

K-40 Instructions

TAXPAYER INFORMATION

If you have a pre-addressed label from this booklet place it on your K-40, **after** you complete it. If your name or address changed since you last filed, do not use the label. Complete all other information at the top of the form. If your name or address changed, or if you are filing with or for a deceased taxpayer, indicate so by marking the appropriate boxes.

FILING INFORMATION

Amended: If you are filing an amended return for 2010, place an "X" in the AMENDED box and in the appropriate sub-box indicating the reason. You **cannot** change the filing status from "joint" to "separate" after the due date has passed for filing a separate return (April 18 for calendar year taxpayers).

Filing Status: Your Kansas filing status must be the same as your federal filing status. If your federal filing status is **QUALIFYING WIDOW(ER) WITH DEPENDENT CHILD**, check the **HEAD OF HOUSEHOLD** box. If you and your spouse file a joint federal return, you must file a joint Kansas return, even if one of you is a nonresident. If you each file separate federal returns, you must file separate Kansas returns.

Residency Status: Check the appropriate box for your residency status (for definitions, visit our web site).

Exemptions: Enter the number of exemptions claimed on your federal return. If your filing status is *Head of Household*, you are allowed an additional exemption on your Kansas return; enter a "1" in the box provided. Enter the total number of exemptions in the *Total Kansas exemptions* box. **Important**—If you are claimed as a dependent by another taxpayer, enter "0" in the "Total Kansas exemptions" box.

INCOME

LINES 1 through 3: Complete these line items as indicated on Form K-40. If any are negative numbers, be sure to shade the minus [-] sign in the box to the left of the negative number.

NOTE: Many taxpayers will not have modifications. If you do not, skip line 2 and enter amount from line 1 on line 3. If, however, you have income that is taxable at the federal level but not taxable to Kansas, or income that is exempt from federal but taxable to Kansas, you must complete Part A of Schedule S.

DEDUCTIONS

LINE 4 – Standard or Itemized Deductions: If you did not itemize your deductions on your federal return, you must take the standard deduction on your Kansas return. If you itemized on your federal return, you may either itemize or take the standard deduction on your Kansas return, whichever is to your advantage. If you are married and file separate returns, you and your spouse must use the same method of claiming deductions – if one of you itemize, the other must also itemize.

KANSAS STANDARD DEDUCTION

The following amounts will be the **standard deduction for most people** to enter on line 4:

Single or Married Filing Separate	\$3,000
Married Filing Joint	\$6,000
Head of Household	\$4,500

If **you or your spouse is over 65 and/or blind**, complete WORKSHEET I, Standard Deduction for People 65 or Older and/or Blind, to determine your standard deduction.

If **you are being claimed as a dependent** on another taxpayer's return and line 1 of Form K-40 includes income other than earned income, complete WORKSHEET II, Standard Deduction for People Claimed as a Dependent, to determine your standard deduction.

WORKSHEET I - Standard Deduction for People 65 or Older and/or Blind

Check if:	You were 65 or older <input type="checkbox"/>	Blind <input type="checkbox"/>
	Spouse was 65 or older <input type="checkbox"/>	Blind <input type="checkbox"/>
Filing status:	Boxes checked:	Enter on line 4:
Single	1	\$3,850
	2	\$4,700
	1	\$6,700
	2	\$7,400
Married Filing Joint	3	\$8,100
	4	\$8,800
	1	\$3,700
	2	\$4,400
Married Filing Separate	3	\$5,100
	4	\$5,800
	1	\$5,350
	2	\$6,200
Head of Household	1	\$5,350
	2	\$6,200

WORKSHEET II - Standard Deduction for People Claimed as a Dependent

1. Enter the amount of your earned income	<input type="text"/>
2. Minimum standard deduction	\$500.00
3. Enter the larger of lines 1 or 2	<input type="text"/>
4. Enter the amount for your filing status	<input type="text"/>
Single — \$3,000	Married filing joint — \$6,000
Head of household — \$4,500	Married filing separate — \$3,000
5. Enter the lesser of lines 3 or 4. Stop here if you are under 65 & not blind. Enter this amount on line 4, K-40.	<input type="text"/>
6. a. Check all that apply: You were 65 or older <input type="checkbox"/>	Blind <input type="checkbox"/>
Spouse was 65 or older <input type="checkbox"/>	Blind <input type="checkbox"/>
b. Number of boxes checked	<input type="text"/>
c. Multiply 6b by \$850 (\$700 if married filing joint or separate)	<input type="text"/>
7. Add lines 5 and 6c. Enter here and on line 4, K-40	<input type="text"/>

KANSAS ITEMIZED DEDUCTIONS

You may itemize your deductions on your Kansas return **ONLY** if you itemized your deductions on your federal return.

If you elect, on your federal return, to deduct state and local general **sales and use taxes** instead of state and local **income taxes** then your Kansas itemized deductions are the same as your federal itemized deductions. If you deduct **income taxes** on your federal return, use the worksheet that follows to calculate your Kansas itemized deductions.

NOTE: For 2010, taxpayers with adjusted gross income (AGI) above a certain amount will NOT lose any of their deduction for personal exemptions and itemized deductions. The federal Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 gradually phased out the limitations on itemized deductions and the phase-out of personal and dependent exemptions over five years, from 2006 to 2010. In tax year 2010, the limitation and the phase-out will not be in effect. The general sunset of EGTRRA provisions will reinstate the full amount of the limitation of itemized deductions and the phase-out of exemptions beginning in tax year 2011.

ITEMIZED DEDUCTION WORKSHEET

- 1) Total itemized deductions on line 29* of federal Schedule A \$
- 2) State and local income taxes on line 5* of federal Schedule A \$
- 3) Kansas itemized deductions (subtract line 2 from line 1). Enter this amount on line 4 of Form K-40. \$

* Federal line number references are subject to change

LINE 5 – Exemption Allowance: Multiply the total number of exemptions claimed on Form K-40 by \$2,250. **Important**—If you are claimed as a dependent by another taxpayer, enter “0” on line 5.

TAX COMPUTATION

LINE 8 – Tax: If line 7 is **\$50,000 or less**, use the **Tax Tables** beginning on page 18 to find the amount of your tax. If line 7 is **more than \$50,000**, you must use the **Tax Computation Schedules** on page 22 to compute your tax.

Residents – If you are filing as a resident, skip lines 9 and 10 and go to line 11. **Nonresidents** – If you are filing as a nonresident, you must complete Part B of Schedule S. See page 17.

LINE 9 – Nonresident Allocation Percentage: Enter the percentage from Schedule S, Part B, line B23. If 100%, enter 100.0000.

LINE 10 – Nonresident Tax: Multiply line 8 by the percentage on line 9 and enter the result on line 10.

LINE 11 – Kansas Tax on Lump Sum Distributions: If you received income from a lump sum distribution and there was a federal tax imposed on this income in accordance with federal Internal Revenue Code Section 402(e), then you are subject to Kansas tax on your lump sum distribution. If you are a resident, enter **13%** of the federal **tax** on your lump sum distribution (determined on federal Form 4972) on line 11. If you are a nonresident, leave line 11 blank.

Note: If you are paying a federal tax on a lump sum distribution received from the Kansas Public Employees’ Retirement System (KPERs), prorate the federal tax. Divide the Kansas taxable portion of the distribution (accumulated interest plus any contributions made since July 1, 1984, that have **not** been previously added back on your Kansas income tax returns) by the total portion of the distribution.

LINE 12 – Total Kansas Tax: If you are filing as a **resident**, add lines **8** and **11** and enter the result on line 12. If you are filing this return as a **nonresident**, enter the amount from line **10** again on line 12.

CREDITS

LINE 13 – Taxes Paid to Other States: If you paid income tax to another state, you may be eligible for a credit against your Kansas tax liability. If you had income from a state that has no state income tax, make no entry on line 13 and go to line 14.

Note: If you are eligible for a tax credit paid to another state, the credit amount cannot exceed the tax liability shown on the other state’s tax return. The tax liability is **NOT** the amount of tax withheld for the other state.

IMPORTANT: To receive a credit for taxes paid to another state, you must enclose a copy of the other state(s) tax return and supporting schedules with Form K-40. Copies of the other state’s W-2 forms are **NOT** acceptable. If claiming a foreign tax credit, and you were required to complete federal Form 1116, enclose a copy with your Kansas return.

Foreign Tax Credit. As used in this section, *state* means any state of the United States, District of Columbia, Puerto Rico, any territory or possession of the United States and any foreign country or political subdivision of a foreign country. The Kansas credit for foreign taxes is first limited to the difference between the actual tax paid to the foreign country and the foreign tax credit allowed on your federal return. If you claimed the foreign tax paid as an itemized deduction on your federal return, no credit is allowed in this section.

Foreign Tax Credit Worksheet

- A 2010 tax paid to the foreign country \$
- B. LESS: Federal foreign tax credit allowed .. \$
- C. EQUALS: Kansas foreign tax limitation amount. Enter this amount on line 1 of the other state’s tax credit worksheet for your Kansas residency status \$

TAXES PAID TO OTHER STATES BY KANSAS RESIDENTS

If you are a Kansas resident you may claim this credit if:

- Your total income on line 1 includes income earned in the other state(s); AND
- You were required to pay income tax to the other state(s) on that income.

IMPORTANT: Your credit is **NOT** the amount of tax withheld in the other state(s), it is determined from the “Worksheet for Residents.” Complete the tax return(s) for the other state(s) before using this worksheet.

If you paid taxes to more than one state, complete a worksheet for each state, combine the results, and enter the total on line 13 of Form K-40.

Worksheet for Residents

- 1) Amount of 2010 tax actually paid to the other state \$
- 2) Total Kansas tax (Line 12, Form K-40) \$
- 3) Other state’s adjusted source income (In many states the adjusted source income is reported on an income allocation schedule, which should show the amount to enter here) ... \$
- 4) Kansas adjusted gross income (Line 3, Form K-40) \$
- 5) Percentage limitation (Divide line 3 by line 4) %
- 6) Maximum credit allowable (Multiply line 2 by line 5) \$
- 7) Credit for taxes paid to the other state (Enter the lesser of line 1 or line 6; enter also on line 13, Form K-40) \$

TAXES PAID TO OTHER STATES BY PART-YEAR RESIDENTS THAT FILE AS NONRESIDENTS

If you are filing as a nonresident of Kansas you may claim this tax credit if:

- You were a Kansas resident for part of the year,
- Your total income reported to Kansas includes income earned in the other state while you were a Kansas resident, AND
- You were required to pay taxes on that other state’s income.

Complete the following worksheet to determine your credit. If credit is based on taxes paid to more than one state, complete a worksheet

for each state, combine the results, and enter the total on line 13, Form K-40.

Worksheet for Part-year Residents filing as Nonresidents	
1) Amount of 2010 tax actually paid to the other state	\$ <input type="text"/>
2) Total Kansas tax (line 12, Form K-40)	\$ <input type="text"/>
3) Other state's adjusted source income (In many states the adjusted source income is reported on an income allocation schedule, which should show the amount to enter here)	\$ <input type="text"/>
4) Kansas modified source income (Line B21, Part B, Schedule S)	\$ <input type="text"/>
5) Income earned in the other state while a Kansas resident (Amount of the adjusted source income in the other state for which you are taking a tax credit and which is included in your Kansas source income)	\$ <input type="text"/>
6) Percentage limitation (Divide line 5 by line 3)	<input type="text"/> %
7) Amount of other state's tax applicable to income reported to Kansas (Multiply line 1 by line 6)	\$ <input type="text"/>
8) Percentage limitation (Divide line 5 by line 4)	<input type="text"/> %
9) Maximum credit allowable (Multiply line 2 by line 8)	\$ <input type="text"/>
10) Credit for taxes paid to the other state (Enter the <u>lesser</u> of line 7 or line 9; enter also on line 13, Form K-40)	\$ <input type="text"/>

LINE 14 – Child & Dependent Care Credit: This credit is available to Kansas residents only. Multiply amount of credit allowed against your federal income tax liability (federal Form 2441) by 25% and enter the result on line 14.

LINE 15 – Other Credits: Enter the total of all other tax credits for which you are eligible. You must complete and enclose with your Form K-40 the required schedule to claim any of the following credits:

Credit	Schedule Required
Adoption Credit	K-47
Agritourism Liability Insurance Credit	K-33
Alternative Fuel Credit	K-62
Angel Investor Credit	K-30
Assistive Technology Contribution Credit	K-42
Bio-Mass to Energy Credit	K-79
Business and Job Development Credit	K-34
Business Machinery and Equipment Credit	K-64
Carryback of Net Operating Farm Loss Refund	K-67
Child Day Care Assistance Credit (employers only)	K-56
Community Service Contribution Credit	K-60
Declared Disaster Capital Investment Credit	K-87
Disabled Access Credit	K-37
Electric Cogeneration Facility Credit	K-83
Environmental Compliance Credit	K-81
High Performance Incentive Program Credit	K-59
Historic Preservation Credit	K-35
Historic Site Contribution Credit	K-75
Individual Development Account Credit	K-68
Integrated Coal Gasification Power Plant Credit	K-80
Kansas Center for Entrepreneurship Credit	K-31
Kansas Law Enforcement Training Center Credit	K-72
Nitrogen Fertilizer Plant Credit	K-78
Petroleum Refinery Credit	K-73
Plugging an Abandoned Gas or Oil Well Credit	K-39

Qualifying Pipeline Credit	K-77
Regional Foundation Contribution Credit	K-32
Research & Development Credit	K-53
Single City Port Authority	K-76
Small Employer Healthcare Credit	K-57
Storage and Blending Equipment Credit	K-82
Swine Facility Improvement Credit	K-38
Telecommunications Property/Income Tax Credit	K-36
Temporary Assistance to Families Contribution Credit	K-61
Venture and Local Seed Capital Credit	K-55

USE TAX

LINE 18 – Use Tax Due: If you made purchases of items from retailers located outside of Kansas on which no sales tax was paid (including freight, shipping or handling fees), complete line 18. If you are unsure as to the amount of tax due, use the following chart to estimate the compensating use tax for calendar year 2010. See page 2 for more information about the Kansas Use Tax.

If line 3, K-40 is:	Use Tax is:	If line 3, K-40 is:	Use Tax is:
\$0 - \$15,000	\$ 5	\$45,001 - \$60,000	\$35
\$15,001 - \$30,000	\$15	\$60,001 - \$75,000	\$45
\$30,001 - \$45,000	\$25	\$75,001 and over	line 3 X .073%

LINE 19 – Total Tax Balance: Add lines 17 and 18 and enter the result.

WITHHOLDING and PAYMENTS

LINE 20 – Kansas Income Tax Withheld: Add the Kansas withholding amounts shown on your W-2 forms (also 1099s and K-19 forms, if applicable). Enter the total on line 20. The Department of Revenue does not require that you enclose copies of W-2s or 1099s with Form K-40, but reserves the right to request them at a later date. You must, however, enclose any K-19 forms with your Form K-40.

If you have not received a W-2 form from your employer by January 31, or if the form you received is incorrect, contact your employer.

LINE 21 – Estimated Tax Paid: Enter the total of your 2010 estimated tax payments plus any 2009 overpayment you had credited forward to 2010.

LINE 22 – Amount Paid With Kansas Extension: Enter the amount paid with your request for an extension of time to file.

LINE 23 – Earned Income Credit: This credit is available to residents only. Multiply amount of credit allowed on your federal return by 18%. You may choose to have the IRS compute your federal earned income credit. If you do not receive the information from the IRS before the deadline for filing your Kansas return you should complete Form K-40 without the credit, and be sure to pay any amount you owe. Once the IRS sends you the completed earned income credit figures, you may then file an amended Kansas return to claim the credit. See *Amending Your Return* in this booklet.

LINE 24 – Refundable Credits: Enter the total refundable portion of these credits:

Business Machinery and Equipment Credit	K-64
Carryback of Net Operating Farm Loss Refund	K-67
Child Day Care Assistance Credit (employers only)	K-56
Community Service Contribution Credit	K-60
Declared Disaster Capital Investment Credit	K-87
Disabled Access Credit	K-37
Historic Site Contribution Credit	K-75
Individual Development Account Credit	K-68
Regional Foundation Contribution Credit	K-32
Small Employer Healthcare Credit	K-57
Telecommunications and Railroad Credit	K-36

FOOD SALES TAX

LINE 25 – Food Sales Tax Refund: To qualify for a refund of tax paid on food purchases, you must meet residency status, taxpayer status and the qualifying income limitation. Complete STEPS 1 through 3 of the Qualifying Worksheet on page 22. If you meet **ALL** of the qualifications from the worksheet, compute your refund by using the “Total Exemptions” on the front of Form K-40 and your income amount from line 14 of the Qualifying Worksheet. Enter the result on line 25.

If your qualifying income on line 14 of the Qualifying Worksheet is:		
\$ 0 – \$17,500	\$17,501 – \$35,000	\$35,001 or greater
multiply the number of exemptions by \$90	multiply the number of exemptions by \$45	you are not eligible for the refund

If you are filing a K-40 for a food sales tax refund only, then enter the refund amount from line 25 (minus any donations on lines 36 through 39) on line 40. **SIGN YOUR RETURN** and mail it to the address shown on the back of the return. **Refunds will not be issued for unsigned returns or for amounts less than \$5.00.**

IMPORTANT! The Kansas Department of Revenue accepts only one *original* 2010 K-40 return for you. **Do not** file two returns – one requesting a food sales tax refund and another to file your income tax return with your W-2s. **Food Sales Tax and Individual Income Tax must be filed together on the same Form K-40.**

AMENDED RETURNS

LINE 26 – Cash Remitted on Original Return: Use this line ONLY if you are filing an amended K-40 for the 2010 tax year. Enter the amount of money you remitted to the Department of Revenue with your original 2010 return. Also include the amount of a pending debit transaction you may have scheduled with your original return.

LINE 27 – Overpayment from Original Return: Use this line ONLY if you are filing an amended K-40 for the 2010 tax year. Enter the amount of overpayment shown on your original return. Since you were refunded this amount or it was credited forward, this amount is a subtraction entry.

LINE 28 – Total Refundable Credits: Add lines 20 through 26 and subtract line 27; enter result on line 28.

BALANCE DUE

LINE 29 – Underpayment: If your tax balance on line 19 is greater than your total credits on line 28, enter the difference on line 29.

If the amount on line 29 is not paid by the due date, penalty and interest will be added (see rules outlined in lines 30 and 31).

Extension of Time to File Your Return: Interest is due on any delinquent tax balance, even if you have been granted an extension of time to file the return. If **90%** of your tax liability is paid on or before the *original* due date of your return, an automatic extension is applied and no penalty is assessed.

LINE 30 – Interest: Compute interest at **.417% for each month** (or fraction thereof) from the *original* due date of the return on the amount on line 29.

LINE 31 – Penalty: Compute penalty at **1% per month** (or fraction thereof) from the *original* due date of the return on the amount on line 29. The maximum penalty is 24%.

LINE 32 – Estimated Tax Penalty: If the amount on line 29 minus line 18 is at least \$500 and is more than 10% of the tax on line 17, you may be subject to an estimated tax penalty. To determine if you have a penalty, complete Schedule K-210, found in this booklet. If you have a penalty on Schedule K-210, enter the amount on line 32. If the amount on line 29 minus the amount on line 17 is \$500 or more, you may not be subject to an estimated tax penalty if you meet one of the two exceptions: **1)** if withholdings and/or estimated

payments (lines 20 & 21) equal or exceed 100% of the prior year's tax liability (line 17 from last year's return) or, **2)** if your withholdings and/or estimated payments (lines 20 & 21) equal or exceed 90% of this year's income tax liability (line 17).

IMPORTANT: If at least two-thirds of your income is from farming or fishing, mark an “X” in the box on line 32.

LINE 33 – Amount You Owe: Add lines 29 through 32 and enter the total on line 33. This amount should be paid in full with the return. A balance due of less than \$5 need not be paid. You may make a donation to any or all of the contribution programs on lines 36 through 39, even if you have a balance due. Just add these amounts to your tax and write one check for the total of tax due and your contribution(s).

The Department of Revenue offers the following three options to pay your Kansas income tax:

CREDIT CARD

Payment by credit card is available on-line or by phone through third-party vendors. Visit our Electronic Services web site at webtax.org for a current list of vendors authorized to accept individual income tax payments for Kansas. Based on the amount of tax you are paying, a convenience fee will be charged.

DIRECT PAYMENT

If you choose WebFile or IRS e-File to file your Kansas return, **Direct Payment** is an option during the filing process to pay your balance due. If you file a paper return you also have the option to make an *electronic payment* by calling toll-free at 1-866-450-6490 or visit <https://www.kdor.org/personaltax/mainpage.aspx> for an on-line transaction.

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 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 20th and elect Direct Payment, you can have your bank account debited on the April 18 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 April 18 are considered to be timely paid.

Direct Payment saves time – no check to write and no 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.

IMPORTANT: You should check with your financial institution to be sure they allow an electronic debit (withdrawal) from your account.

CHECK OR MONEY ORDER

If you choose this payment option, **you must complete and submit Form K-40V** with your payment. Write your Social Security number on your check or money order and make it payable to “Kansas Income Tax.” If you are making a payment for someone else (i.e., daughter, son, parent), write that person's name and Social Security number on the check. **DO NOT** send cash. **DO NOT** staple or tape your payment to the K-40V or K-40, instead, enclose it loosely with your return.

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

OVERPAYMENT

LINE 34 – Overpayment: If your tax balance, line 19, is less than your total credits, line 28, enter the difference on line 34. **NOTE:** An overpayment less than \$5 will not be refunded, but may be carried forward as a credit to next year's return (line 35), or contributed to any of the contribution programs on lines 36 through 39.

LINE 35 – Credit Forward: Enter the portion of line 34 you wish to have applied to your 2011 Kansas estimated income tax (must be \$1 or more). If the amount on line 34 is less than \$5, you may carry it forward to 2011 as an additional credit even if you do not make estimated tax payments. You may make voluntary contributions to any of the tax deductible programs/funds listed on Lines 36 through 39 – see the following instructions. Your contribution(s) **will reduce** your **refund** or **increase** the **amount you owe**.

Examination Adjustment: *If your overpayment is decreased due to an adjustment to your return, any contributions you have made will be reduced by that amount. If your overpayment is increased, your contribution amount(s) will remain the same.*

LINE 36 – Chickadee Checkoff Program: Contributions to the Kansas Nongame Wildlife Improvement program will help improve the quality of wildlife in Kansas. Last year's contributions were used to:

- Conduct a statewide mammals atlas to update critical information for sensitive mammal populations for sensitive species evaluations and recovery.
- Monitor bald eagle populations and nesting success.
- Perform recovery plan strategies for state endangered species.
- Continue research on declining aquatic animals in southeast Kansas and restore declining freshwater clams.
- Continue long-term nongame projects such as the Kansas Winter Birdfeeder Survey, Bluebird Nest Program, and Backyard Nongame Wildlife Habitat Improvement Program.
- Support the Outdoor Wildlife Learning Sites (OWLS) for schools.

Enter on line 36 the amount you wish to contribute to this program (must be \$1 or more).

LINE 37 – Senior Citizens Meals On Wheels Contribution Program: All contributions are used solely for the purpose of providing funds for the Senior Citizens Meals On Wheels Contribution Program. The meals are prepared by a dietary staff and delivered by volunteers. The underlying objective of the program is to prevent deterioration of the elderly and handicapped individuals in the community, thus making it possible for them to live independently in their own homes for as long as possible. The friendly visit with the volunteers is socially helpful and daily visits are important in case of an emergency situation. Enter on line 37 the amount you wish to contribute to this program (must be \$1 or more).

LINE 38 – Kansas Breast Cancer Research Fund: The Kansas Breast Cancer Research Fund is devoted to ending suffering and death from breast cancer in Kansas. Every dollar collected stays in Kansas to bring the latest in breast cancer prevention, early detection, diagnosis, and treatment to Kansans. The research is conducted at the University of Kansas Cancer Center. With the hope of finding a cure, the purpose of this fund is to help save lives and significantly enhance the health of Kansans living with breast cancer. Enter on line 38 the amount you wish to contribute to this fund (must be \$1 or more).

LINE 39 – Military Emergency Relief Fund: Contributions will be used to help military families with the cost of food, housing, utilities and medical services incurred while a member of the family is on active military duty. Enter on line 39 the amount you wish to contribute to this fund (must be \$1 or more).

LINE 40 – Refund: Add lines 35 through 39 and subtract the result from line 34. This is your refund amount. If line 40 is less than \$5, it will not be refunded, however, you may carry it forward to be applied to your 2011 Kansas income tax liability (enter the amount on line 35). If you do carry it forward, please remember to claim it as an estimate payment on your 2011 return. You also have an option to apply it to one of the contribution programs/funds (lines 36 through 39 of Form K-40).

If you file a **paper** return, you need to **allow 16 weeks** from the date you mail it to receive your refund. Errors, inaccurate forms, photocopied forms, or incomplete information will delay processing even longer. **For a fast refund – file electronically!** See back cover for details.

REFUND SET-OFF PROGRAM

Kansas law provides that if you owe any delinquent debt (Kansas tax, child support, student loans, etc.) to a Kansas state agency, municipality, municipal court or district court, your income tax refund will be applied (set-off) to that delinquent debt. **The set-off process will cause a 10 to 12 week delay to any remaining refund.**

Unless the debt is a Kansas tax debt, the Department of Revenue will not have access to who the debt is owed to or how much is owed. You must contact the Debtor Setoff Department at 785-296-4628 for that information.

SIGNATURES

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 5).**

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, be sure you have:

- ✓ completed all required information on the return.
- ✓ written your numbers legibly in each box.
- ✓ enclosed, but not attached, all K-19 forms.
- ✓ **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.
- ✓ enclosed Form K-40V if you are making a tax payment.
- ✓ signed your return.

If you file Form K-40 using a Kansas address, do not include a copy of your federal return but keep a copy as it may be requested by the department at a later date. If your return 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 K-40.

Schedule S Instructions

PARTA

Additions to Federal Adjusted Gross Income

If you have items of income that are not taxed or included on your federal return but are taxable to Kansas, then complete lines A1 through A5 of Schedule S.

LINE A1. 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 & Universities; Electrical Generation Revenue Bonds; Industrial Revenue Bonds; Kansas Highway Bonds; Kansas Turnpike Authority Bonds; and, 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. 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 2010 (for example, you retired during 2010). **Lump Sum Distributions:** If you received a lump sum KPERS distribution during 2010, include on line A2 your 2010 KPERS contributions and follow the instructions for line A17, Other subtractions from federal adjusted gross income.

LINE A3. Enter any federal net operating loss carry forward claimed on your 2010 federal return.

LINE A4. Enter the amount of any charitable contributions claimed on your federal return used to compute contributions to a Regional Foundation on Schedule K-32.

LINE A5. 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 2010 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 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.
 - **Ad Valorem or Property Taxes.** Enter the amount of Ad Valorem or Property Taxes paid by a nonresident of Kansas to a state other than Kansas or to a local government located outside of Kansas, when the law of such state does not allow a Kansas resident to claim a deduction of Ad Valorem or Property Taxes paid to a Kansas political subdivision in determining taxable income (for income tax purposes) in such other state, to the extent that such taxes are claimed as an itemized deduction for federal income tax purposes.
- LINE A6.** Add lines A1 through A5 and enter the result on line A6.

Subtractions from Federal Adjusted Gross Income

If you have items of income that are taxable on your federal return but not to Kansas, then complete lines A7 through A18 of Schedule S.

LINE A7. If the amount on Line 1 of Form K-40 is \$75,000 or less, enter the amount received as benefits in 2010 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. 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. 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. Enter any state or local income tax refund included as income on your federal return.

LINE A11. 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. If you are **receiving** retirement benefits/pay, report on line A12 **benefits** exempt from Kansas income tax (do not include Social Security benefits). 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. 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, instead 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; Kansas Highway Patrol Pensions; Justices and Judges Retirement System; Board of Public Utilities; income 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; amounts received by retired employees of Washburn University as retirement and pension benefits under the university's retirement plan; and, certain pensions received from Kansas first class cities that are not covered by the Kansas Public Employee's Retirement System.
- **Railroad Retirement Benefits:** Any retirement plan administered by the U.S. Railroad Retirement Board, including U.S. Railroad Retirement Benefits, tier I, tier II, dual vested benefits, and supplemental annuities.

LINE A13. Enter the amount of the military compensation earned in tax year 2010 **only** if you are a **nonresident** of the state of Kansas. See *MILITARY PERSONNEL* on page 3. Enter also, any Kansas income for services performed by a non-military spouse of a nonresident military service member when the spouse resides in Kansas solely because the service member is stationed in Kansas under military orders.

LINE A14. Enter the amount of the premium costs paid for qualified LTC insurance contracts*. Limitations are as follows:

Single, Head of Household, and Married Filing Separate filers purchasing a LTC contract for the named taxpayer will be limited to one \$1,000 subtraction modification per return. *Married Filing Joint filers* purchasing LTC contracts for both named taxpayers will be limited to two \$1,000 subtraction modifications per return (total of \$2,000).

* A **Kansas** "qualified" LTC insurance contract is one that meets the definition of a **federal** "qualified" LTC insurance contract. This subtraction modification is in addition to any federal deduction.

LINE A15. Enter the contributions deposited in the Learning Quest Education Savings Program, or a qualified 529 tuition program established by another state, up to \$3,000 per student (beneficiary); or \$6,000 per student (beneficiary) if your filing status is married filing joint. You now have the option of having your direct deposit refund sent directly to your Learning Quest account. This is a great way to save money for higher education expenses. For more information visit: learningquest.com

LINE A16. Enter amounts received as a recruitment, sign up or retention bonus you received as an incentive to join, enlist or remain in the armed forces (including Kansas Army and Air National Guard), to the extent they are included in federal adjusted gross income. Also enter amounts you received for repayment of educational or student loans incurred by you or for which you are obligated that you received as a result of your service in the armed forces of the United States, to the extent included in federal adjusted gross income.

LINE A17. Enter on line A17 a total of the following subtractions from your federal adjusted gross income. You may NOT subtract the amount of your income reported to another state.

- **Individual Development Account (IDA):** Enter amount of income earned on contributions deposited to an IDA established to pay for education expenses; job training costs; purchase of primary residence; or major repairs or improvement to a primary residence.
- **Jobs Tax Credit:** Enter the amount of the federal targeted jobs tax credit disallowance claimed on your federal income tax return.
- **Kansas Venture Capital, Inc. Dividends:** Enter dividend income received from Kansas Venture Capital, Inc.
- **KPERS Lump Sum Distributions:** Employees who terminated KPERS employment after July 1, 1984, and elect to receive their contributions in a lump sum distribution will report their taxable contributions on their federal return. Subtract the amount of the withdrawn accumulated contributions or partial lump-sum payment(s) to the extent either is included in federal adjusted gross income. See NOTICE 05-04 for additional information.
- **Partnership, S Corporation or Fiduciary Adjustments:** If you received income from a partnership, S Corporation, joint venture, syndicate, trust or estate, enter your proportionate share of any required subtraction adjustments. The partnership, S Corporation, or trustee will provide you with the necessary information to determine this amount.
- **S Corporation Privilege Adjustment:** If you are a shareholder in a bank, savings and loan, or other financial institution that is organized as an S Corporation, enter the portion of any income received that was not distributed as a dividend. This income has already been taxed on the privilege tax return filed by the S Corporation financial institution.
- **Sale of Kansas Turnpike Bonds:** Enter the gain from the sale of Kansas Turnpike Bonds that was included in your federal adjusted gross income.
- **Electrical Generation Revenue Bonds:** Enter the gain from the sale of Electrical Generation Revenue Bonds that was included in your federal adjusted gross income.
- **Native American Indian Reservation Income:** Enter the amount of income earned on a reservation, by a native American Indian

residing on his or her tribal reservation, to the extent included in federal adjusted gross income.

- **Amortization – Energy Credits:** Enter the amount of amortization deduction allowed relating to Credit Schedule K-73, K-77, K-78, K-79, K-82 or K-83, and the amount of amortization deduction allowed for carbon dioxide capture, sequestration or utilization machinery and equipment, or waste heat utilization system property. **Note:** 55% of the amortization costs may be subtracted in the first year and 5% may be subtracted for each of the succeeding nine years.

LINE A18. Add lines A7 through A17 and enter the result on line A18.

LINE A19. Subtract line A18 from line A6 and enter the result on line 2 of Form K-40. **If line A18 is larger than line A6 (or if line A6 is zero),** enter the result on line 2 of Form K-40 and **mark the box** to the left to indicate it is a negative amount.

PART B

If you are filing as a nonresident, you must complete Part B. The purpose of Part B is to determine what percent of your total income from all sources and states is from Kansas sources.

INCOME

LINES B1 through B11. This section is divided into two columns. In the left-hand column, enter the amounts for lines B1 through B11 directly from your 2010 federal return. In the right-hand column enter the amounts from Kansas sources.

A part-year resident who elects to file as a nonresident must include as income subject to Kansas income tax, unemployment compensation derived from sources in Kansas, any items of income, gain or loss, or deduction received while a Kansas resident (whether or not these items were from Kansas sources), as well as any income derived from Kansas sources while a nonresident of Kansas.

Kansas source income includes:

- All income earned while a Kansas resident
- Income from services performed in Kansas,
- Kansas lottery, pari-mutuel, casino and gambling winnings
- Income from real or tangible personal property located in Kansas
- Income from a business, trade, profession or occupation operating in Kansas, including partnerships & S Corporations
- Income from a resident estate or trust, or income from a nonresident estate or trust that received income from Kansas sources
- Unemployment compensation derived from sources in Kansas

Income received by a nonresident from Kansas sources does NOT include:

- Income from annuities, interest, dividends, or gains from the sale or exchange of intangible property (such as bank accounts, stocks or bonds) unless earned by a business, trade, profession or occupation carried on in Kansas
- Amounts received by nonresident individuals as retirement benefits or pensions, even if the benefit or pension was “earned” while the individual was a resident of Kansas. This rule also applies to amounts received by nonresidents from 401k, 403b, 457s, IRAs, etc.
- Compensation paid by the United States for service in the armed forces of the United States, performed during an induction period
- Qualified disaster relief payments under IRC Section 139

LINE B12. Add lines B1 through B11 and enter the result on line B12.

ADJUSTMENTS AND MODIFICATIONS TO KANSAS SOURCE INCOME

Enter in the “Federal” column the adjustments to income shown on the front of your federal return. Federal adjustments are allowed to Kansas source income only as they apply to income related to Kansas. *(Enclose with your Form K-40 and Schedule S a separate sheet showing calculations of amounts entered on lines B13 through B17 in the Kansas source column.)*

The instructions for the following lines apply to the “Amount From Kansas Sources” column only.

LINE B13. Enter any IRA payments applicable to particular items of Kansas source income.

LINE B14. Enter only those penalties for early withdrawal assessed during Kansas residency.

LINE B15. Prorate the “alimony paid” amount claimed on your federal return by the ratio of the payer’s Kansas source income divided by the payer’s total income.

LINE B16. Enter only those moving expenses incurred in 2010 to move into Kansas.

LINE B17. Enter the total of all other allowed Federal Adjustments* including, but not limited to:

- One-half of Self-Employment Tax Deduction – the portion of the federal deduction applicable to self-employment income earned in Kansas
- Self-Employed Health Insurance Deduction – payments for health insurance on yourself, your spouse, and dependents applicable to self-employment income earned in Kansas
- Student Loan Interest Deduction – interest payments made while a Kansas resident
- Self-employed SEP, SIMPLE and qualified plans – the portion of the federal deduction applicable to income earned in Kansas
- Business expenses for Reservists, Artists & Fee-Basis Government Officials – the portion of the federal deduction applicable to income earned in Kansas
- Domestic Production Activities Deduction – the portion of the federal deduction applicable to income earned in Kansas
- Health Savings Account Deduction – the portion of the federal deduction applicable to income earned in Kansas
- Tuition and Fees Deduction – the portion of the federal deduction applicable to income earned in Kansas
- Educator Expenses – the portion of the federal deduction applicable to income earned in Kansas

LINE B18. Add lines B13 through B17. Enter the total on line B18.

LINE B19. Subtract line B18 from line B12. Enter result on line B19.

LINE B20. Enter the net modifications from Schedule S, Part A that are applicable to Kansas source income. If this is a negative amount, shade the minus (–) in the box to the left of line B20.

LINE B21. If line B20 is a positive amount, add lines B19 and B20. If line B20 is a negative amount, subtract line B20 from line B19. Enter the result on line B21.

LINE B22. Enter the amount from line 3, Form K-40.

LINE B23. Divide line B21 by line B22. Round the result to the fourth decimal place; not to exceed 100.0000. Enter the result here and on line 9 of Form K-40.

* This is the list of allowed federal adjustments as of publication of this booklet (in addition to those on lines B13 through B16). You may enter on line B17 any federal adjustment allowed by federal law for tax year 2010 (not already entered on lines B13 - B16).