



# TAXATION IN KANSAS

# Franchise Tax

Banks, savings & loan associations and trust companies which are allowed to file as small business corporations at the federal level are not allowed to file as small business corporations at the Kansas level. Such entities are instead required to file a privilege tax return to report any income or loss.

The Kansas Department of Revenue (state) provides Form K-130 for filing Franchise Tax.

The privilege tax is due by the 15th day of the fourth month following the close of the institution’s federal tax year.

**Tax base is considered net income, as defined by the law, for the preceding taxable year. The present tax rate are as follows:**

Entities	Income	Tax rate
Banks	Over USD 25,000	2.25% plus surtax 2.125%
Savings and loan associations	Over USD 25,000	2.25% plus surtax 2.25%



# Corporate Income Tax (1/2)

All corporations doing business in Kansas or deriving income from Kansas sources are generally required to file a corporate income tax return. The return must be filed annually. The corporate income tax rate in Kansas are as follows:

Income Brackets (USD)	Rates
0 – 50,000	4%
Above 50,000	Surtax of 3 %

The Kansas Department of Revenue provides Form K-120 and instructions for filing corporate income tax returns for C corporations.

The due date for filling corporate income tax is on or before 18th day of the fourth month.

If the C Corporation files federal Form 7004 for an extension with the IRS to get an automatic six-month extension, then it gets automatic extension to file their Kansas tax return as well. In other words, Kansas doesn't require a separate extension request form.



# Corporate Income Tax (2/2)

## A Estimated Tax Payment

A C corporation is required to make estimated tax payments for the taxable year if its Kansas income tax liability can reasonably be expected to exceed USD 500. A corporation is not required to file a declaration of estimated tax in its first year of existence in Kansas. Estimated tax vouchers are due on or before the 15<sup>th</sup> day of the fourth, sixth, ninth, and twelfth months of the corporate taxable year without any regard to an extension of time to file for the prior year's income tax return.

## B Interest and Penalty

**Interest** - If the corporation paid the tax after the original due date, then interest is computed at the rate of 0.5% per month.

**Penalty** - If the corporation paid the tax after the original due date, then the penalty is computed at 1% for each month (or portion thereof) the return is late or the tax is unpaid on the balance due amount, up to a maximum of 24%.



# Pass-through Entity Tax (1/2)

Kansas LLCs and S corporations are taxed as pass-through entities, meaning the LLC and S corporation does not pay federal taxes directly. Pass-through entities have revenue from the business passed to the members, who then pay the state personal income tax on the earnings, depending on the amount of earnings.

In Kansas, there is a bracketed state personal income tax that pass-through taxation status must pay when members file their personal taxes. The breakdown is:

Income Brackets (USD)	Rates
Less than 15000	3.5%
15000-30000	6.25%
30000 and more	6.45%

The Kansas Department of Revenue provides specific form and instructions for filing Pass through entity tax as follows:

Corporation	Form
S corporation & LLC	K 120S



# Pass-through Entity Tax (2/2)

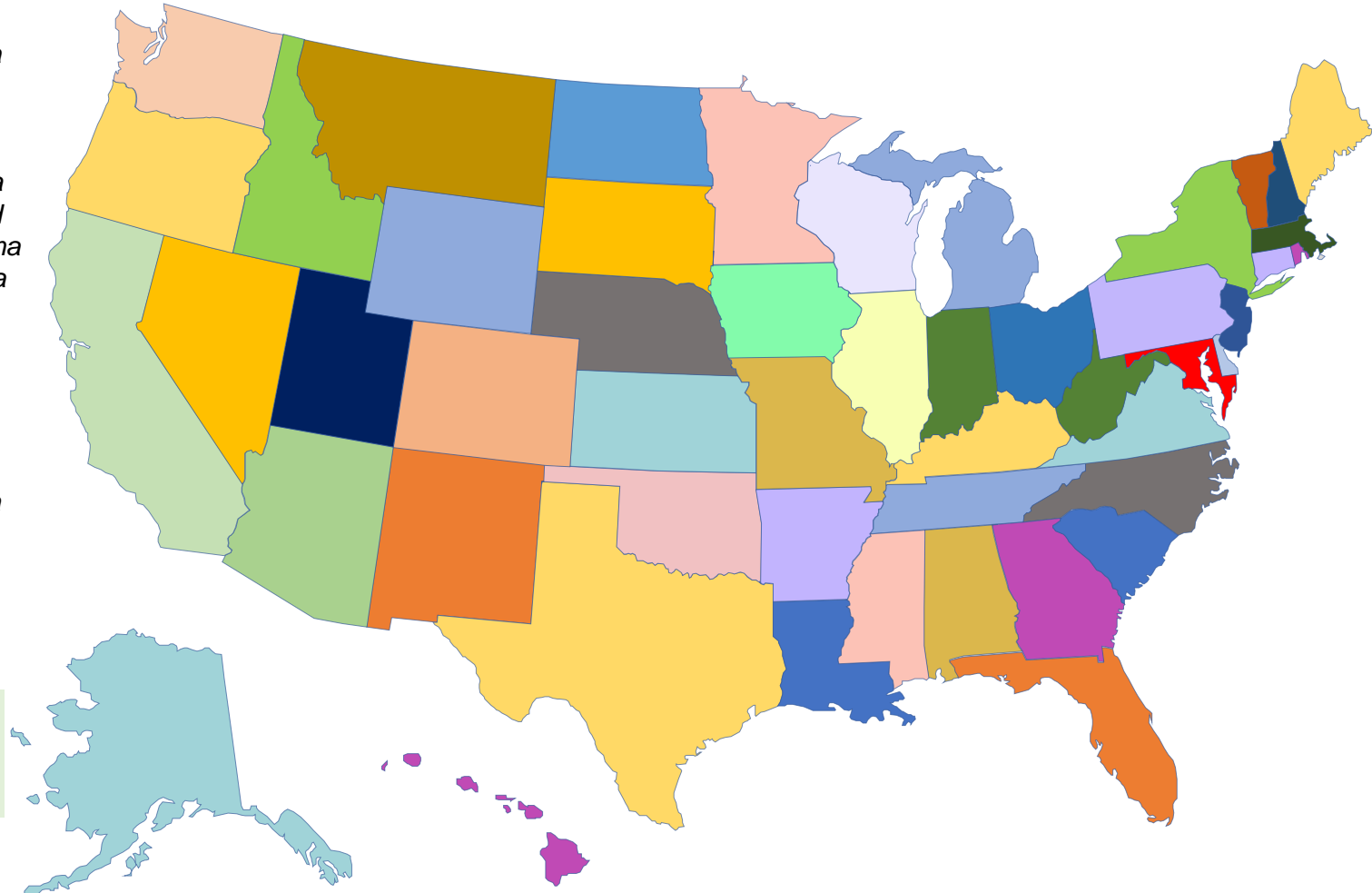


- The due date for filling the pass - through entity tax return is on 18<sup>th</sup> day of fourth month.
- A S corporation and LLC is required to make estimated tax payments for the taxable year if its Kansas income tax liability can reasonably be expected to exceed USD 500. A pass - through entity is not required to file a declaration of estimated tax in its first year of existence in Kansas. Estimated tax vouchers are due on or before the 15<sup>th</sup> day of the fourth, sixth, ninth, and twelfth months of the corporate taxable year without any regard to an extension of time to file for the prior year's income tax return.
- Late filing and payment - If entities pay tax after the original due date, then the penalty is computed at 1% for each month (or portion thereof) the return is late or the tax is unpaid on the balance due amount, up to a maximum of 24%.
- Interest - If the entities pay tax after the original due date, then interest is computed at the rate of .5% per month.

# Upcoming Series

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