

Notice 14-09
**Withholding Repealed For Nonresident Shareholders Of S Corporations,
Partners, And Members Of Limited Liability Companies**
(July 1, 2014)

During the 2014 Legislative Session Senate Bill 265 was passed and signed into law. Section 9 of the Bill repeals K.S.A. 79-32,100e. K.S.A. 79-32,100e is part of the Kansas withholding tax act, and its provisions require that:

Corporations for which an election as a S corporation under subchapter S of the federal internal revenue code is in effect are required to deduct and withhold tax . . . from a nonresident shareholder's share of Kansas taxable income of the corporation, whether distributed or undistributed . . .

Partnerships are required to withhold tax . . . from a nonresident partner's share of Kansas taxable income of the partnership, whether distributed or undistributed . . .

Limited liability companies are required to withhold tax . . . from a nonresident member's share of Kansas taxable income of the limited liability company, whether distributed or undistributed . . .

The reporting requirements of K.S.A. 79-32,100e are accomplished by using Kansas forms KW-7, KW-7S, or KW-7A, in addition form K-19.

Senate Bill 265 is effective July 1, 2014. As a practical matter, however, in many cases the repeal of K.S.A. 79-32,100e is effective immediately because withholding is not reported until the end of the year. If income tax is withheld from a shareholder, partner, or member and remitted to the state of Kansas during tax year 2014, the shareholder, partner, or member can file a 2014 income tax return and claim a refund, if appropriate.

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:

Taxpayer Assistance Center
Kansas Department of Revenue
915 SW Harrison St., 1st Floor
Topeka, KS 66612-1588
Phone: 785-368-8222
Hearing Impaired TTY: 785-296-6461
Fax: 785-291-3614