

## Income/Franchise:

### Kansas: New Law Offers Elective Entity-Level Taxation for Pass-through Entities

*H.B. 2239*, signed by gov. 4/14/22. Applicable for taxable years beginning on or after January 1, 2022, new law permits pass-through entities, including partnerships and S corporations, to make an election to pay an entity level state income tax in Kansas at a flat tax rate of 5.7%. In turn, electing pass-through entity owners may claim a credit against their income tax equal to their direct share of the Kansas pass-through entity tax. Any excess credit is refundable to the electing pass-through entity owner. The legislation is in response to the \$10,000 cap on the federal individual income tax deduction for state and local taxes that was enacted in the 2017 federal tax overhaul legislation known as the Tax Cuts and Jobs Act (*i.e.*, P.L. 115-97).

**URL:** [http://kslegislature.org/li/b2021\\_22/measures/HB2239/](http://kslegislature.org/li/b2021_22/measures/HB2239/)

See recently issued Multistate Tax Alert for more details on this new tax, and please contact us with any questions.

— Amber Rutherford (Nashville)  
Senior Manager  
Deloitte Tax LLP  
amberrutherford@deloitte.com

Joe Garrett (Birmingham)  
Managing Director  
Deloitte Tax LLP  
jogarrett@deloitte.com

Tom Engle (St. Louis)  
Manager  
Deloitte Tax LLP  
tengle@deloitte.com

Gregory Bergmann (Chicago)  
Partner  
Deloitte Tax LLP  
gbergmann@deloitte.com

Robert Waldow (Minneapolis)  
Principal  
Deloitte Tax LLP  
rwaldow@deloitte.com

Shirley Wei (Los Angeles)  
Senior Manager  
Deloitte Tax LLP  
shiwei@deloitte.com

Olivia Schulte (Washington, DC)  
Manager  
Deloitte Tax LLP  
oschulte@deloitte.com

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