

Entrepreneurship Tax Credits

Economic Sense, Targeted Delivery

NetWork Kansas was created as a key component of the Kansas Economic Growth Act of 2004 to lead collaborative efforts between education, research and outreach services—as well as public sector organizations—in order to serve potential and existing entrepreneurs statewide. An integral part of this effort is providing seed capital to entrepreneurs and small business owners in rural and distressed areas of Kansas. The *Kansas Center for Entrepreneurship Tax Credit* was created to stimulate this effort.

75% Tax Credit

Donors receive a 75% state income tax credit for their donation. A tax credit is a dollar-for-dollar credit against state income tax liability. This means that for every \$1,000 donated, donors will receive \$750 credit directly off of their state income tax liability.

Donors are also eligible to receive a federal and state tax deduction and should consult with their individual tax specialist to determine the amount of any deductions. A K-31 Form is required with the individual tax form and is available online through the Kansas Department of Revenue.

What Are The Individual Minimum and Maximum Annual Tax Credits Allowed?

The minimum allowable tax credit per year is \$187.50, which translates into a donation of \$250. The maximum allowable credit per year is \$50,000, which translates into an approximate donation of \$66,667. If the amount of the tax credit exceeds the contributor's liability in the taxable year, the remaining portion of the credit may be carried forward until the total amount of credit is applied.

Who Can Donate?

Individuals and corporations* can donate to the Kansas Center for Entrepreneurship.

Who Cannot Donate?

Banks are not eligible for the Entrepreneurship Tax Credit due to privilege tax limitations. Banks are eligible for the Rural Business Development Tax Credit (RBDTC), also a 75% tax credit offered through seven regional foundations. For information on RBDTCs, check out www.networkkansas.com under the Entrepreneurs (Funding Options) tab.

* If the donor is a corporation with an election in effect under Subchapter S of the Federal Internal Revenue Code or is a partnership, the credit provided by this section shall be claimed by the shareholders of these corporations or the partners must account for their proportionate shares of the income or loss of these corporations or partnerships.

Where Does The Money Go?

Donations to the Center provide matching loans and/or grants through local or regional non-profit business support providers who are also NetWork Kansas resource partners.

The funds are made available to businesses located in rural areas (cities with a population under 50,000) or in distressed areas of larger cities who are starting or expanding a business.

NetWork Kansas resource partners include the seven regional foundations, Kansas Main Street organizations, economic development agencies and other non-profit organizations charged with assisting for-profit entrepreneurs and small businesses in Kansas.

How Do I Donate To The Fund?

Make checks payable to the Kansas Center for Entrepreneurship. Our mailing address is:

Kansas Center for Entrepreneurship
c/o NetWork Kansas
P.O. Box 877
Andover, Kansas 67002-0877

Call 316.218.6352 to verify that credits are still available for the current tax year.

How Do I Contact NetWork Kansas?

If you have questions about Kansas Entrepreneurship Tax Credits, please contact Kristi Pedersen at: 316.218.6352 or kdpedersen@fhsu.edu.

For more information about NetWork Kansas, please call 877.521.8600 to speak with one of our referral coordinators or visit our website: www.networkkansas.com.



Resources for Starting or Growing Your Business