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NOTICE 12-09

RECENT CHANGES DO NOT AFFECT CORPORATE INCOME TAX

During the 2012 Legislative Session House Bill 2117 was passed and signed into law. Despite a multitude of changes, many of which are effective beginning with tax year 2013, the Bill did not make any changes to the corporate income tax rates or credits available to C corporations.

The income of C corporations will continue to be taxed at the rates currently imposed by K.S.A. 79-32,110(c), which are the normal tax of 4% on the first $50,000 of taxable income and the 3% surtax on Kansas taxable income in excess of $50,000.

Under current law the Kansas taxable income of a C corporation is determined by applying the same modifications as those available to an individual under K.S.A. 79-32,117(b) and (c). Section 12 of HB 2117 adds new addition modifications in subsections (b)(xix), (xx), (xxi), (xxii) and (xxiii), and a new subtraction modification in subsection (c)(xx). These modifications relate to business income and losses. However, Section 16 of the Bill amends K.S.A. 79-32,138 to specifically provide that these new addition and subtraction modifications do not apply to corporations subject to the Kansas corporate income tax. As a result, the modifications used for computing the Kansas corporate income tax will not change.

Taxpayer Assistance

Additional copies of this notice, forms or publications are available from our web site, **www.ksrevenue.org**. If you have questions about income tax, please contact:

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