



**DO NOT STAPLE**

For the taxable year beginning 2 0 2 2 ; ending \_\_\_\_\_

Name of taxpayer	SSN or EIN
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	EIN

**PART A - COMPUTATION OF EXPENSING FOR THIS ENTITY**

1. Expensing deduction for this entity (from PART B, line 11) .....	1	.00
2. Recapture amount (from PART C, line 12) .....	2	.00
3. Net expensing deduction/recapture (subtract line 2 from line 1; if the amount is negative, shade the box) .....	3	.00
4. Ownership Percentage .....	4	
5. Expensing deduction/recapture (multiply line 3 by line 4; if the amount is negative, shade the box) .....	5	.00

**K-40 filers:** Stop here and enter this amount on your Kansas Schedule S (see instructions).

**K-41 filers:** Stop here and enter this amount in Part I of Form K-41 (see instructions).

**K-120S filers:**

• **Not electing SALT PARITY**

If the amount on line 5 is a negative number, enter as a positive number on line 24 of Form K-120S or K-121S.

If the amount on line 5 is a positive number, enter on line 25 of Form K-120S or K-121S.

• **Electing SALT PARITY**

If the amount on line 5 is a negative number, enter as a positive number on line 24 of Form K-120S or K-121S. If the amount on line 5 is a positive number, complete lines 6, 7, 9, and 10 of Form K-120EX. On line 8, enter zero.

**K-120 and K-130 filers:** If the amount on line 5 is a positive number, enter on line 24 of the K-120 or K-130 and complete lines 6 through 10 of this form. If the amount is a negative number, enter as a positive number on line 23.

6. Kansas net income for this entity (enter the sum of lines 21 and 22 from Form K-120 or K-121; or lines 21 and 22 from Form K-130 or K-131; or lines 22 and 23 of Form K-120S or K-121S. This amount cannot be less than zero) .....	6	.00
7. Expensing deduction remaining (subtract line 6 from line 5; cannot be less than zero) .....	7	.00
8. Expensing deduction used against Kansas net income of other entities in the combined group. If more space is needed, enclose separate schedule. For a K-120S or K-121S, enter zero.		

(a) ENTITY NAME	(b) ENTITY EIN	(c) AMOUNT USED
		.00
		.00
		.00
		.00
		.00
		.00
		.00
		.00

Amount used by other entities this year (total the amounts in column (c) and enter result) .....

8	8	.00
9. Total expensing deduction used this year (add line 8 to either line 5 or line 6, whichever is less. For K-120S and K-121S, line 8 is always zero). Enter result here and on the Kansas expensing deduction line of Form K-120, K-121, K-130, K-131, K-120S or K-121S .....	9	.00
10. Expensing deduction to use as a net operating loss of this entity next tax year (subtract line 8 from line 7) .....	10	.00





**PART B - COMPUTATION OF KANSAS EXPENSING**

(a) I.R.C. § 168 Recover Period	(b) Method	(c) Factor	(d) Basis for Depreciation	(e) Bonus Depreciation and I.R.C. § 179	(f) Net Basis <small>(Subtract column e from column d)</small>	(g) Kansas Expensing <small>(Multiply column f by column c)</small>
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00
			.00	.00	.00	.00

11. Total (enter this amount on line 1 of this form) ..... .00

**PART C - RECAPTURE OF EXPENSING DEDUCTIONS PREVIOUSLY CLAIMED**

(a) I.R.C. § 168 Recover Period	(b) Year Placed in Service	(c) Current Year	(d) Recapture Factor <small>(Subtract column b from column c)</small>	(e) Years Remaining <small>(Subtract column d from column a)</small>	(f) Percent of Recapture <small>(Divide column e by column a)</small>	(g) Kansas Expensing Previously Allowed	(h) Recapture Amount <small>(Multiply column g by column f)</small>
						.00	.00
						.00	.00
						.00	.00
						.00	.00
						.00	.00

12. Total (enter this amount on line 2 of this form) ..... .00

# INSTRUCTIONS FOR SCHEDULE K-120EX

## GENERAL INFORMATION

The expensing deduction under K.S.A. 79-32,143a is available to income tax filers for taxable years commencing after December 31, 2011 and privilege tax filers for tax years commencing after December 31, 2013 (For tax years commencing after December 31, 2012, the deduction was limited to C corporations.) The deduction is available again for all income tax filers for tax years commencing after December 31, 2020. The deduction must be made by the due date of the original return, including any extension of time to file, and may be made only for the taxable year in which the eligible property is placed in service in Kansas.

An election for expensing is made by filing your Corporation Income Tax (K-120), Privilege Tax (K-130), Individual Income Tax (K-40) or Fiduciary Income Tax return (K-41) with Schedule K-120EX. If filing a paper return, enclose federal Form 4562 with each K-120EX and any additional schedule(s) necessary to enable Kansas Department of Revenue to reconcile Form 4562 amounts to the expensing claimed on your K-120EX.

**QUALIFIED PROPERTY.** You may elect to take an expensing deduction from Kansas net income apportioned or allocated to this state for the cost of the following property placed in service in this state during the taxable year: 1) Tangible property eligible for depreciation under the modified accelerated cost recover system in section 168 of the IRC (Internal Revenue Code), as amended, but not including residential rental property, nonresidential real property, any railroad grading or tunnel bore or any other property with an applicable recover period in excess of 25 years as defined under section 168(c) or (g) of the IRC, as amended; and, 2) Computer software as defined in section 197(e)(3)(B) of the IRC, as amended, and as described in section 197(e)(3)(A)(i) of the IRC, as amended, to which section 167 of the IRC, as amended, applies.

**SITUS OF PROPERTY.** The situs will be the physical location of such property located in Kansas. If the property is mobile, the situs will be the physical location of the business operations from which the property is used or based. Software shall be apportioned to Kansas based on the fraction, the numerator of which is the number of taxpayer's users located in Kansas of licenses for such computer software used in the active conduct of the taxpayer's business operations, and the denominator of which is the total number of the taxpayer's users of the licenses for such computer software used in the active conduct of the taxpayer's business operations everywhere.

**UNITARY OPERATION.** If you are a corporate or privilege taxpayer filing a combined return, you may elect to apply the expense deduction against the Kansas income of any member of the combined group. This option is only available for the expense deduction, not for any subsequent net operating loss caused by the expense deduction. Each entity within the combined group that made a qualifying investment must complete a Schedule K-120EX and enclose it with the return when filed.

**TAX CREDITS AND THE EXPENSING DEDUCTION.** If claiming an expensing deduction on an investment, you may not use that investment in the following tax credits, accelerated depreciation, or deductions: K-35, Historic Preservation; K-38, Swine Facility Improvement; K-53, Research and Development; K-59, High Performance Incentive Program; K-62, Alternative-Fuel Tax; K-73, Petroleum Refinery; K-77, Qualifying Pipeline; K-78, Nitrogen Fertilizer Plant; K-79, Biomass-to-Energy Plant; K-80, Integrated Coal Gasification Power Plant; K-81, Environmental Compliance; K-82, Storage and Blending Equipment; and K-83, Electric Cogeneration Facility.

**EXPENSING DEDUCTION EXCEEDING KANSAS NET INCOME.** If the expensing deduction exceeds net income apportioned or allocated to this state, such excess will be treated as a Kansas net operating loss by the entity that made the original investment.

**COMPUTATION OF KANSAS EXPENSING AFTER THE ELECTION.** For taxable years beginning after December 31, 2020, the amount of expensing deduction for such cost shall equal the difference between the depreciable cost of such property for federal income tax purposes and the sum of the amount of bonus depreciation claimed under I.R.C. § 168(k) and depreciation claimed under I.R.C. § 179. That amount will be multiplied by the applicable factor, determined

by using, the table provided in K.S.A. 79-32,143a(f), based on the method of depreciation selected pursuant to section 168(b)(1), (2), or (3) or (g) of the IRC, as amended, and the applicable recover period for such property as defined under section 168(c) or (g) of the IRC, as amended.

*EXAMPLE: A taxpayer using the 200% declining balance method with a recover period of 5 years and the basis for depreciation is \$10,000. The taxpayer has no bonus depreciation to subtract out so the net basis is \$10,000. Refer to the table on the next page. At the column headed I.R.C. § 168 Recover Period (year), go down to 5 years and use .116 under the 200DB column to multiply by the net basis of \$10,000. The expensing deduction for this item is \$1,160 to use as a subtraction from Kansas income. For corporate purposes this is subtracted from income after apportionment on line 24 of Form K-120 or K-121.*

**EXPENSING DEDUCTION RECAPTURE.** If the property was sold, disposed of, or moved out of Kansas within the recover period (5 years in the above example), the expensing deduction previously determined shall be subject to recapture and treated as Kansas taxable income allocated to Kansas. The amount of recapture is the Kansas expensing deduction previously determined multiplied by a fraction, the numerator of which is the number of years remaining in the recover period for such property as defined under Section 168(c) or (g) of the IRC, after such property is sold or removed from the state including the year of disposition and the denominator is the total number of years in the total recover period.

*EXAMPLE: In the example above, assume the taxpayer purchased property and claimed the expensing deduction on the 2020 return. In the year ending 2022 return, the taxpayer sold the property. The expensing deduction previously determined was \$1,160. The original recover period was five years. They sold the property in 2022 so there are three years remaining in the recover period. Three years remaining divided by five years total recovery equals 60%. 60% multiplied by \$1,160 equals \$696 which is to be added back to Kansas on K-120EX, PART A, line 2. If the recover period has expired, there is no recapture.*

## SPECIFIC LINE INSTRUCTIONS

Enter the applicable information (Name of taxpayer and SSN or EIN) at the top of Schedule K-120EX. Pass-through entities with shareholders or partners will complete both lines of Name of taxpayer (shareholder's name on the top line and pass-through entity's name on the second line).

**C corporation (regular corporation) and financial institutions:** Complete PART A after completing PART B and/or PART C, as applicable.

**Pass-through entity (an entity not taxed on their income—partnership/subchapter S corporation—but passes their income to another entity that has a tax levied against it):** If you have pass-through income and received an expensing deduction from a partnership or S corporation that has a recapture of the expensing previously claimed, complete PART C and lines 2 through 5 of PART A. The pass-through entity should supply the shareholders or partners with the pass-through entity's K-120EX.

## PART A – COMPUTATION OF EXPENSING FOR THIS ENTITY

**LINE 1** – Enter the total Kansas expensing from PART B, line 11.

**LINE 2** – Enter the recapture amount from PART C, line 12.

**LINE 3** – Subtract line 2 from line 1 and enter the result.

**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. If line 1 is greater than line 2, you have an **expense to subtract** from income. C corporation and privilege tax filers continue to line 6.

If line 2 is greater than line 1, you have a **recapture to add** to income.

**K-40 and K-41 filers STOP HERE.** If the amount on line 5 is a positive number (the expense on line 1 is more than the recapture on line 2), enter it as a subtraction modification on Schedule S, line

A21 or Form K-41, line 26g. If the amount on line 5 is negative (the recapture on line 2 is more than the expense on line 1), enter it as an addition modification on Schedule S, line A3 or Form K-41, line 25e.

**K-120S and K-121S filers NOT electing SALT (State and Local Tax) PARITY**, if the amount on line 5 is a negative number, enter as a positive number on line 24 and if the amount on line 5 is a positive number, enter on line 25 of Form K-120S or K-121S.

**K-120S and K-121S filers electing SALT (State and Local Tax) PARITY**, if the amount on line 5 is a negative number, enter as a positive number on line 24 of the K-120S or K-121S. If the amount on line 5 is a positive number, complete lines 6, 7, 9 and 10. On line 8, enter zero.

**K-120, K-121, K-130 and K-131** filers with a positive number on line 5, proceed to line 6. If the amount on line 5 is a negative number (the recapture on line 2 was more than the expense on line 1) then STOP HERE and enter the amount from line 5 as a positive number on line 23 of Form K-120 or Form K-121 or line 23 of Form K-130 or Form K-131.

**LINE 6** – Enter Kansas net income for this entity. This is determined by adding lines 21 and 22 together on Form K-120, K-121, K-130, K-131 or lines 22 and 23, K-120S or K-121S.

**LINE 7** – Subtract line 6 from line 5 (cannot be less than zero).

**LINE 8** – If the entity is filing a combined return, they may elect to take an expensing deduction against the income of any member of the combined group. If they make this election, complete line 8, (a), (b) and (c). If more space is needed, enclose a separate schedule. Enter the sum of (c) on line 8. For K-120S or K-121S, enter zero.

**LINE 9** – Add line 8 to the lesser of line 5 or line 6. Enter result on line 24 of Form K-120, K-121, K-130, K-131 or line 25 of K-120S or K-121S. If filing combined, each entity will record their portion of the deduction on Forms K-121 or K-131. The Combined Income column for line 24, K-121 and K-131 and line 25, K-121S should equal the amount reported here.

**LINE 10** – Subtract line 8 from line 7. This is the amount of net operating loss (NOL) remaining to carry forward to next year's return. The NOL may only be used by the entity that claimed the initial expensing deduction – not to be used by any other entities in a combined group.

If filing K-120S or K-121S and filing under SALT PARITY, any net operating loss must stay with the entity.

## PART B – COMPUTATION OF KANSAS EXPENSING

Complete PART B for the type of Kansas property you are electing to expense and enclose federal Form 4562 with this schedule to support your claim. To report an expensing recapture complete PART C and lines 2 through 5 of PART A.

**Column (a)** – Using the table below, enter the recover period. This should match the federal recover period claimed on Form 4562.

**Column (b)** – Enter the method (200 DB, 150 DB or S/L).

**Column (c)** – Using the table below, enter the factor for that recover period and method.

**Column (d)** – Enter the basis for depreciation.

**Column (e)** – Enter any bonus depreciation and any expense deduction being claimed for such property under I.R.C. § 179.

**Column (f)** – Subtract Column (e) the bonus depreciation and the I.R.C. § 179 expense from Column (d) the basis for depreciation.

**Column (g)** – Multiply the factor (c) by the net basis (f). For instance, for a 3 year recover period that was a 200% DB, enter 0.075 in (c) and assuming (f) is 100, the result to enter in (g) is 7.50.

**LINE 11** – Add all amounts in (g) and enter result on this line and on line 1, PART A of this schedule.

## PART C – RECAPTURE OF EXPENSING DEDUCTIONS PREVIOUSLY CLAIMED

If property that was previously expensed was sold or moved out of Kansas within the "recover period," the expensing deduction previously determined is subject to recapture and treated as Kansas taxable income allocated to Kansas. If more space is needed, enclose a separate schedule. NOTE: These instructions reference data from the *EXAMPLE* on the previous page.

**Column (a)** – Enter the recover period. It should be the same recover period that was claimed on the initial expense deduction for this asset(s). In our example 5 years was used.

**Column (b)** – Enter ending period of the tax year that the asset(s) was claimed as an expense deduction.

**Column (c)** – Enter the ending period of the current year tax return. Example: 2022.

**Column (d)** – Compute the recapture factor by subtracting the year placed in service (b) from the current year (c) and enter result. Example: 2022 - 2020 = 2.

**Column (e)** – Compute years remaining by subtracting recapture factor (d) from the recover period (a). Example: Subtract recapture factor of 2 from the recover period of 5 equals 3.

**Column (f)** – Divide the years remaining (e) by the recover factor (a) and enter resulting percentage. Example: Divide years remaining of 3 by recover period of 5 equals the percent of recapture of 60%.

**Column (g)** – Enter the Kansas expensing previously allowed. In our example this amount was \$1,160.

**Column (h)** – Multiply (g) by the percent in (f) and enter result. Example: \$1,160 by 60% equals \$696. This is the recapture amount for this asset.

**LINE 12** – Add all amounts in (h) and enter the result on line 12 and on line 2, PART A of this schedule.

### Use the table below to determine the expense deduction (PART B)

#### FACTORS

I.R.C. § 168 Recover Period (year)	I.R.C. § 168(b)(1) Depreciation Method (200% declining balance) (200DB)	I.R.C. § 168(b)(2) Depreciation Method (150% declining balance) (150DB)	I.R.C. § 168(b)(3) or (g) Depreciation Method (Straight line or alternative) (S/L)	I.R.C. § 168 Recover Period (year)	I.R.C. § 168(b)(1) Depreciation Method (200% declining balance) (200DB)	I.R.C. § 168(b)(2) Depreciation Method (150% declining balance) (150DB)	I.R.C. § 168(b)(3) or (g) Depreciation Method (Straight line or alternative) (S/L)
2.5	*	.077	.092	11.5	*	.248	.269
3	.075	.091	.106	12	*	.256	.277
3.5	*	.102	.116	12.5	*	.263	.285
4	*	.114	.129	13	*	.271	.293
5	.116	.135	.150	13.5	*	.278	.300
6	*	.154	.170	14	*	.285	.308
6.5	*	.163	.179	15	*	.299	.323
7	.151	.173	.190	16	*	.313	.337
7.5	*	.181	.199	16.5	*	.319	.344
8	*	.191	.208	17	*	.326	.351
8.5	*	.199	.217	18	*	.339	.365
9	*	.208	.226	19	*	.351	.378
9.5	*	.216	.235	20	*	.363	.391
10	.198	.224	.244	22	*	.386	.415
10.5	*	.232	.252	24	*	.408	.438
11	*	.240	.261	25	*	.419	.449