



# 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 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.

Keep an itemized schedule of the expenditures for the amounts claimed on lines 1, 2a and 2b. The Department of Revenue reserves the right to request additional 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

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

**LINE 2a** – Enter the total amount of 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 amount of 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.

**LINE 8** – 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%.

**LINES 9a & 9b** – Multiply line 7 by line 8 and enter the result on line 9a. Multiply the amount on line 9a by 90% (.90) and enter the result on line 9b.

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

**LINES 10a & 10b** – Enter the amount of your Kansas tax liability for this year. If you are filing more than one (1) credit schedule this year, enter only the amount of tax liability you wish to apply to

this credit. The amount entered on line 10a (not 10b) is the amount of tax liability considered to be “used” when calculating the remaining tax liability to be applied against other credits.

**Example:** If your tax liability is \$1000 (before applying the 90% factor) and the amount entered on line 6a is \$400, then the amount of tax liability available to apply to any other credit schedules would be \$600. Multiply the amount on line 10a by 90% (.9) and enter the result on line 10b.

**LINE 11** – Enter the lesser of line 9a or line 10b. This is the credit allowed for expenditures made during this tax year.

### PART C - COMPUTATION OF CARRY FORWARD CREDIT

**LINE 12** – Multiply line 6 by the proportionate share percentage (line 8), then subtract line 11. 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 an additional schedule. You will need copies of your Schedule K-53 forms from prior years to complete this section.

**LINE 13** – Enter the year end date of the original Schedule K-53 for which you are claiming a carry forward credit.

**LINE 14** – Enter the amount of carry forward from the original schedule K-53 for the year shown on line 13.

**LINE 15** – Enter the total amount of line 14 which you have previously claimed as a credit.

**LINE 16** – Enter the years you previously claimed the credit.

**LINE 17** – Subtract line 15 from line 14. This is the amount of carry forward remaining from the prior K-53 Schedules.

**LINE 18** – Enter the maximum credit allowable in any one year from the original Schedule K-53 for the year shown on line 13.

**LINE 19** – Enter the lesser of line 17 or line 18. This is the amount of carry forward available to this return from each year shown on line 13.

**LINES 20a & 20b** – Add line 19, columns (A) through (D) (plus additional columns if applicable), and enter the result on line 20a. Multiply line 20a by 90% (.90) and enter the result on line 20b. This is the total amount of carry forward credit available to this tax year.

**LINES 21a & 21b** – Enter total Kansas tax liability for the current tax year to be applied to this credit and enter on line 21a. Multiply the amount on line 21a by 90% (.90) and enter on line 21b.

### PART E - COMPUTATION OF TOTAL CREDIT CLAIMED THIS TAX YEAR

**LINE 22** – Enter the lesser of the sum of lines 11 and 20b or line 21b. 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:

Topeka Assistance Center  
Docking State Office Building, 1<sup>st</sup> Floor  
915 SW Harrison St.  
Topeka, KS 66625-2007

Phone: (785) 368-8222  
Hearing Impaired TTY: (785) 296-6461

Kansas tax forms are available from our office or on our web site at: [www.ksrevenue.org](http://www.ksrevenue.org)