

**SALT PARITY ACT**  
**2022 TAX YEAR FILING NOTIFICATION**  
(March 14, 2023)

*For those pass-through entities that: (1) have made the election to be taxed at the entity level, (2) have income within and without Kansas, and (3) have owners that are Kansas residents.*

K.S.A. 79-32,287, enacted during the 2022 Legislative Session, is being utilized for the first time during the 2023 tax filing season. As returns are being prepared, filing questions have arisen regarding calculation of tax for pass-through entities making the election that have income from Kansas and non-Kansas sources. It has become apparent the provisions of K.S.A. 79-32,287(a) relating to “income attributable to [Kansas]” are unclear and can be interpreted in more than one way. A legislative technical correction is required to address this discrepancy and permit proper administration.

For the current filing year, however, the Department will accept returns computing Kansas taxable income for electing resident individual partners, resident individual shareholders, or resident trusts by adding back in the resident partners/shareholders/trusts pass-through entity income from non-Kansas sources. The Department is developing a worksheet for this calculation. The Department suggests Kansas filings of the K-120S be delayed until the worksheet is available. Release of this worksheet is planned within the next few days. K-120S returns will still be due by April 18, 2023.

Please note this change does not impact the filing of federal returns by a pass-through entity that are due by March 15, 2023. Also note the delay in filing the Kansas K-120S only needs to be made in those instances in which the pass-through entity: (1) has made the election to be taxed at the entity level, (2) has income from Kansas and other states, and (3) has owners that are Kansas residents.