

INSTRUCTIONS FOR SCHEDULE K-40C

GENERAL INFORMATION

Any partnership or S corporation required to file a Kansas income tax return may elect to file a composite income tax return for its nonresident partners or nonresident shareholders that derive income from the partnership or S corporation. 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. At this time, the Kansas Department of Revenue does not require written approval to file a composite return. Nonresident partners and nonresident shareholders included in a composite return shall not file a separate income tax return.

IMPORTANT—Schedule K-40C cannot be filed by a trust (file a Kansas Fiduciary Income Tax return, Form K-41), or for any tax year that the S corporation or partnership is claiming a special tax credit or a net operating loss (NOL).

If your partnership or S corporation qualifies to complete a composite income tax return, a Kansas Individual Income Tax Return, Form K-40, must be completed for the partnership or S corporation in that specific entity's name and EIN. The totals from the K-40C (columns 12 through 15) will be transferred to Form K-40. Enclose a copy of the K-40C with Form K-40. Each composite return shall be filed and any applicable 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.

SPECIFIC COLUMN INSTRUCTIONS

COLUMN 1—Enter the names of nonresident shareholders or partners (owners).

COLUMN 2—Enter the Social Security number of each nonresident owner.

COLUMN 3—Enter the nonresident owners' state of residence.

(Round ALL dollar figures to the nearest whole dollar)

COLUMN 4—Enter each nonresident's share of the "Apportionable Business Income" from Form K-120S. Multiply line 14* of Form K-120S by the percentage for each partner/shareholder from the K-120S, Part II, Column 4.

COLUMN 5—The filing status for Kansas must be the same as that used on the shareholder's or partner's federal income tax return, except that Kansas does not recognize the "Qualifying Widow(er) with Dependent Child" status. If a shareholder or partner filed as a "Qualifying Widow(er) with Dependent Child," on the federal return, they will file as "Head of Household" on the K-40C.

COLUMN 6—Shareholders and partners are entitled to the same number of exemptions as claimed on their federal income tax return. If the Kansas filing status in column 5 is "Head of Household," enter one additional exemption.

COLUMN 7—Multiply the number of exemptions from column 6 by \$2,250.

COLUMN 8—The shareholders or partners must use the standard deduction on a composite return. The Kansas standard deduction is as follows:

<u>Filing Status</u>	<u>Base Deduction</u>	<u>Additional Deduction</u>
Single	\$3,000	\$850
Head of Household	\$5,500	\$850
Married Filing Joint	\$7,500	\$700
Married Filing Separate	\$3,750	\$700
An additional deduction amount is allowed for persons who are age 65 or over and/or blind.		

COLUMN 9—Kansas taxable income. Income subject to Kansas income tax (subtract the total of columns 7 and 8 from column 4).

COLUMN 10—Tax before allocation. This is derived by applying Kansas tax computation schedule to the amount in column 9.

COLUMN 11—Enter each nonresident's share of Total Kansas Income from Form K-120S by multiplying line 19* of Form K-120S by the percentage for each partner/shareholder from the K-120S, Part II, Column 4.

COLUMN 12—Kansas nonresident tax: Column 10 multiplied by nonresident allocation percentage (this percentage determined by dividing column 11 by column 4 and rounding the result to the fourth decimal place; not to exceed 100.0000). Enter the total amount from K-40C on the applicable line of Form K-40.

COLUMN 13—Amount of Kansas estimated tax paid. Enter total from K-40C on applicable line of Form K-40.

COLUMN 14—Balance due or refund: Subtract total in column 13 from total in column 12. Enter the result in column 15 and on the applicable line of Form K-40 for either a balance due or refund.

* Line number references are subject to change.

TAXPAYER ASSISTANCE

For assistance in completing this schedule contact the Kansas Department of Revenue:

By mail

Tax Operations
Docking State Office Building
915 SW Harrison St.
Topeka, KS 66612-1588

Walk-in

Taxpayer Assistance Center
Scott Office Building
120 SE 10th Ave.
Topeka, KS

Phone: 785-368-8222

Fax: 785-291-3614

This schedule and other tax forms are available from our website at: **ksrevenue.org**