Legislative Changes and Enactments
Office of Policy and Research
Additional Personal Exemption for Disabled Veterans $2,250

2022 House Bill 2239, Sec 40
K.S.A. 79-32,121
See Notice 23-06

Effective starting Tax Year 2023

Eligibility

- **Honorably discharged** - from active service in any branch of the armed forces of the United States.

- **Injured while on active duty** - Disability must be the result of an injury or disease that was incurred while on active duty.

- **Certified by U.S. Dept. of VA Affairs** - Disability must be certified by United States Department of Veterans Affairs or its successor.

- **100% Disabled** - Veteran must be receiving service-connected disability at 100% rate. **CAUTION: DIFFERENT DISABILITY PERCENTAGE THAN WHAT IS USED FOR HOMESTEAD**

- **Permanent** - Disability must be permanent.
Credit amount increased from 6.5% to 10% of qualified expenditures

Effective for tax year 2023, a one-time transfer, in its entirety, will be allowed for taxpayers without a current tax liability. The credit may be transferred to any person and be claimed by the person as a credit against their Kansas income tax liability in the year of the transfer. The transferred credit is non-refundable but may be carried forward. Transfer provision only available for credits earned after tax year 2022. (2023 and all years after)

K-53 Change - Since the R&D credit is now transferable, and may be transferred prior to claiming the credit, taxpayers earning the R&D credit must complete and submit a K-204 Research and Development Credit Application prior to claiming the credit which is available from the Department’s website at: www.ksrevenue.gov.
Apprenticeship Tax Credit
2023 House Bill 2292, Section 3
See Notice 23-04

Effective after December 31, 2022 and ending before January 01, 2026

- Tax Credit for eligible employer that employs an eligible apprentice.
  - An eligible apprentice complies with the registered apprenticeship agreement that is in accordance with a registered apprenticeship plan.
    - for at least all or a portion of the probationary period, and
    - employs the apprentice at the time the probationary period is completed.
- Kansas income tax credit up to $2,500 for each such apprentice employed, for up to 20 apprentices.
- The credit cannot be awarded for employment of the same apprentice more than four (4) times.
- Kansas Department of Commerce will issue the credit amount to the applicants which will be the amount used to claim the credit on the K-24.

Nonrefundable and Nontransferable
**Kansas Apprenticeship Tax Credit**

- Up to $2,750 for each apprentice employed.
- Not to exceed 20 such credits for apprenticeships in any taxable year.

**Additional credit up to $500**

- An employer may not claim more than 10 of the credits in a tax year.

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**For tax years commencing after December 31, 2025**

**Kansas Apprenticeship Tax Credit**

- Eligible employer that employs an apprentice pursuant to a registered apprenticeship agreement and in accordance with a registered apprenticeship plan for a continuous period of time that is at 25% of the time period required by the registered apprenticeship program may claim a tax credit.

- The credit must be claimed in the tax year next succeeding the calendar year in which the employment requirement is met and may subsequently be taken in successive tax years based on a cumulative total of up to four successive calendar years of employment for an individual apprentice.

**Additional $500 credit: Criteria**

- The apprentice must be enrolled in a secondary or postsecondary career and technical education program;
- is under 18 years of age at the time the credit is claimed;
- has been employed by the eligible employer for at least 90 days;
- is participating in qualifying program;
- the eligible employer may claim an additional Kansas income tax credit not to exceed $500;
- employer may not claim more than 10 of the credits in a tax year.
Credit is Administered by the Kansas Housing Resources Corporation

Transferability Credits under this credit was expanded

OLD - Transfer once (All or None)
Prior to tax year 2022, the original legislation only allowed a one-time transfer of the credit in its entirety.

NEW – No Limit Transfers
For tax years 2022 and after, the amended legislation places no limit on the number of times a credit may be transferred and no required amount of the credit that must be transferred.

Transferee succeeds to all remaining rights and restrictions of the transferor with respect to the credit being transferred.

Any credit not taken for the year in which the investment is made, may be carried forward until completely used or four(4) years which ever comes first. Documentation of any transfer of such credit must be made in the manner required by the Secretary of Revenue.

These provisions are applicable to all credits issued for tax year 2022 and all tax years thereafter.
Low Income Students Scholarship Program Act
2023 House Substitute for Senate Bill 113
K.S.A. 72-4357 in part
See Notice 23-03

Credit is allowed against the income tax liability, privilege tax liability, and premium tax liability.

For tax years commencing after December 31, 2022, the credit amount is increased from 70% to 75% of the amount contributed to a scholarship granting organization.

The total amount of contributions for any taxpayer shall not exceed $500,000 for any tax year. The aggregate amount of credit allowed under this program shall not exceed $10,000,000 in any tax year.

Excess credits may be carried forward until the total amount of the credit has been deducted from tax liability.

For a list of Certified Scholarship Granting Organizations visit the Kansas State Department of Education website SGO Directory.pdf (ksde.org)
Aerospace & Aviation Tax Credits

2022 House Bill 2239, Sections 10-15
K.S.A. 79-32,290 to K.S.A. 79-32,295
See Notice 22-10

- Three (3) Aerospace & Aviation Tax Credit
- Two (2) tax credits for aviation employers’
- One (1) tax credit for aviation employees

Effective tax year 2022 - 2026
Tuition Reimbursement
K.S.A. 79-32,291

Employer Income Tax Credit

Effective Tax Years 2022 - 2026

- **Qualified Employer** - income tax credit for tuition reimbursed to a qualified employee

- **Qualified employee** - awarded an undergraduate degree or graduate degree, technical degree or certificate from qualified program within 1 year prior to or following the commencement of employment with the qualified employer.

- **Credit** - is 50% of tuition reimbursed to a qualified employee during the taxable year the credit is claimed, except that in no event shall the credit exceed 50% of the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program, as determined by the secretary of revenue. Credit may be claimed for each year the qualified employee remains employed up to the 4th year of employment.

- Cannot be carried forward, not refundable.
Employer Credit

- Income Tax Credit for **Employer Compensation** paid to **Qualified Employees**

- Credit is **10%** of the compensation paid to qualified employees in each of the **first 5 years** of employment, not to exceed **$15,000 per year, per employee**.

- Cannot be carried forward, not refundable.

“**Qualified employer**” means a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, other legally recognized business entity or public entity whose principal business activity involves the aviation sector.”
“Qualified employee” means any person newly employed on a full-time basis by or first contracting with a qualified employer on a full-time basis on or after January 1, 2022, who has been awarded an undergraduate or graduate degree, or a technical degree or certificate from a qualified program by an institution.

**Employee Credit**

- $5,000 – per year state income tax credit from 2022-2026
- Applies to qualified newly hired aviation employees
- Unused credit may be carried forward and used in any of the four tax (4) years following the year credit was earned.
Effective tax year 2024, the Corporate Income Tax Rate decreases from 4% to 3.5%.

The Corporate Surtax is unchanged, remains 3% of the Kansas taxable income of corporations in excess of $50,000.
The SALT Parity Act allows S-corporations or Partnerships to make an annual election to be taxed at the entity level. This election results in tax being paid by the pass-through entity with individual partners and shareholding taking credit on their individual K-40s for the taxes paid by the PTE.

Pass Through Entities (PTE) making the election have the option to pay tax on the pass-through income before or after apportionment. This election also encompasses nonbusiness income.

K-120S has been modified to allow the inclusion of non-Kansas source income into the tax calculation for PTEs electing to pay tax on income before apportionment.

Pass Through Entities (PTE) making the election for 2022 were not required to make estimated tax payments. However, for 2023, the estimated tax payments are required and are due on 4/15/2023, 6/15/2023, 9/15/2023, and 1/15/2024.
The State And Local Tax Cap

- In Kansas, the election for SALT Parity is made when the K-120S is filed. For 2023, there are basically two elections on the K-120S, the first is to elect SALT Parity, and the second to elect to tax before or after apportionment. **Both elections are irrevocable.**

- Kansas has no specific legislation regarding owner approval requirements.

- A nonresident owner or fiduciary who's only source of income from Kansas is from a PTE electing SALT Parity is not required to file a return.

- The income tax paid to another state by a PTE that is included in Kansas AGI of a resident individual, resident estate, or resident trust shall be considered income paid to another state by such resident individual, resident estate, or resident trust.

- The K-210 is being revised to account for payments made by the PTE and reported on Line 26 of the K-40.

- The K-9 must be enclosed with the K-40 or K-41 when the taxpayer is claiming the Credit for Tax Paid on the K-120S.
The amount to report on the K-40 or K-41 for the Credit for Taxes Paid on the K-120S is the amount from the ‘Kansas Tax @ 5.7%’ field on the K-9.

<table>
<thead>
<tr>
<th>Name of Partnership, S Corporation, LLC or LLP</th>
<th>Employer ID Number (EIN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Address</td>
<td></td>
</tr>
<tr>
<td>City</td>
<td>State</td>
</tr>
<tr>
<td>Name</td>
<td>Social Security Number or EIN of Owner</td>
</tr>
<tr>
<td>Street Address</td>
<td>Partner Type of Ownership:</td>
</tr>
<tr>
<td>City</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Kansas Taxable Income</th>
<th>Kansas Tax @ 5.7%</th>
<th>Non-refundable Credits</th>
<th>Balance</th>
<th>Refundable Credits</th>
<th>Net Tax</th>
</tr>
</thead>
</table>

KANSAS STATEMENT OF PARTNERSHIP or S CORPORATE TAX PAID REPORT FOR THOSE ELECTING TO PAY INCOME TAX ON THE K-120S

TAX YEAR ENDING DATE OF PARTNERSHIP, S CORPORATION, LLC OR LLP

<table>
<thead>
<tr>
<th>Type of Ownership:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>illa</td>
<td>LLP</td>
</tr>
</tbody>
</table>
# Sales Tax Filing Thresholds

2022 Legislation, House Bill 2136, Section 18  
See Notice 23-11  
K.S.A. 79-3607  

**Effective January 1, 2024**

<table>
<thead>
<tr>
<th>Annual Tax Liability</th>
<th>Filing Frequency</th>
<th>Return Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $1,000</td>
<td>Annual</td>
<td>On or before January 25th of the following year</td>
</tr>
<tr>
<td>$1,000.01 - $5,000</td>
<td>Quarterly</td>
<td>On or before the 25th of the month following the end of the calendar quarter (January 25, April 25, July 25, October 25)</td>
</tr>
<tr>
<td>$5,000.01 or more</td>
<td>Monthly (and Seasonal)</td>
<td>On or before the 25th of the following month (a January return is due by February 25th)</td>
</tr>
</tbody>
</table>

If your business is seasonal, you will file monthly during the period of business operation.
New Exempt Entities

Area Agencies on Aging (AAOA)
K.S.A. 79-3606 (pppp)

- Direct Purchases of tangible personal property and services made by a not-for-profit corporation that is designated as an area agency on aging by the Secretary for Aging and Disability Services are exempt from sales tax.

- AAOA may obtain a Project Exemption Certificate (PEC) for real property improvements by submitting a completed form PR-76, “Request for Project Exemption Certificate”, available electronically on the department’s website, www.ksrevenue.gov. A PEC exempts contractors & subcontractors from sales tax on the purchase of material and exempts the labor to install them.

Kansas Suicide Prevention HQ, inc. (KSPHQ)
K.S.A. 79-3606 (qqqq)

- Direct purchase of tangible personal property and services by the KSPHQ are exempt from sales tax.
  NOT ELIGIBLE TO OBTAIN A PEC

- For the purpose of bringing suicide prevention training and awareness to communities across the state.
Since July 1, 2023, DELIVERY CHARGES that are Separately Stated on the invoice to the customer may be excluded from the Sales or Use tax base.
Reduction to State Sales Tax on Food

2022 House Bill 2106, Sec 1
K.S.A. 79-3603d.
See Notice 22-15

Only the **State** Sales Tax rate is reduced, the local sales tax rate(s) is still applicable
HOMESTEAD
K.S.A.79-4508, K.S.A. 79-32,263

2023
MAXIMUM “HOUSEHOLD INCOME”
Indexed to inflation

HOMESTEAD
$40,500
● 55 or older or;
● dependent under 18 or;
● totally & permanently disabled
● maximum refund $700
● appraised valuation for property cannot exceed $350,000 in any year

SAFESR
$23,700
● 65 or older;
● 75% of property taxes paid
● property taxes must be timely
● appraised valuation for property cannot exceed $350,000 in any year

Homestead and Safe Senior Due date for tax year 2023
April 15, 2024
## SVR Qualifications

<table>
<thead>
<tr>
<th><strong>Base Year Requirements</strong></th>
<th><strong>Claim Year Requirements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>65 years of age or older for the entire year</td>
<td>65 years of age or older for the entire year</td>
</tr>
<tr>
<td>Disabled Veteran for the entire year</td>
<td>Disabled Veteran for the entire year</td>
</tr>
<tr>
<td>Valuation of Homestead is $350,000 or less</td>
<td>SVR Household Income</td>
</tr>
<tr>
<td></td>
<td>• $50,000 or less for 2022</td>
</tr>
<tr>
<td></td>
<td>• $53,600 or less for 2023</td>
</tr>
</tbody>
</table>
"Claimant" means a person who has filed a claim under the provisions of this act and was, during the entire calendar year preceding the year in which such claim was filed for refund under this act, except as provided in K.S.A. 79-4503, and amendments thereto, both domiciled in this state and was: (A) A person who is 65 years of age or older; or (B) a disabled veteran.

The surviving spouse of a person 65 years of age or older or a disabled veteran who was receiving benefits pursuant to this section at the time of the claimant's death shall be eligible to continue to receive benefits until such time the surviving spouse remarries.
Amount of claim is computed by deducting the claimant’s base year ad valorem tax amount for the homestead from the claimant’s homestead ad valorem tax amount for the tax year in which the refund is being sought.

Base year means the year in which an individual becomes an eligible claimant and who is also eligible for refund pursuant to this section. For any individual who would otherwise be an eligible claimant prior to 2021, such base year shall be deemed to be 2021 for the purposes of this act.
Interest rate — 8% Interest rate (.067 monthly) for calendar year 2024 on delinquent or unpaid taxes and over payment of taxes.

Kansas law prohibits the seller or lessor in any sales or lease transaction or any credit or debit card issuer from imposing a surcharge on a card holder who elects to use a credit or debit card in lieu of payment by cash, check or similar means. A surcharge is defined as any additional amount imposed at the time of the sales or lease transaction by the merchant, seller or lessor that increases the charge to the buyer or lessee for the privilege of using a credit or debit card. Legislation was introduced last legislative session to repeal this law that did not pass.

"K.S.A. 16a-2-403. Prohibiting surcharge on credit or debit cards. No seller or lessor in any sales or lease transaction or any credit or debit card issuer may impose a surcharge on a card holder who elects to use a credit or debit card in lieu of payment by cash, check or similar means. A surcharge is any additional amount imposed at the time of the sales or lease transaction by the merchant, seller or lessor that increases the charge to the buyer or lessee for the privilege of using a credit or debit card." History: L. 1986, ch. 90, § 2; L. 1999, ch. 107, § 17; L. 2010, ch. 64, § 1; July 1.

Notice 23-01 - Minimum age to purchase tobacco products in the State of Kansas is 21 years of age, effective 7/1/23

Social Security Substantial Gainful Activity
(for DIS form in homestead booklet).

- Blind $29,520
- Non-Blind $17,640

<table>
<thead>
<tr>
<th>2023 Disabled Access Credit Limit</th>
<th>2023 Disabled Access Current Year Tax Liability Limit for refundable portion of credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Year</td>
<td>2021</td>
</tr>
<tr>
<td>Tax Year</td>
<td>2022</td>
</tr>
<tr>
<td>Tax Year</td>
<td>2023</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of I.R.S.</th>
<th>Kansas</th>
<th>Earned Income Tax Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$600</td>
<td>Investment income limit: $11,000 or less</td>
</tr>
<tr>
<td>1</td>
<td>$3,995</td>
<td>$679.15</td>
</tr>
<tr>
<td>2</td>
<td>$6,604</td>
<td>$1,122.68</td>
</tr>
<tr>
<td>3</td>
<td>$7,430</td>
<td>$1,263.10</td>
</tr>
</tbody>
</table>

Alcoholic Beverage Control – 2023 Amendments to Kansas Liquor Law on website.
Kansas Department of Revenue E-File
Customer Service Center
(785) 368-8222
(ksrevenue.gov)

Roger Basinger
(785) 296-3089
roger.basinger@ks.gov

Carl York
785) 296-1048
carl.york@ks.gov

Taxpayer Advocate
Bob Clelland
(785) 296-2473
KDOR_taxpayer.advocate@ks.gov

ANY QUESTIONS?