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## Important Information

**DUE DATE FOR FILING.** April 17, 2018 is the due date for filing 2017 income tax returns. See page 4.

**NEW INCOME TAX RATES.** The 2017 Kansas legislature changed the personal income tax rates for tax years 2017 and 2018 by replacing the two-bracket structure with a three-bracket structure. The new tax rate for a married individual filing a joint return with taxable income of \$30,000 or less is 2.9%; taxable income of \$30,001 to \$60,000 is 4.9% ; and taxable income over \$60,000 is 5.2%. The new tax rate for all other filers with taxable income of \$15,000 or less is 2.9%; taxable income of \$15,001 to \$30,000 is 4.9%; and taxable income over \$30,000 is 5.2%. Next year's tax rates will increase to 3.1%, 5.25%, and 5.7% respectively.

**NON-WAGE BUSINESS INCOME.** Effective for tax year 2017, and all years thereafter, the exemption for certain non-wage business income reported by pass-through entities and sole proprietorships on federal schedules C, E, and F and lines 12, 17, and 18 of federal form 1040 has been repealed. With this change the requirement to add-back certain business losses and subtract certain business profits is no longer required.

**NET OPERATING LOSS (NOL) ADD-BACK.** For tax years beginning after December 31, 2016, individual income tax filers are no longer required to "add back" the federal NOL deduction included in their federal adjusted gross income. There is no carry-forward or carry-back provision of the NOL.

**TAX CREDIT FOR LOW INCOME STUDENT SCHOLARSHIPS (TCLISS).** Effective July 1, 2017 individual income tax filers are able to participate in the TCLISS. A nonrefundable tax credit is available for contributions to a qualified Scholarship Granting Organization (SGO). See Schedule K-70.

*If you purchased goods online or through catalogs, newspapers, TV ads, etc. and did not pay sales tax, then you likely owe*  
***Kansas Compensating Use Tax***



**What is Compensating Use Tax?** Since 1937 Kansas has imposed a compensating use tax on goods purchased from outside Kansas and used, stored or consumed in Kansas. Its purpose is to protect Kansas retailers from unfair competition from out-of-state retailers who sell goods tax-free by applying a tax on these items equal to the Kansas rate. It also helps to assure fairness to Kansans who purchase the same items in Kansas and pay Kansas sales tax. Individuals and businesses buying items from retailers in other states may be subject to Kansas use tax on those purchases. This tax applies to the total cost of the merchandise, including postage, shipping, handling or transportation charges. It is the same as the combined state and local sales tax rate in effect where the buyer takes delivery in Kansas. For individuals, it is usually the home. For businesses, it is where the items are used (office, shop, etc).

**Do I owe this tax?** Kansans that buy goods in other states or through catalogs, internet, mail-order companies, or from TV, magazine and newspaper ads must pay Kansas use tax on the purchases if the goods are used, stored or consumed in Kansas and the seller does not charge a sales tax rate equal to or greater than the Kansas retailers' sales tax rate in effect where the item is delivered or first used. **EXAMPLE:** An Anytown, KS resident orders a computer from a company in New York over its website. Total cost is \$2,000 plus \$10 shipping. The Anytown resident will owe Kansas use tax of 8.95% (current Anytown rate) on the total charge of \$2,010. ( $\$2,010 \times 0.0895 = \$179.90$ )

**How do I pay the Compensating Use Tax?** To pay Kansas use tax on your untaxed out-of-state purchases made during calendar year 2017, refer to the instructions for line 19 of Form K-40. You may use the chart or compute the tax due by applying the state and local sales tax rate in effect for your address to the total purchases subject to the tax. Don't know your sales tax rate? Go to [www.kssst.kdor.ks.gov/lookup.cfm](http://www.kssst.kdor.ks.gov/lookup.cfm) to look up the rate for your location.

Contact our Taxpayer Assistance Center (page 28) if you have questions about the Kansas Use Tax.



The **Prairie Crayfish** is a burrowing species that occurs in grasslands, temporary wetlands, and ditches. They can dig burrows up to six feet or more in depth. These burrows also serve as shelters for many other species of invertebrates and vertebrates including the Crawfish Frog, a Species in Need of Conservation in Kansas. The Prairie Crayfish and all the species that its burrows host benefit from contributions to the Chickadee Checkoff on your Kansas Income Tax Return.