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# NOTICE 13-02

## KANSAS INCOME TAX - CHANGES TO BASIS RULES

## REPEAL OF K.S.A. 79-32,117n

During the 2012 Legislative Session HB 2117 was passed and signed into law. Section 37 of the Bill addressed the determination and computation of the basis of a partner's interest in a partnership and the basis of a shareholder's stock and indebtedness in an S corporation. Section 37 was codified in K.S.A. 79-32,117n, and became effective for tax year 2013.

Shortly after it was enacted, it became apparent that the provisions of K.S.A. 79-32,117n did not achieve the result intended by the Legislature. In fact, it became apparent that a clearly unintended result would be achieved. In light of this the Department of Revenue decided to delay implementation of the provisions of K.S.A. 79-32,117n, and to seek repeal of the statute during the 2013 Legislative Session.

House Substitute for Senate Bill 83 has been passed by the 2013 Legislature and has been signed into law. Section 19 of the Bill provides that K.S.A. 79-32,117n is repealed.

House Sub for SB 83 indicates it is effective upon publication in the Kansas Register. The Department of Revenue is interpreting this to mean that the provisions of K.S.A. 79-32,117n will not have any effect, for tax year 2013 or any other tax year. In other words, the Department intends to proceed as if K.S.A. 79-32,117n had never been enacted.

### 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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