

## Income/Franchise:

### Kansas DOR Issues Guidance on New Elective Entity-Level Taxation for Pass-through Entities

*Notice No. 22-16: SALT Parity Act; SALT Parity Act – Frequently Asked Questions*, Kan. Dept. of Rev. (12/13/22). The Kansas Department of Revenue issued guidance reflecting legislation enacted in 2022 that, applicable for taxable years beginning on or after January 1, 2022, permits some pass-through entities 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 [see H.B. 2239 (2022), and previously issued Multistate Tax Alert for more details on this new tax]. The guidance addresses implementation of the new tax, including how and when to make the election, how to calculate the tax, and making estimated payments. The guidance explains that an electing pass-through entity “shall be treated as a C corporation for the purposes of making estimated tax payments,” and that while estimated tax payments are *not* required for the first taxable period for which the new law is applicable (*i.e.*, 2022), “they are required for subsequent tax periods (2023 and beyond).” Please contact us with any questions.

URL: <https://www.ksrevenue.gov/taxnotices/notice22-16.pdf>

URL: <https://www.ksrevenue.gov/taxnotices/FAQSALTParityAct.pdf>

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

URL: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-alert-kansas-enacts-pass-through-entity-tax-election.pdf>

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