



# INSTRUCTIONS FOR SCHEDULE K-53

## GENERAL INFORMATION

A credit may be deducted from a taxpayer's Kansas income tax liability if the taxpayer had qualifying expenditures in research and development activities conducted within Kansas (K.S.A. 79-32,182b). Qualifying expenditures are expenditures made for research and development purposes (other than expenditures of monies made available to the taxpayer pursuant to federal or state law), which are expenses allowable for deduction under the provisions of the federal Internal Revenue Code of 1986 and amendments thereto.

The allowable credit is 6.5% of the amount by which the amount expended for the activities in the taxable year exceeds the taxpayer's average of the actual expenditures. This is for the activities made in the taxable year and the two immediate preceding taxable years.

The amount of credit allowable in any one taxable year is limited to 25% of the total amount of the credit plus any applicable carry forward. The amount of any remaining unused credit may be carried forward until the total amount of the credit is used.

For tax year 2013, and all tax years thereafter, new credits shall be available to only corporations that are subject to the Kansas corporate income tax (i.e., C corporations). New credits are not available to individuals, partnerships, S corporations, limited liability companies, and other pass-through entities.

**Carry Forward of Unused Credits:** If this credit was earned prior to tax year 2013 and a carry forward credit remains available to a taxpayer, that taxpayer may continue to claim that credit. However, that carry forward credit shall be subject to limitations and requirements in place at the time the credit was earned.

Be sure to keep an itemized schedule of expenditures for amounts claimed on lines 1, 2a and 2b. KDOR (Kansas Department of Revenue) reserves the right to request this information as necessary.

## SPECIFIC LINE INSTRUCTIONS

Enter the taxpayer's name and Social Security number or federal Employer Identification Number (EIN) in the space provided. If the person claiming this credit is a partner or shareholder in a partnership, LLC, S Corporation, etc., enter the name and EIN of that entity.

### **PART A – COMPUTATION OF MAXIMUM ALLOWABLE CREDIT FOR THIS YEAR'S EXPENDITURES (C Corporations only)**

**LINE 1** – Mark the box that best describes your research and development expenditures for the current year.

**LINE 2a** – Enter the total allowable research and development expenditures for activities conducted within Kansas for the **first** tax year preceding the current taxable year.

**LINE 2b** – Enter the total allowable research and development expenditures for activities conducted within Kansas for the **second** tax year preceding the current taxable year.

**LINE 3** – Add lines 1, 2a, and 2b and enter the result on line 3.

**LINE 4** – Divide line 3 by three (3). This is the amount of average expenditures.

**LINE 5** – Subtract line 4 from line 1. This is the amount of expenditures eligible for the credit. If line 1 is less than or equal to line 4, enter zero on line 5.

**LINE 6** – Multiply line 5 by 6.5% (.065). This is the total credit.

**LINE 7** – Multiply line 6 by 25% (.25). This is the maximum credit allowed in any one tax year.

### **PART B – COMPUTATION OF ALLOWED CREDIT FOR THIS YEAR'S EXPENDITURES**

**LINE 8** – Enter amount of your Kansas tax liability for this year.

**LINE 9** – Enter the lesser of line 7 or line 8. This is the credit allowed for expenditures made during this tax year.

### **PART C – COMPUTATION OF CARRY FORWARD CREDIT**

**LINE 10** – Subtract line 9 from line 6. This is the amount of credit to be carried forward.

### **PART D – COMPUTATION OF CREDITS FROM PRIOR YEARS**

If additional columns are necessary, please enclose a separate schedule. You will need copies of your Schedule K-53 forms from prior years to complete this section.

**LINE 11** – Enter the year end date of the original Schedule K-53 for which you are claiming a carry forward credit.

**LINE 12** – Enter the amount of carry forward from the original Schedule K-53 for the year shown on line 11.

**LINE 13** – Enter the total amount of line 12 which you have previously claimed as a credit.

**LINE 14** – Enter the years you previously claimed the credit.

**LINE 15** – Subtract line 13 from line 12. This is the amount of carry forward remaining from the prior K-53 schedules.

**LINE 16** – Enter the maximum credit allowable in any one year from the original Schedule K-53 for the year shown on line 11.

**LINE 17** – Enter the lesser of line 15 or line 16. This is the amount of carry forward available to this return from each year shown on line 11.

**LINE 18** – Add line 17, columns (A) through (D) (plus additional columns if applicable) and enter the result. This is the total amount of carry forward credit available to this tax year.

**LINE 19** – Enter total Kansas tax liability for the current tax year after all previously claimed credits.

### **PART E – COMPUTATION OF TOTAL CREDIT CLAIMED THIS TAX YEAR**

**LINE 20** – Enter the lesser of the sum of lines 9 and 18 or line 19. Enter this amount on the appropriate line of Form K-40, Form K-41, or Form K-120.

## TAXPAYER ASSISTANCE

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

Taxpayer Assistance Center  
Scott Office Building  
120 SE 10th Ave.  
PO Box 758571  
Topeka, KS 66675-8571

Phone: 785-368-8222  
Fax: 785-291-3614  
[ksrevenue.org](http://ksrevenue.org)