Tax return must be filed by any of the following entities that are duly registered and authorized to do business in Kansas by the Secretary of State.

- Foreign or domestic for profit corporation which has taxable equity attributable to Kansas of \$1,000,000 or more.
- Foreign or domestic professional corporation or association which has taxable equity attributable to Kansas of \$1,000,000 or more.
- Foreign or domestic limited liability company which has net capital accounts located or used in Kansas at the end of the preceding taxable year as required to be reported on the federal partnership return of income of \$1,000,000 or more.
- Foreign or domestic limited partnership which has net capital accounts located or used in Kansas at the end of the preceding taxable year as required to be reported on the federal partnership return of income of \$1,000,000 or more.
- Foreign or domestic limited liability partnership which has net capital accounts located or used in Kansas at the end of the preceding taxable year as required to be reported on the federal partnership return of income of \$1,000,000 or more.
- Foreign or domestic one-member limited liability company taxed as a sole proprietorship which has net book value of the limited liability company as calculated on an income tax basis located or used in Kansas at the end of the preceding taxable year of \$1,000,000 or more.
- Domestic business trust which has corpus as shown on its balance sheet at the end of the preceding taxable year as required to be reported to the Secretary of Revenue of \$1,000,000 or more.
- Foreign business trust which has a corpus which is located in or which it uses or intends to use in Kansas as shown on its balance sheet at the end of the preceding taxable year as required to be reported to the Secretary of Revenue of \$1,000,000 or more.

When and Where to File

 *The due date for filing 2010 calendar year returns is April 18, 2011. Kansas follows the IRS for income tax deadlines.*

Calendar Year: If your return is based on a calendar year it must be filed and tax paid no later than April 18. **Fiscal Year:** If your return is based on a tax year other than a calendar year it must be filed and tax paid no later than the 15th day of the fourth month following the end of your tax year. **Amended Returns:** If the amended return will result in a refund, then it must be filed within three (3) years from the date the original return was due including any extension allowed pursuant to law, or two (2) years from the date the tax claimed to be refunded or against which the credit claimed was paid, whichever of such periods expires later.

Mail your Franchise Tax return to: KANSAS FRANCHISE TAX, KANSAS DEPARTMENT OF REVENUE, 915 SW HARRISON STREET, TOPEKA, KS 66699-5000

Extension of Time to File

If you are unable to complete your Franchise Tax return by the filing deadline you may request an extension of time to file. If you filed federal extension of time form 7004 with the Internal Revenue Service, enclose a copy of that form with your completed K-150 return to *automatically receive a six-month extension to file your Franchise return*. If you did not file a federal 7004, you may submit a written explanation with the filing of the completed K-150 return to receive a six-month extension.

An extension of time to file is not an extension of time to pay. However, if an extension of time to file is granted, no penalty will be imposed if 90% of the tax liability is paid on or before the original due date. To pay the tax balance due for an extension, use the Franchise Tax Payment Voucher (K-150V) and mark the box indicating extension payment.

Extension of Time to Pay

If you are unable to pay your Franchise Tax when it is due you may request, in writing, an extension of time for the payment of tax for a reasonable period not to exceed six months. Any extension may exceed six months in the case of a taxpayer who is abroad. Interest accrues at the rate prescribed by K.S.A. 79-2968 during the extension period.

Completing Your Return

If you choose to paper file, be sure to use an original form printed by KDOR (Kansas Department of Revenue) or a form from an approved software package (see our web site at ksrevenue.org). To obtain a KDOR printed form, call our voice mail request line at (785) 296-4937.

All applicable lines of Form K-150 must be completed. Be certain to complete all boxes in the Taxpayer Information section of the return.

The Form K-150 must be accompanied by a balance sheet listing all assets and liabilities as of the end of the tax year. **Use either a federal balance sheet or the Kansas Balance Sheet on the back of Form K-150.** (Business entities filing a federal income tax return on Form 1120 must use a copy of that balance sheet on Form K-150. If the balance sheet is modified to more fairly and accurately reflect shareholder's equity as defined for Kansas franchise tax purposes, you must provide an explanation of the adjustment and include all information used to calculate the adjustment). In the case of a business trust the balance sheet shall be as of the end of the tax period, certified by the trustee, fairly and truly reflecting the trust assets and liabilities and specifically setting out its corpus. In the case of a foreign business trust the balance sheet shall also fairly and truly reflect an allocation of its moneys and other assets as between those located, used or to be used in Kansas and those located, used or to be used elsewhere.

In addition, Form K-150 must be accompanied by sufficient information to show the allocation and apportionment calculations used in computing the amount of the tax.

Amending Your Return

If you are filing Form K-150 as an amended return, be sure to print the word "Amended" across the top of the form and include your amended balance sheet.

LINE INSTRUCTIONS

TAXPAYER INFORMATION

Beginning and Ending Dates: Enter the beginning and ending dates of the tax year for the corporation or entity, even if your tax year is a calendar year. Enter the dates as mm/dd/yyyy.

Name and Address: PRINT or TYPE the entity's name and address. If either the name or address changed since last year, mark an "X" in the name/address change box.

Additional Information: Complete all the requested information. Be sure to indicate the type of ownership or form of entity for which you are filing a return.

Federal Tax Type Used: Place an "X" on the appropriate line that represents the type of federal tax form used by this entity. If not listed, place an "X" by "Other" and indicate form type. For example, a single entity LLC would indicate "Other" and enter "1040".

KANSAS PERCENTAGE

Enter all percentages rounded to the fourth decimal place.

LINE 1 – AVERAGE VALUE OF REAL AND TANGIBLE PERSONAL PROPERTY OWNED OR RENTED DURING TAXABLE YEAR: Enter the average value of the corporation's or entity's real and tangible personal property owned or rented in Kansas during the preceding tax period. Enter the average total value of the corporation's or entity's real and tangible personal property owned or rented everywhere and used during the preceding tax period. Divide the average value of the corporation's or entity's real and tangible personal property owned or rented in Kansas during the preceding tax period by the average total value of the corporation's or entity's real and tangible personal property owned or rented everywhere and used during the preceding tax period.

LINE 2 – TOTAL PAYROLL: Enter total amount of payroll paid by the corporation or entity in Kansas during the preceding tax period. Enter total amount of payroll paid everywhere by the corporation or entity during the preceding tax period. Divide total amount of payroll paid by the corporation /entity in Kansas during the preceding tax period by the total amount of compensation paid everywhere by the corporation or entity during the preceding tax period.

LINE 3 – SALES: Enter the total sales of the corporation or entity in Kansas during the preceding tax period. Enter the total sales of the corporation or entity everywhere during the preceding tax period. Divide the total sales of the corporation or entity in Kansas during the preceding tax period by the total sales of the corporation or entity everywhere during the preceding tax period.

LINE 4 – AVERAGE PERCENT TO KANSAS: Add percentages on lines 1 through 3 and divide by the number of factors used.

TAX COMPUTATION

LINE 5 – NET WORTH (Total shareholders equity): For a corporation, enter the total amount of shareholder's equity. **Shareholder's equity** means the sum of: 1) paid-in capital stock, except that paid-in capital stock does not include any capital stock issued by a corporation and reacquired by such corporation through gift, purchase or otherwise and available for resale or retirement; 2) capital paid in, in excess of par; and 3) retained earnings. This same information should be listed on the corporation's federal tax return.

For a **limited liability company**, enter the net book value as calculated on an income tax basis. For a **limited partnership or limited liability partnership**, enter the net capital accounts as stated on the federal income tax return.

LINE 6 – AVERAGE PERCENTAGE: Enter the average percentage shown on line 4.

LINE 7 – KANSAS NET WORTH (Shareholder's equity attributable to Kansas): Multiply line 5 by line 6. Enter the result on line 7. *NOTE: If the amount entered here is less than \$1,000,000, no Franchise Tax is due.*

LINE 8 – TOTAL KANSAS FRANCHISE TAX: Multiply line 7 by .03125% (.0003125). If \$20,000 or less, enter the result on line 8. If the result is more than \$20,000, enter \$20,000 on line 8.

LINE 9 – AMOUNT PAID WITH EXTENSION: Enter the amount paid with your extension of time to file.

LINE 10 – REFUND: If the amount on line 9 is greater than the total Kansas franchise tax on line 8, subtract line 8 from line 9. Enter the result on line 10. No refund will be made for amounts less than \$5.

LINE 11 – TAX DUE: If the amount on line 8 is greater than the amount paid with extension on line 9, subtract line 9 from line 8 and enter the result on line 11.

LINE 12 – INTEREST: For calendar year 2011 - if you paid your tax after the original due date, compute interest on amount on line 11 at the rate of .417% (.00417) per month (or fraction thereof). Enter result on line 12. Interest is to be computed in whole months.

LINE 13 – PENALTY: If you paid your Kansas tax after the original due date, compute penalty at 1% for each month (or fraction thereof) the tax is unpaid on the amount on line 11, up to a maximum of 24%. Enter this amount on line 13.

LINE 14 – TOTAL TAX, INTEREST AND PENALTY DUE: Add lines 11, 12 and 13. Enter the result on line 14.

The Department of Revenue offers two different options to pay your Kansas Franchise Tax – electronically through direct payment or by check or money order.

Direct Payment. This payment option is available if you WebFile. It is not available if you file a paper Form K-150 return. When you select Direct Payment and provide your bank routing number and bank account number, you are authorizing the Department to initiate an electronic payment from your bank account for payment of your balance due. Direct Payment allows you to "file now, pay later". For example, if you file your return on February 20 and elect Direct Payment for a return due April 15th, our automated debit request will not occur until the April 15th due date.

With Direct Payment you are also assured that your payment is made on time. Direct Payment authorizations on returns filed by midnight of their due date are considered to be timely paid.

Direct payment saves time since there is no check to write and no K-150V voucher to complete and mail. If you need to revoke your election of this payment authorization you must notify the Department at 1-800-525-3901 by 4:00 PM, two business days before the scheduled payment date.

Before deciding to use Direct Payment please check with your financial institution to be sure they allow an electronic debit (withdrawal) from your bank account.

Check or Money Order. If you choose this payment option you must complete Form K-150V, Franchise Tax Voucher, and enclose it with your return and payment. Write your EIN number on your check or money order and make it payable to "Kansas Franchise Tax." DO NOT send cash. DO NOT staple or tape your payment to the Form K-150 or K-150V. Instead, enclose it loosely with your return. A balance due of less than \$5.00 does not need to be paid.

Returned check charge: A fee of \$30.00, plus costs for a registered letter (currently \$10.04), is charged on all returned checks.

SIGNATURE AND VERIFICATION

The return filed for a corporation must be signed and sworn to by the president, vice president, or other principal officer of the corporation. The return filed for a limited liability partnership must be signed by a partner of the limited liability partnership. The return filed for a limited liability company must be signed by a member of the limited liability company.

Any person or persons who prepares the return for compensation must sign the return.

INSERT FRONT OF K-150

INSERT BACK OF K-150

PRSR STD
U.S. POSTAGE
PAID
KANSAS DEPT.
OF REVENUE

Your Electronic File & Pay Options

KS WebTax is a *convenient, secure* and *easy* way to manage your business accounts. Businesses can make electronic payments; file sales tax, use tax, or franchise tax returns; and view on-line activity. KS WebTax simplifies your accounting process by having everything available in one easy-to-access location.

Direct Payments can be made through our on-line business center, **KS WebTax**, using Electronic Funds Transfer (EFT). Direct payments can also be made by telephone. To use this service, go to our web site and complete Form EF-101. After you receive confirmation that the EF-101 has been processed, make your payment by calling the EFT Payment System at 1-877-600-5640.

Credit Card payments for your Kansas tax can be made *on-line* or *by phone* through third-party vendors. Services and fees vary, but all vendors accept payment using major credit cards. Visit our web site for a list of vendors authorized to accept payments for Kansas.


webtax.org

– TAX ASSISTANCE –

FILING ASSISTANCE. For assistance in completing your Kansas Franchise Tax return, contact our Taxpayer Assistance Center. Office hours are 8:00 a.m. to 4:45 p.m., Monday through Friday.

Taxpayer Assistance Center
Docking State Office Building - 1st floor
915 SW Harrison Street
Topeka, KS 66625-2007

Phone: (785) 368-8222
Fax: (785) 291-3614

REQUEST FOR FORMS. If you choose to use paper to file your return, be sure to use an original form printed by the Kansas Department of Revenue (KDOR) or a form from an *approved* software package (see our web site at ksrevenue.org). To obtain a KDOR printed form, call the Taxpayer Assistance Center.

KANSAS BALANCE SHEET

A balance sheet listing all assets and liabilities as of the end of the tax year must be included with Form K-150. A federal balance sheet may be submitted, or you may use the following Kansas Balance Sheet.

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments				
10a Buildings and other depreciable assets				
b Less accumulated depreciation				
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization				
14 Other assets				
15 Total assets				
Liabilities				
16 Accounts payable				
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities				
19 Loans from shareholders				
20 All nonrecourse loans				
21 Mortgages, notes, bonds payable in 1 year or more				
22 Other liabilities				
23 Capital stock (preferred and common)				
24 Additional paid-in capital				
25 Retained earnings (appropriated and unappropriated)				
26 Adjustments to shareholders' equity (place negative numbers in brackets)				
27 Less cost of treasury stock		()		()
28 Partners' capital accounts				
29 Total liabilities and shareholders' equity				