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Samuel M. Williams, Secretary
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NOTICE 17-02

INCOME TAX RATES AND WITHHOLDING RATES CHANGED FOR INDIVIDUALS, ESTATES, AND TRUSTS (JULY 1, 2017)

The 2017 Legislature increased individual income tax rates retroactively for tax year 2017, and further increased them for tax year 2018 and later years. The changes were made in Senate Bill 30, amending K.S.A. 79-32,110, the statute which establishes the rates of state income tax. The changes are in effect beginning July 1, 2017.

Kansas income tax rates for tax year 2017 and later years are as follows:

Married Filing Joint Returns

For tax year 2017:

If the taxable income is:	The tax is:
Not over $30,000	2.9% of Kansas taxable income
Over $30,000 but not over $60,000	$870 plus 4.9% of excess over $30,000
Over $60,000	$2,340 plus 5.2% of excess over $60,000

For tax year 2018, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over $30,000	3.1% of Kansas taxable income
Over $30,000 but not over $60,000	$930 plus 5.25% of excess over $30,000
Over $60,000	$2,505 plus 5.7% of excess over $60,000

All Other Individuals
(As Well As Estates and Trusts)

For tax year 2017:

If the taxable income is:	The tax is:
Not over $15,000	2.9% of Kansas taxable income
Over $15,000 but not over $30,000	$435 plus 4.9% of excess over $15,000
Over $30,000	$1,170 plus 5.2% of excess over $30,000

For tax year 2018, and all tax years thereafter:

If the taxable income is:	The tax is:
Not over $15,000	3.1% of Kansas taxable income
Over $15,000 but not over $30,000	$465 plus 5.25% of excess over $15,000
Over $30,000	$1,252.50 plus 5.7% of excess over $30,000

Withholding Tax Changes

Under Kansas law the Secretary of Revenue is required to prepare tables, and/or to prescribe schedules or rates, for withholding tax that will approximate an employee's annual tax liability during a calendar year. Under the provisions of the new legislation this task is complicated by the fact the income tax rates for tax year 2017 are changing in mid-year, meaning many employees will not have had enough tax withheld for the year. In addition, tax rates will change again in only 6 months because different rates become effective January 1, 2018, for tax year 2018.

To address these concerns the Department has updated the withholding tax tables to reflect the higher 2018 tax year withholding tax rates. These tables are available through the Department's website at: https://ksrevenue.org/forms-btwh.html Applying these rates to the second half of tax year 2017 should allow most employees to "catch-up" on their withholding for tax year 2017. In addition, beginning to withhold at the 2018 rate now means it will not be necessary to change the amount of withholding again in just 6 months.

While using the 2018 withholding rate tables will make the necessary adjustments to most wage earners withholding, every taxpayer is different. As a result, the Department encourages all wage earners to review their personal tax situation, and to discuss any questions with their tax preparer or tax professional.

No Penalty For Underpayment of Tax Due To Rate Change

Like the federal tax system, the Kansas tax system is designed so that income tax is remitted as income is earned. Usually, under withholding of income tax or failure to make estimated tax payments will result in a penalty being imposed. However, this legislation specifically provides that a penalty will not be imposed if all of the tax that was underpaid as a result of the rate increase is paid by April 17, 2018, which is the due date of 2017 calendar year income tax returns. Section 4 of the Bill amends K.S.A. 79-32,110 by adding subsection (f) which states:

> (f) No taxpayer shall be assessed penalties and interest arising from the underpayment of taxes due to changes to the rates in subsection (a) that became law on July 1, 2017, so long as such underpayment is rectified on or before April 17, 2018.

Corporate Income Tax Rates Not Affected

The changes made by Senate Bill 30 do not affect corporate income tax. Corporate income tax rates have not changed.

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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