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NOTICE 13-17

KANSAS COMPOSITE RETURNS
(September 12, 2013)

Advice has been requested regarding the use of composite income tax returns in Kansas. Specifically, inquiry has been made as to whether modification(s) enacted during the 2012 Legislative Session [See Notice 12-11] which exempt certain categories of income from Kansas income tax are recognized on a composite return.

The use of composite income tax returns is authorized by Kansas Administrative Regulation (K.A.R.) 92-12-106. The regulation provides:

> **92-12-106. Composite returns for nonresident partners and shareholders.** (a) Any partnership or S corporation required to file a return under the Kansas income tax act may file a composite income tax return for all nonresident partners or nonresident shareholders which derive income from the partnership or S corporation. Nonresident partners and nonresident shareholders included in a composite return shall not file a separate income tax return.
>
> (b) Any nonresident partner or nonresident shareholder may be included in a composite return unless the partner or shareholder has income from a Kansas source other than the partnership or S corporation.
>
> (c) Each composite return shall list the name, address, social security number and the percentage ownership of each nonresident partner or nonresident shareholder.
>
> (d) Each composite return shall be filed and any tax paid by the partnership or S corporation on or before the 15th day of the fourth month following the close of the taxable year of the partnership or S corporation.
>
> (e) Each return shall be filed in the manner prescribed by the director of taxation.
>
> (f) Trusts shall not be included in a composite return. Each trust shall file a separate income tax return on a form provided by the director.

The composite return, Kansas Form K-40C, recognizes an individual's personal exemptions and a standard deduction. It does not recognize itemized deductions. Similarly, it does not recognize modifications, either additions or subtractions.

Because, generally, the composite return does not recognize modifications it will not recognize those modification(s) enacted during the 2012 Legislative Session which exempt certain categories of income from Kansas income tax. Individuals who wish to take advantage of those modifications must file a separate individual income tax return.

Taxpayer Assistance

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

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