

SALT PARITY ACT
2022 TAX YEAR FILING NOTIFICATION
(March 30, 2023)

The SALT Parity Act, enacted during the 2022 Legislative Session, is being utilized for the first time during the 2023 tax filing season. The legislature declared that the deductibility of state income taxes should be the same for C corporations, S corporations and partnerships. The SALT Parity Act allows electing pass-through entities to avoid the state and local tax or SALT deduction limitation for individuals at the federal level.

As returns are being prepared, filing questions have arisen regarding calculation of tax for electing pass-through entities that have income from Kansas and non-Kansas sources. In light of the ambiguity of the provisions of K.S.A. 79-32,287(a) and based on the legislative intent of the SALT Parity Act, the Department will accept returns filed by electing pass-through entities that calculate the tax either before or after apportionment for Kansas residents. The tax for nonresidents will continue to be calculated after apportionment. If calculating the tax before apportionment, Form K-120S-IAW will be completed and filed with form K-120S. Form K-120S-IAW can be found here - <https://www.ksrevenue.gov/pdf/K-120sIAS22.pdf>. K-120S returns are due by April 18, 2023.