



# 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.

This credit is only available to corporations that are subject to the Kansas corporate income tax (i.e., C corporations) and not available to individuals, partnerships, S corporations, limited liability companies, and other pass-through entities.

**Carry Forward of Unused Credits:** For tax year 2017 and all years thereafter no new credit or carryforward is available to individuals, partnerships, S corporations, limited liability companies, and other pass-through entities.

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-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 the 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  
Website: [kdheks.gov/feedlots](http://kdheks.gov/feedlots)

For assistance in completing this schedule contact the Kansas Department of Revenue:

Taxpayer Assistance Center  
Scott Office Building  
120 SE 10th Ave  
PO Box 750260  
Topeka KS 66699-0260  
Phone: 785-368-8222  
Fax: 785-291-3614

Additional copies of this credit schedule and other tax forms are available from our website at: [ksrevenue.org](http://ksrevenue.org)