**Private Letter Ruling**

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| **Ruling Number:** | **P-2016-003** |

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| **Tax Type:** | **Individual Income Tax** |
| **Brief Description:** | **Deductions when Taxpayer Receives Guaranteed Payments** |
| **Keywords:** |  |
| **Effective Date:** | **07/19/2016** |
| **Approval Date:** | **07/19/2016** |

**Body:**

July 19, 2016

XXXXXXXXXX  
XXXXXXXXXX  
  
Re: Kansas Income Tax  
  
Dear XXXXX:  
  
Your correspondence of July 7, 2016, addressed to Mr. Bob Clelland has been referred to me for response. Thank you for your inquiry.  
  
By your e-mail you have requested our advice regarding Kansas income tax. Specifically, your e-mail states:

Can I please ask for your assistance again. Is the dept. allowing some of the self- employment tax, plan contributions and self-employed health insurance as a deduction since you’re making the taxpayer pick up the guaranteed payments as income? The Schedule S form has on lines A8-12 the addback of all the above items and the subtraction on line A25 of all the Schedule E income which includes guaranteed payments. I picked up a new client and was reviewing the 2015 return he filed via TurboTax. He had Guaranteed Payments of $159,882 and Ordinary Partnership Income of $3,972. So he had a net addition of $67,190 which doesn’t seem fair.

In response to your inquiry, please be advised the short answer to your question is “no” because Kansas law does not permit the deductions you mentioned. As you are aware, over the past several years the Kansas Legislature has enacted legislation that affects all of these areas, and the net result is that noted in your e-mail. At this time we don’t know when these areas will next be addressed, or what approach will be adopted by future Legislatures.  
  
I trust this information is of assistance. If I can be of further service, please feel free to contact me.  
  
  
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: 09/16/2016 Date Modified: 09/16/2016**