**Opinion Letter**

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| **Letter Number:** | **O-2009-005** |

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| **Tax Type:** | **Corporate Income Tax** |
| **Brief Description:** | **Deductibility of certain items for corporate income tax purposes.** |
| **Keywords:** |  |
| **Approval Date:** | **03/24/2009** |

**Body:**

Office of Policy & Research  
  
  
March 24, 2009

XXXXX  
XXXXX  
XXXXX  
XXXXX  
  
Re: Kansas Income Tax  
  
Dear XXXXX:  
  
Your correspondence of January 9, 2009 has been referred to me for response. Thank you for your inquiry and please accept my apologies for the delay in responding.  
  
In your e-mail you inquire as to the deductibility of certain items for corporate income tax purposes. Your questions, and our responses, are set forth below.

Per KSA Sec. 79-32,138(b), state and local taxes imposed on or measured by income or fees in lieu of income tax are not deductible for Kansas corporate income tax purposes. To the extent such taxes are deducted on the federal return, they must be added back to arrive at Kansas net income. Some state taxes from other jurisdictions do not neatly fall into this description. I would like to know whether the following taxes are deductible for Kansas corporate income tax purposes:  
  
1) Ohio Franchise Tax  
net worth portion - deductible  
income based portion - not deductible  
  
2) Ohio Commercial Activity Tax (CAT)  
deductible  
  
3) Michigan Single Business Tax (SBT)  
deductible  
  
4) Michigan Business Tax (MBT)  
income based portion-not deductible  
modified gross receipts portion-deductible  
  
5) Texas Franchise Tax, KS Opinion Letter O-2003-001  
deductible  
  
  
6) Texas Revised Margins Tax, KS Opinion Letter O-2008-004, 9/2/08  
not deductible if determined by deducting cost of goods sold or  
compensation from gross receipts

I trust this information is of assistance. If I can be of further service, please feel free to contact me.  
  
Sincerely,  
  
  
  
Jim Weisgerber  
Attorney  
Tax Specialist  
  
JW:jw  
  
*NOTE: This opinion letter is based solely on the facts provided in your request for advice. If material facts or information were not disclosed this letter is null and void. This letter will be revoked without further action by the Department if the statutes, administrative regulations, published revenue rulings, or court decisions that materially affect this opinion are changed.*  
  
  
**Date Composed: 03/30/2009 Date Modified: 03/30/2009**