

PROMOTING EMPLOYMENT ACROSS KANSAS (PEAK)

REFUND VS RETAIN BENEFIT PROCESS - WHAT'S THE DIFFERENCE?



In most cases, the **"refund"** or **"retain"** PEAK benefit process will require having two withholding tax accounts with the Kansas Department of Revenue (KDOR). KDOR will set up two withholding tax accounts upon receiving a fully executed PEAK agreement from Commerce -- one "primary" account ending with a suffix of "01" (if you are an existing Kansas company with employees, you already have this withholding account set up) and a second "PEAK" account ending with a suffix of "50." All companies participating in the program are required to report PEAK related information, including jobs, wages and withholding details, to Commerce quarterly using a customized reporting template commencing on the company's Effective Date to begin receiving benefits (see [PEAK Quarterly Reporting Instructions](#)).

"Refund" – The **"refund"** benefit method is considered the easiest and most convenient benefit process and thus is generally elected by most participant companies. A \$5 quarterly fee for each PEAK-Eligible Job is assessed for this benefit method.

This benefit process eliminates the company having to make withholding tax deposits into two accounts. This method works as follows: 1) the PEAK company remits 100% of both the PEAK Job and PEAK-Eligible Job withholding tax to the primary "01" account at least monthly; 2) PEAK company submits quarterly report to Commerce for review; 3) upon satisfactory review for program compliance, Commerce forwards the quarterly report to KDOR; 4) KDOR issues a 95% refund for the PEAK-Eligible Jobs' withholding tax based on the data in the Commerce quarterly report, minus \$5 for each PEAK-Eligible Job; and 5) KDOR will transfer the remaining 5% withholding tax for PEAK-Eligible Jobs from the primary "01" account to the PEAK "50" account. KDOR reserves the right to make any necessary adjustments discovered during end of year W-2 reconciliation or for situations arising during the year that are not reflected in the PEAK quarterly report(s).

"Retain" – The **"retain as you go"** benefit method is a more complicated and time-consuming benefit process which results in significantly more work for participant companies that elect it. This benefit process is also generally not supported by payroll service providers so please check with your provider before electing this benefit method.

This benefit process involves remitting 5% of the PEAK-Eligible Job withholding tax to the PEAK "50" Account and retaining 95% of the PEAK-Eligible Job withholding tax. Under this process, the PEAK company is responsible for the following: 1) remitting 5% of PEAK-Eligible Job (defined as PEAK Jobs with wages at or above the county median wage) withholding tax to the PEAK "50" account, at least monthly, with the company retaining 95% of PEAK-Eligible Job withholding tax; 2) remitting to KDOR, no less than monthly, 100% of withholding tax to the primary "01" account for any PEAK Jobs that have wages less than the median wage for the county in which the PEAK business facility is located; and 3) filing the Commerce PEAK quarterly reports.

If you have questions regarding the tax accounts, how to remit withholding tax, etc. please contact Kathleen Smith, KDOR, at 785.296.3070 or Kathleen.Smith@ks.gov.

If you have questions regarding the Commerce quarterly report, please contact Jim Newins at 785.368.7293 or Peak.Reporting@ks.gov.

Any other questions about the program can be directed to Brett Sayre, Commerce, at 785.296.5418 or Brett.Sayre@ks.gov.