

COMMUNITY SERVICE TAX CREDIT PROGRAM

If you pay taxes in Kansas and make a contribution of \$250 or more directly to an approved CSP Awardee, you may be eligible to receive 50% or 70% of your donation back in tax credits.



HOW DO TAX CREDITS WORK?

What are tax credits?

State tax credits reduce the total amount of taxes owed to the state. They are a way for a taxpayer to substantially reduce the cost of making a contribution to a charitable organization. 50% of your donation will be applied to your tax liability OR provided as a refund.

Who is eligible to receive a state tax credit?

Businesses and individuals subject to Kansas income tax are eligible to receive a tax credit through this program.

What are the benefits of tax credits?

Donating at least \$250 qualifies you for a state tax credit worth 50% of your total contribution (for example, a \$1,000 donation would be eligible for \$500 in state tax credits).

WHO QUALIFIES FOR THE CREDIT?

The contribution credit is a tax credit for contributions made by business firms or individuals subject to Kansas income tax, Kansas privilege tax or the premium tax or privilege fees imposed on insurance companies. Any business firm, business entity or individual not subject to Kansas income tax, Kansas privilege tax or the premium tax or privilege fees imposed on insurance companies may contribute and sell, assign, convey or transfer the tax credits earned to a business or individual that is subject to Kansas income tax. Donations must be \$250.00 or greater, and the payment should come directly from either the business firm or the individual.

SPECIAL FEATURES OF THE CREDIT

Any tax credit issued by an approved organization that exceeds the tax liability of the contributor shall be refunded to the taxpayer (except in the case of a transfer). Credits must be claimed in the year they are issued. Except for transfers, tax credits may not be carried forward. Any tax credits transferred will become non-refundable as indicated on the K-60 tax form.

Contributing entities not subject to Kansas taxation may transfer a credit to a firm or individual that does have a Kansas tax liability. K.S.A. 79-32,197a addresses the assignability of credits as follows:

Any business firm or business entity not subject to Kansas income, privilege or premiums tax, hereinafter designated the assignor, may sell, assign, convey or otherwise transfer tax credits allowed and earned pursuant to K.S.A. 79-32,196, and amendments thereto, for an amount not less than 50% of the value of any such credit. The amount received by the assignor will be taxable income. The excess of the value of such credit over the amount paid by the assignee shall be taxable income of the assignee. K.S.A. 79-32,195 defines business firm and includes individuals as part of its definition.

WHAT KINDS OF CONTRIBUTIONS QUALIFY?

- Cash – documented with a copy of the check.
- Services – documented by payroll records and documentation of the “normal billing rate for nonprofits.” Normal billing rates are direct hourly wages without fringe benefits.
- Stocks & Bonds – documented by the transfer certificate and valued by the stock market price on the day of the transfer.
- Personal Property – valued at the lesser of its fair market value or cost to the donor and may be inclusive of costs incurred in making the contribution but shall not include sales tax.
- Real Estate – only when title thereto is fee simple absolute and is clear of encumbrances. Value is established as the lesser of two current independent appraisals conducted by state licensed appraisers.