K-120EX
(Rev. 7-18)

DO NOT STAPLE

2018
KANSAS EXPENSING DEDUCTION SCHEDULE

156018

For the taxable year beginning _____ **2 0 1 8** ; 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) .... | 3 | .00

4. Ownership Percentage .... | 4 |

5. Expensing deduction/recapture (multiply line 3 by line 4) .... | 5 | .00

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

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

   K-120, K-120S and K-130 filers: See instructions.

6. Kansas net income for this entity (enter the sum of lines 15 and 16 from Form K-120 or K-121 or lines 13 and 14 from Form K-130 or K-131; 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 ....

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

9. Total expensing deduction used this year (add line 8 to either line 5 or line 6, whichever is less). Enter result here and on the Kansas expensing deduction line of Form K-120, K-121, K-130 or K-131 .... | 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) IRC 168 Recover Period	(b) Method	(c) Factor	(d) Basis for Depreciation	(e) Bonus Depreciation	(f) Net Basis (Subtract column e from column d)	(g) Kansas Expensing (Multiply column f by column c)
			.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) IRC 168 Recover Period	(b) Year Placed in Service	(c) Current Year	(d) Recapture Factor (Subtract column b from column c)	(e) Years Remaining (Subtract column d from column a)	(f) Percent of Recapture (Divide column e by column a)	(g) Kansas Expensing Previously Allowed	(h) Recapture Amount (Multiply column g by column f)
						.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 (for taxable years after December 31, 2012, the deduction is limited to C corporations). The expensing deduction is available to privilege tax filers for taxable years commencing after December 31, 2013. 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) or Privilege Tax (K-130) return with Schedule K-120EX. If filing a paper return, enclose federal Form(s) 4562 with each K-120EX and any additional schedule 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. 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 amount of bonus depreciation being claimed for such property pursuant to section 168(k) of the IRC, as amended, for federal income tax purposes in such tax year, but without regard to any expensing deduction being claimed for such property under section 179 of the IRC, as amended. 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 IRC 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 18 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 2016 return. In the year ending 2018 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 2018 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. *NOTE: The expensing deduction was limited to C corporations beginning in tax year 2013.*

PART A – COMPUTATION OF EXPENSING FOR THIS ENTITY

LINE 1 – This line is for C corporation and privilege tax filers only. 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. **C corporation filers** report the recapture on line 17 of Form K-120 (or Form K-121), then continue to line 6. All other filers STOP HERE and follow these instructions:

K-40 and K-41 filers report your share of the recapture as an addition modification on line A3, Schedule S (supplement to K-40) or line 24d, Form K-41.

K-120S filers report the recapture on line 18 of Form K-120S.

LINE 6 – Enter Kansas net income for this entity. This is determined by adding lines 15 and 16 together on Form K-120 or K-121 or adding lines 13 and 14 together on Form K-130 or K-131.

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.

LINE 9 – Add line 8 to the lesser of line 5 or line 6. Enter result on line 18 of Form K-120 (or K-121) or line 16, Form K-130 (or K-131). 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 18 (K-121) or line 16 (K-131) 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.

PART B – COMPUTATION OF KANSAS EXPENSING

If filing a C corporation or privilege tax return 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. NOTE: Fiduciary and individual income tax filers that receive pass-through income from an S corporation or partnership cannot claim an expensing deduction. 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 received.

Column (f) – Subtract the bonus depreciation in (e) from the basis for depreciation in (d) and enter the result.

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. Example: 20156.

Column (c) – Enter the ending period of the current year tax return. Example: 2018.

Column (d) – Compute the recapture factor by subtracting the year placed in service (b) from the current year (c) and enter result. Example: 2018 - 2016 = 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 this table to determine the expense deduction (PART B). NOTE: If Section 179 expense has been made for federal purposes for any asset, the applicable factor to be used is in IRC §168(b)(1).

FACTORS

IRC§168 Recover Period (year)	IRC§168(b)(1) Depreciation Method (200% declining balance) (200DB)	IRC§168(b)(2) Depreciation Method (150% declining balance) (150DB)	IRC§168(b)(3) or (g) Depreciation Method (Straight line or alternative) (S/L)	IRC§168 Recover Period (year)	IRC§168(b)(1) Depreciation Method (200% declining balance) (200DB)	IRC§168(b)(2) Depreciation Method (150% declining balance) (150DB)	IRC§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