

# K-38

(Rev. 7/14)

# KANSAS SWINE FACILITY IMPROVEMENT 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)

## PART A – SWINE FACILITY INFORMATION

1a. Qualified swine facility name and address/location:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Physical location

\_\_\_\_\_  
Mailing address

\_\_\_\_\_  
City State Zip code

2. Type of ownership of qualified swine facility (check one):

- Sole proprietorship
- Partnership
- Family farm corporation
- Authorized farm corporation
- Limited liability agricultural company
- Family farm limited liability agricultural company
- Limited agricultural partnership
- Family trust
- Authorized trust
- Testamentary trust

1b. Waste Control Permit Number \_\_\_\_\_

## PART B – COSTS OF REQUIRED IMPROVEMENTS (C Corporations only)

3. Total costs incurred this tax year for capital improvements to the qualified swine facility. Enter this amount also as an addition modification on your return. See instructions. 3. \_\_\_\_\_
4. Credit percentage allowed. 4. 50%
5. Maximum amount of credit allowed this tax year (multiply line 3 by line 4). 5. \_\_\_\_\_

## PART C – COMPUTATION OF THIS YEAR'S CREDIT

6. Carry forward from prior year (enter the amount from the prior year's Schedule K-38). 6. \_\_\_\_\_
7. Total swine facility improvement 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. Swine facility improvement credit this tax year. (enter amount from line 7 or line 8; whichever is less). Enter this amount on the appropriate line of Form K-40, Form K-41, or Form K-120. 9. \_\_\_\_\_

**If line 9 is less than line 7, complete PART D.**

## PART D – COMPUTATION OF CREDIT CARRY FORWARD

10. Subtract line 9 from line 7. This is the amount of excess credit for carry forward. Enter this amount on line 6 of next year's Schedule K-38. 10. \_\_\_\_\_

(NOTE: No carry forward is allowed after the fourth taxable year succeeding the year in which the costs were incurred.)

# INSTRUCTIONS FOR SCHEDULE K-38

## GENERAL INFORMATION

K.S.A. 79-32,204 created the swine facility improvement credit. This income tax credit is 50% of the costs incurred by a taxpayer for required improvements to a qualified swine facility. Any unused credit may be carried forward until used. However, the credit cannot be carried over after the fourth year.

For tax year 2013, and all tax years thereafter, new credits shall be available to only corporations that are subject to the Kansas corporate income tax (i.e., C corporations). New credits are not available to individuals, partnerships, S corporations, limited liability companies, and other pass-through entities.

**Carry Forward of Unused Credits:** If this credit was earned prior to tax year 2013 and a carry forward credit remains available to a taxpayer, that taxpayer may continue to claim that credit. However, that carry forward credit shall be subject to limitations and requirements in place at the time the credit was earned.

A **qualified swine facility** is one that has been using its swine waste management system since January 1, 1998 and is owned and operated by a sole proprietorship or partnership, or by a family farm corporation, authorized farm corporation, limited liability agricultural company, family farm limited liability agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust as defined in K.S.A. 17-5903.

**Required improvements to a qualified swine facility** are capital improvements that the Secretary of Health and Environment has certified to the director of taxation as required for the facility to comply with the laws regulating the management and disposal of swine waste, and are not necessary merely as the result of an expansion for which a permit had not been issued or applied for prior to May 7, 1998.

**Addition modification required.** The costs claimed as the basis for the swine facility improvement credit that are claimed for deduction in determining federal adjusted gross income must be added back to federal adjusted gross income.

## SPECIFIC LINE INSTRUCTIONS

### PART A — SWINE FACILITY INFORMATION

**LINE 1a**—Enter the name and address of the qualified swine facility to which improvements were made this tax year and certified as required by the Secretary of Health and Environment.

**LINE 1b**—Enter the Waste Control Permit Number.

**LINE 2**—Check the box for the type of ownership of this qualified swine facility.

### PART B — COST OF REQUIRED IMPROVEMENTS (C Corporations only)

**LINE 3**—Enter the total costs incurred this tax year for the required capital improvements listed on line 2 above. Also enter this amount on the applicable line on your income tax return for addition modifications.

**LINE 4**—The maximum amount of credit allowed is 50% of the total costs incurred this tax year.

**LINE 5**—Multiply line 3 by line 4. This is the maximum amount of swine facility improvement costs available for credit this tax year.

### PART C — COMPUTATION OF THIS YEAR'S CREDIT

**LINE 6**—Enter any swine facility improvement carry forward from line 11 of your prior year's Schedule K-38.

**LINE 7**—Add lines 5 and 6 and enter the result. This is your total swine facility improvement credit available this tax year.

**LINE 8**—Enter the amount of your Kansas tax liability after all credits other than the swine facility improvement credit.

**LINE 9**—Enter the lesser of lines 7 or 8. Enter this amount on the appropriate line of Form K-40, Form K-41, or Form K-120.

**If line 9 is less than line 7, complete PART D.**

### PART D — COMPUTATION OF CREDIT CARRY FORWARD

**LINE 10**—Subtract line 9 from line 7. This is the amount of credit you will have available to enter on line 6 of your next year's Schedule K-38. Keep a copy of this schedule to file with your next year's tax return and Schedule K-38.



**IMPORTANT:** Do not send enclosures with this credit schedule. Retain copies of the following documents with your tax records as KDOR (Kansas Department of Revenue) reserves the right to request them as necessary to verify your tax credit.

- Certification of swine facility improvements issued by the Kansas Department of Health and Environment.
- An itemized list of Part B costs with copies of invoices.

## TAXPAYER ASSISTANCE

For information about swine facility improvements or your certification, contact:

Kansas Department of Health and Environment  
Bureau of Water  
Livestock Waste Management Section  
1000 SW Jackson, Suite 420  
Topeka, KS 66612-1367  
Phone: (785) 296-0075  
Web site: [kdheks.gov/feedlots/](http://kdheks.gov/feedlots/)

For assistance in completing this schedule contact KDOR:

Tax Operations  
Docking State Office Building, 1st fl.  
915 SW Harrison St.  
Topeka, KS 66612-1588  
Phone: (785) 368-8222  
Fax: (785) 291-3614  
Web site: [ksrevenue.org](http://ksrevenue.org)