

# KANSAS

## SMALL EMPLOYER HEALTHCARE CREDIT

For the taxable year beginning \_\_\_\_\_, 20\_\_\_\_; ending \_\_\_\_\_, 20\_\_\_\_.

Name of taxpayer (as shown on return)	Employer ID Number (EIN)
Name of parent corporation	Employer ID Number (EIN)

Date you began participation in this plan: \_\_\_\_\_

Those employers who started a small employer health benefit plan on or after January 1, 2005 must answer the following question:

Did this employer contribute to any health insurance premium or health savings account on behalf of an employee who is to be covered by the employer's contribution within the preceding two years of the effective date of the employer's small employer health benefit plan?

☐ No ☐ Yes (If yes, you do not qualify for this credit.)

### PART A – COMPUTATION OF ELIGIBLE EMPLOYEE AMOUNT (C Corporations only)

Complete the appropriate schedule. If the employer established this plan **after December 31, 2004, complete Schedule I.** If the employer established this plan **prior to January 1, 2005, complete Schedule II.**

SCHEDULE I				SCHEDULE II	
(a) Number of eligible employees for the month	(b) <u>FIRST 12 MONTHS</u> Multiply amount in (a) by the lesser of \$70 or the actual amount paid per employee.	(c) <u>NEXT 12 MONTHS</u> Multiply amount in (a) by the lesser of \$50 or the actual amount paid per employee.	(d) <u>NEXT 12 MONTHS</u> Multiply amount in (a) by the lesser of \$35 or the actual amount paid per employee.	(e) Number of eligible employees for the month	(f) Maximum allowed. Multiply amount in (e) by \$35.
1. 1st month					
2. 2nd month					
3. 3rd month					
4. 4th month					
5. 5th month					
6. 6th month					
7. 7th month					
8. 8th month					
9. 9th month					
10. 10th month					
11. 11th month					
12. 12th month					
13. Total					

**If you completed SCHEDULE I, proceed to LINE 18.**

**If you completed SCHEDULE II, proceed to LINE 14.**

14. Enter actual expense for the tax period. 14. \_\_\_\_\_

15. Maximum credit allowed (multiply line 14 by 50% and enter the result here). 15. \_\_\_\_\_

16. Enter the lesser of line 13, column (f) or line 15. 16. \_\_\_\_\_

17. Year of participation: 1st & 2nd year ☐ 100% 3rd year ☐ 75% 4th year ☐ 50% 5th year ☐ 25%

### PART B – COMPUTATION OF CREDIT

18. Credit allowable for this tax year. From SCHEDULE I – enter amount from line 13, columns (b), (c), and/or (d). From SCHEDULE II – multiply line 16 by the appropriate percentage from line 17 and enter result. Enter this amount on the appropriate line of Form K-120.

18. \_\_\_\_\_

# INSTRUCTIONS FOR SCHEDULE K-57

## GENERAL INFORMATION

K.S.A. 40-2246 allows an income tax credit to those employers that make contributions to a health savings account of an eligible covered employee after 12/31/2004. The credit is \$70 per month per eligible covered employee for the first 12 months of participation, \$50 per month per eligible covered employee for the next 12 months of participation and \$35 per month per eligible covered employee for the next 12 months of participation.

Any small employer (defined by K.S.A. 40-2209d) having between 2 and 50 employees may establish a health benefit plan for the purpose of providing a plan as described under K.S.A. 40-2240 covering such employer's eligible employees and such employees' family members. For plans established **prior to 1/1/2005**, a certificate issued by the Commissioner of Insurance entitling a "small employer" to claim the tax credit authorized by K.S.A. 40-2246 must have been obtained.

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

An **eligible employee** is one who is employed for an average of at least 30 hours per week and elects to participate in one of the benefit plans provided under this act, and includes individuals who are sole proprietors, business partners, and limited partners who own the business. *Eligible employee* does not include individuals: 1) engaged as independent contractors; 2) whose periods of employment are on an intermittent or irregular basis; or, 3) who have been employed by the employer for fewer than 90 days.

A **health savings account** means a trust created or organized in the United States as a health savings account exclusively for the purpose of paying the qualified medical expenses of the account beneficiary, but only if the written governing instrument creating the trust meets the requirements specified by the medicare, prescription drug, improvement and modernization act of 2003, Pub. L. No. 108-173, 117 Stat. 2067.

As a condition to participate as a member of any small employer health benefit plan, an employer shall have not contributed within the preceding two years to any health insurance premium or health savings account on behalf of an employee who is to be covered by the employer's contribution other than a contribution by an employer to a health insurance premium or health savings account within the preceding two years solely for the benefit of the employer or the employer's dependents.

If the credit exceeds the current year's tax liability, the unused portion shall be refunded to the taxpayer.

**Addition Modification.** The employer is required to reduce any expense deduction that is included in federal taxable income for the tax year by the dollar amount of the credit.

**Documentation.** Retain your monthly insurance billings with your records as KDOR (Kansas Department of Revenue) reserves the right to request additional information as necessary.

## SPECIFIC LINE INSTRUCTIONS

Complete the information at the top of the schedule.

### PART A – COMPUTATION OF ELIGIBLE EMPLOYEE AMOUNT (C Corporations only)

Complete the appropriate schedule. If the employer established this plan after 12/31/2004, complete Schedule I. If it was established prior to 1/1/2005, complete Schedule II.

#### LINES 1-12 – Schedule I (Plans after 12/31/2004)

**Column (a):** Enter number of eligible employees covered by this plan for each month of the employer's tax year.

**Column (b):** If you established or made contributions during this tax year which constitutes the FIRST 12 MONTHS of participation, multiply the number of eligible employees for each month of participation by the lesser of \$70 or the actual amount paid per employee.

**Column (c):** If you established or made contributions during this tax year which constitutes the NEXT 12 MONTHS of participation, multiply the number of eligible employees for each month of participation by the lesser of \$50 or the actual amount paid per employee.

**Column (d):** If you established or made contributions during this tax year which constitutes the NEXT 12 MONTHS of participation, multiply number of eligible employees for each month of participation by the lesser of \$35 or the actual amount paid per employee. (The total of columns b, c and d should be only 12 months.)

#### LINES 1-12 – Schedule II (Plans prior to 1/1/2005)

**Column (e):** Enter number of eligible employees covered by this plan for each month of the employer's tax year.

**Column (f):** Multiply number of eligible employees for each month by \$35.

**LINE 13** – Add lines 1 through 12 and enter result. If the plan was established *after 12/31/2004* and Schedule I is complete, proceed to line 18. If established *prior to 1/1/2005* and Schedule II is complete, proceed to line 14.

**LINE 14** – Enter your total health insurance premium or health savings account contributions for covered employees during the tax period. Review your health insurance billings for this particular tax year to obtain your cost.

**LINE 15** – To figure the maximum credit allowed multiply line 14 by 50%.

**LINE 16** – Enter the lesser of line 13, column (f) or line 15.

**LINE 17** – Check the appropriate box for the number of tax years you have participated in this credit.

### PART B – COMPUTATION OF CREDIT

**LINE 18** – If the plan was established after 12/31/2004 and you completed Schedule I, enter the amount from line 13, columns (b), (c), and/or (d). If the plan was established prior to 1/1/2005 and you completed Schedule II, multiply line 16 by the appropriate percentage from line 17. Enter result here and on the appropriate line of Form K-120.

## TAXPAYER ASSISTANCE

For assistance and information on establishing a Small Employer Health Benefit Plan, call the Insurance Commissioner's office at (785) 296-7850. For assistance with Schedule K-57, call KDOR at (785) 368-8222.