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Notice 14-09
Withholding Repealed For Nonresident Shareholders Of S Corporations, Partners, And Members Of Limited Liability Companies
(July 1, 2014)

During the 2014 Legislative Session Senate Bill 265 was passed and signed into law. Section 9 of the Bill repeals K.S.A. 79-32,100e. K.S.A. 79-32,100e is part of the Kansas withholding tax act, and its provisions require that:

> Corporations for which an election as a S corporation under subchapter S of the federal internal revenue code is in effect are required to deduct and withhold tax . . . from a nonresident shareholder's share of Kansas taxable income of the corporation, whether distributed or undistributed . . .
>
> Partnerships are required to withhold tax . . . from a nonresident partner's share of Kansas taxable income of the partnership, whether distributed or undistributed . . .
>
> Limited liability companies are required to withhold tax . . . from a nonresident member's share of Kansas taxable income of the limited liability company, whether distributed or undistributed . . .

The reporting requirements of K.S.A. 79-32,100e are accomplished by using Kansas forms KW-7, KW-7S, or KW-7A, in addition form K-19.

Senate Bill 265 is effective July 1, 2014. As a practical matter, however, in many cases the repeal of K.S.A. 79-32,100e is effective immediately because withholding is not reported until the end of the year. If income tax is withheld from a shareholder, partner, or member and remitted to the state of Kansas during tax year 2014, the shareholder, partner, or member can file a 2014 income tax return and claim a refund, if appropriate.

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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