



Entrepreneurship Tax Credits

Economic Sense, Targeted Delivery

NetWork Kansas was created as a key component of the Kansas Economic Growth Act of 2004 to lead collaborative efforts between education, research and outreach services—as well as public sector organizations—in order to serve potential and existing entrepreneurs statewide. An integral part of this effort is providing seed capital to entrepreneurs and small business owners in rural and distressed areas of Kansas. The *Kansas Center for Entrepreneurship Tax Credit* was created to stimulate this effort.

75% Tax Credit

Donors receive a 75% state income tax credit for their donation. A tax credit is a dollar-for-dollar credit against state income tax liability. This means that for every \$1,000 donated, donors will receive \$750 credit directly off of their state income tax liability.

Donors are also eligible to receive a federal and state tax deduction and should consult with their individual tax specialist to determine the amount of any deductions. A K-31 Form is required with the individual tax form and is available online through the Kansas Department of Revenue.

What Are The Individual Minimum and Maximum Annual Tax Credits Allowed?

The minimum allowable tax credit per year is \$187.50, which translates into a donation of \$250. The maximum allowable credit per year is \$50,000, which translates into an approximate donation of \$66,667. If the amount of the tax credit exceeds the contributor's liability in the taxable year, the remaining portion of the credit may be carried forward until the total amount of credit is applied.

Who Can Donate?

Individuals and corporations* can donate to the Kansas Center for Entrepreneurship.

Who Cannot Donate?

Banks are not eligible for the Entrepreneurship Tax Credit due to privilege tax limitations.

*If the donor is a corporation with an election in effect under Subchapter S of the Federal Internal Revenue Code or is a partnership, the credit provided by this section shall be claimed by the shareholders of these corporations or the partners must account for their proportionate shares of the income or loss of these corporations or partnerships.

Where Does The Money Go?

Donations to the Center provide matching loans and/or grants through local or regional non-profit business support providers who are also NetWork Kansas resource partners.

The funds are made available to businesses located in rural areas (cities with a population under 50,000) or in distressed areas of larger cities who are starting or expanding a business.

NetWork Kansas resource partners include the seven regional foundations, Kansas Main Street organizations, economic development agencies and other non-profit organizations charged with assisting for-profit entrepreneurs and small businesses in Kansas

How Do I Donate To The Fund?

Make checks payable to the Kansas Center for Entrepreneurship. Our mailing address is:

Kansas Center for Entrepreneurship
c/o NetWork Kansas
P.O. Box 877
Andover, Kansas 67002-0877

The donor will be required to provide their social security number or company federal tax identification number to the Kansas Center for Entrepreneurship in order to receive credit for their donation.

Call 316.425-8808 to verify that credits are still available for the current tax year.

How Do I Contact NetWork Kansas?

If you have questions about Kansas Entrepreneurship Tax Credits, please contact Kristi Pedersen at: 316.425-8808 or kdpedersen@fhsu.edu.

For more information about NetWork Kansas, please call 877.521.8600 to speak with one of our referral coordinators or visit our website: www.networkkansas.com.



Kansas Entrepreneurship Tax Credits

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**If the donor is a corporation with an election in effect under Subchapter S of the Federal Internal Revenue Code or is a partnership, the credit provided by this section shall be claimed by the shareholders of these corporations or the partners must account for their proportionate shares of the income or loss of these corporations or partnerships.*

Who Cannot Donate?

Banks are not eligible for the Entrepreneurship Tax Credit due to privilege tax limitations. Banks are eligible for the Rural Business Development Tax Credit (RBDTC), also a 75% tax credit, offered through seven regional foundations. Donors receive a 75% state income tax credit for their donation.

75% Tax Credit

A tax credit is a dollar-for-dollar credit against state income tax liability. This means that for every \$1,000 donated, donors will receive \$750 credit directly off of their state income tax liability. Donors also may be eligible to receive a federal and state tax deduction and should consult with their individual tax specialist to determine the amount of any deductions. A K-31 Form is required with the individual tax form and is available online through the Kansas Department of Revenue.

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How Do I Donate To The Fund?

If you have questions about Kansas Entrepreneurship Tax Credits, please contact Kristi Pedersen at: (316) 218-6352 or kdpedersen@fhsu.edu.

For more information about NetWork Kansas, please call (877) 521-8600 to speak with one of our referral coordinators or visit our website: www.networkkansas.com.

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Kansas Center for Entrepreneurship
c/o NetWork Kansas
P.O. Box 877
Andover, Kansas 67002-0877

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K-31

(Rev. 9/10)

KANSAS CENTER FOR ENTREPRENEURSHIP CREDIT

For the taxable year beginning, _____, 20____; ending _____, 20____.

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

Enter exact date and amount of contributions made this taxable year (if additional space is needed, enclose a separate sheet):

Date	Amount	Date	Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

PART A COMPUTATION OF CREDIT AVAILABLE FROM THIS YEAR'S CONTRIBUTIONS

1. Enter the total contributions made to the Kansas Center for Entrepreneurship (KCE) this tax year. 1. _____
2. Proportionate share percentage (see instructions). 2. _____
3. Your share of contributions. Multiply line 1 by line 2. 3. _____
4. Authorized credit percentage. 4. 75%
5. Your share of the credit for contributions made this year. Multiply line 3 by line 4. 5. _____

PART B – COMPUTATION OF TOTAL CREDIT CLAIMED THIS YEAR

6. Enter the amount of available carry forward credit from the prior year's Schedule K-31. 6. _____
7. Total credit available this tax year (add lines 5 and 6). 7. _____
8. Amount of your Kansas tax liability for this tax year after all credits other than this credit. 8. _____
9. Enter the lesser of lines 7 or 8. This is the amount of credit allowed this tax year.
Enter this amount on the appropriate line of Form K-40, Form K-41 or Form K-120. 9. _____

PART C – COMPUTATION OF CARRY FORWARD CREDIT

10. Subtract line 9 from line 7. This is the amount of credit to carry forward to next year's Schedule K-31.
Enter this amount on line 6 of next year's Schedule K-31. 10. _____

INSTRUCTIONS FOR SCHEDULE K-31

GENERAL INFORMATION

K.S.A. 74-99c09 provides a tax credit against the income or premiums tax for an investor making a contribution of cash or property (other than used clothing) in an amount or value of \$250 or more to the KCE (Kansas Center for Entrepreneurship). The credit is 75% of the total amount of cash or property donated during the taxable year, subject to the limitations below. If the credit allowed exceeds the investor's tax liability in any one taxable year, the remaining portion of the credit may be carried forward until the total amount of the credit is used.

To receive this credit your application for registration of authorized tax credits must be approved by the KCE.

This tax credit is limited to \$50,000 per individual contributor per tax year.

A “**contribution**” is the donation of cash or property, other than used clothing, in an amount or value of \$250 or more.

A “**contributor**” is a person or entity making a contribution to the KCE.

SPECIFIC LINE INSTRUCTIONS

Enter all requested information at the top of this schedule.

PART A – COMPUTATION OF CREDIT AVAILABLE FROM THIS YEAR'S CONTRIBUTION

LINE 1 – Enter the total contribution made to the **KCE (Kansas Center For Entrepreneurship)** this tax year.

LINE 2 – 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 3 – Multiply line 1 by line 2, and enter the result.

LINE 4 – The credit is limited to 75% of the contribution made during this tax year.

LINE 5 – Multiply line 3 by line 4. Enter the result on line 5. This is your share of the tax credit for the contributions made this tax year.

PART B – COMPUTATION OF TOTAL CREDIT CLAIMED THIS YEAR

LINE 6 – Enter the amount of available carry forward credit from the prior year's Schedule K-31.

LINE 7 – Add amounts on line 5 and 6 and enter the result.

LINE 8 – Enter your total Kansas tax liability after all credits other than this credit.

LINE 9 – Enter the lesser of lines 7 or 8. This is the amount of credit allowed for this tax year. Enter this amount on the appropriate line of Form K-40, Form K-41 or Form K-120.

PART C – COMPUTATION OF CARRY FORWARD CREDIT

LINE 10 – Subtract line 9 from line 7. This is the amount of credit to carry forward and enter on line 6 of next year's Schedule K-31.



IMPORTANT: Do not send any enclosures with this schedule. A copy of the approved authorization from the KCE must be kept with your records. KDOR (Kansas Department of Revenue) reserves the right to request additional information as necessary.

TAXPAYER ASSISTANCE

Questions about the KCE should be addressed to:

Kansas Center for Entrepreneurship
1845 Fairmount, Box 202
Wichita, KS 67260-0202

Toll Free Phone: 877-521-8600
<http://networkkansas.com/>

For assistance in completing this schedule contact:

Taxpayer Assistance Center
Kansas Department of Revenue
915 SW Harrison St.
Topeka, KS 66625-2007

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

Additional copies of this income tax credit schedule and other tax forms are available from our web site at: ksrevenue.org

Itemize Deductions and Not Subject to AMT Taxation						
Marginal Federal	39.60%	33.00%	28.00%	25.00%	15.00%	
Marginal Kansas	4.90%	4.90%	4.90%	4.90%	4.90%	
Tax Credit %	75%	75%	75%	75%	75%	
Charitable Contribution	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Kansas income tax						
Increased Itemized Deduction for Donation	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Marginal Rate	4.90%	4.90%	4.90%	4.90%	4.90%	
Kansas Income tax savings from Donation	490.00	490.00	490.00	490.00	490.00	
Kansas Tax Credit For Donation	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	
Net Benefit on Kansas Return	7,990.00	7,990.00	7,990.00	7,990.00	7,990.00	
Federal income Tax						
Increased Itemized Deduction for Donation	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Decreased Itemized Deduction for Reduction In Kansas Tax	(7,990.00)	(7,990.00)	(7,990.00)	(7,990.00)	(7,990.00)	
Net Federal Tax Deduction	2,010.00	2,010.00	2,010.00	2,010.00	2,010.00	
Marginal Rate	39.60%	33.00%	28.00%	25.00%	15.00%	
Net Benefit on Federal Return (rounded)	796.00	663.00	563.00	503.00	302.00	
Total Net Benefit From Contribution	8,786.00	8,653.00	8,553.00	8,493.00	8,292.00	
Charitable Contribution	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Net Cost (Savings) of Total Contribution	1,214.00	1,347.00	1,447.00	1,507.00	1,708.00	
% cost (Savings) of Total Contribution	12.14%	13.47%	14.47%	15.07%	17.08%	

The above projections are based on general facts and circumstances. You should consult your tax advisor regarding your specific situation.

Alternative Minimum Tax Consequences

Additional tax savings can be recognized by the taxpayer if the taxpayer is subject to alternative minimum tax. Oftentimes a tax projection would be required for an individual to determine the impact of the alternative minimum tax.

If there is no Kansas Tax obligation in 2013 there will be no refund for the credit but rather a carry forward of the unused amount.