

K-86

(Rev. 8/11)

KANSAS FILM PRODUCTION 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 – COMPUTATION OF CREDIT

1. Total amount of direct production expenditures made by an eligible production company this tax year. 1. _____
2. Maximum percentage allowed. 2. 30%
3. Maximum allowable credit for this tax year (multiply line 1 by line 2). 3. _____
4. Proportionate share percentage (see instructions). 4. _____
5. Your share of the credit for this year's expenditures (multiply line 3 by line 4). 5. _____

PART B – COMPUTATION OF TOTAL CREDIT CLAIMED THIS TAX YEAR

6. Amount of available carry forward from the prior year's Schedule K-86. No credit may be carried forward after the third taxable year succeeding the year in which the costs were incurred. 6. _____
7. Total credit available (add lines 5 and 6). 7. _____
8. Amount of tax liability for current taxable year after all previously claimed credits. 8. _____
9. Amount of credit allowable this tax year (enter the lesser of line 7 or line 8). Enter this amount on the appropriate line of Form K-40, K-41 or Form K-120. 9. _____

If line 9 is less than line 7, complete PART C.

PART C – COMPUTATION OF CREDIT CARRY FORWARD

10. Amount of credit to carry forward to next year's Schedule K-86 (subtract line 9 from line 7). 10. _____

INSTRUCTIONS FOR SCHEDULE K-86

GENERAL INSTRUCTIONS

K.S.A. 79-32,258 provides for a 30% tax credit for tax years commencing after December 31, 2006, against the income tax liability of an eligible film production company for direct production expenditures made in Kansas that are directly attributable to the production of a film in Kansas.

The credit allowed shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made. If the amount of the credit allowed by this section exceeds the taxpayer's income tax liability for such taxable year, such excess may be carried over in the succeeding taxable years until the total amount of the credit is used, except that no such tax credit shall be carried over for deduction after the third taxable year succeeding the year in which the costs are incurred.

To be eligible for the film production tax credit, a film production company shall submit to the Kansas Department of Commerce (KDOC) information as required by KDOC to demonstrate conformity with the requirements of K.S.A. 79-32,258. The Department of Commerce may reserve a tax credit amount based on the expected direct production expenditures. The Department of Revenue (KDOR) may award a film production credit based on the actual expenditures but will be limited to the amount of tax credit reserved by KDOC. No film production tax credits shall be allowed for any tax year commencing on or after January 1, 2013. The total amount of film production tax credits allowed shall not exceed \$2,000,000 per tax year.

Direct production expenditure means an expenditure incurred in the state of Kansas in the production of a Kansas film including:

- 1) payment of wages, fringe benefits or fees for talent, management or labor to a person who is a Kansas resident for purposes of the Kansas income tax act;
- 2) payment to a personal services corporation for the services of a performing artist, if:
 - the personal services corporation is subject to taxation under the provisions of the Kansas income tax act; or
 - the performing artist receiving payment from the personal services corporation pays Kansas income tax; and
- 3) any of the following provided by a vendor:
 - the story and scenario to be used for a film;
 - set construction and operations, wardrobe, accessories and related services;
 - photography, sound synchronization, lighting and related services;
 - editing and related services;
 - rental of facilities and equipment;
 - leasing of vehicles;
 - food or lodging;
 - airfare if purchased through a Kansas-based travel agency or travel company;
 - insurance coverage and bonding if purchased through a Kansas-based insurance agent; and
 - other direct costs of producing a film in accordance with generally accepted entertainment industry practice.

Eligible film production company means a film production company that has received certification from the KDOC.

Film means any film, video, commercial or television production, as approved by the KDOC, that is 30 minutes or less in length with an expected in-state expenditure budget in excess of \$50,000, or that is over 30 minutes in length with an expected in-state expenditure budget in excess of \$100,000. Film *shall not include* the following: news or current events programming; talk show; production produced primarily for industrial, corporate or

institutional purposes, and for internal use; sports event or sports programming; gala presentation or awards programming; infomercial or any production that directly solicits funds; political advertisement; or production that is considered obscene.

Film production company means a person that produces one or more films.

SPECIFIC LINE INSTRUCTIONS

Enter all requested information at the top of this schedule.

PART A - COMPUTATION OF CREDIT

LINE 1 – Enter total amount of direct production expenditures made by an eligible production company this tax year.

LINE 2 – This percentage (30%) determines the maximum credit allowable by law.

LINE 3 – Enter the lesser of the amount of the credit reserved by KDOC OR the amount on line 1 multiplied by line 2. This is the maximum allowable credit.

LINE 4 – 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%.

LINE 5 – Multiply line 3 by line 4. This is your share of the total credit for the amount expended this year.

PART B —COMPUTATION OF TOTAL CREDIT CLAIMED THIS TAX YEAR

LINE 6 – Enter the carry forward amounts available from prior year's K-86 schedule.

LINE 7 – Add lines 5 and 6.

LINE 8 – Enter the total Kansas tax liability for the current tax year after all previously claimed credits.

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

PART C —COMPUTATION OF CARRY FORWARD CREDIT

LINE 10 – Subtract line 9 from line 7. This amount cannot be less than zero. Enter this amount on next year's Schedule K-86.



IMPORTANT: Do not send enclosures with this schedule, however keep copies of important documentation with your records. KDOR reserves the right to request additional information as necessary.

TAXPAYER ASSISTANCE

Address questions about qualifying for this credit to:

Kansas Secretary of Commerce
Film Commission
1000 SW Jackson St, Suite 100
Topeka, KS 67504-0647
Phone: (785) 296-2178
Web site: kansascommerce.com

For information and assistance in completing this schedule contact KDOR:

Tax Operations
Docking State Office Building
915 SW Harrison St., 1st Floor
Topeka, KS 66625-2007
Phone: (785) 368-8222
Fax: (785) 291-3614
Web site: ksrevenue.org