2023 Kansas Statutes

79-32,114. Accounting periods and methods. (a) The taxpayer's taxable year under this act shall be the same as his or her taxable year for federal income tax purposes. If, on the effective date of this act, the taxpayer's taxable year for Kansas income tax purposes is different than his or her taxable year for federal income tax purposes, the taxpayer shall file a return for the short period ending on the day for which his or her taxable year for federal income tax purposes ends. If such taxpayer's taxable year for federal income tax purposes ends after his or her taxable year for Kansas income tax purposes, then the taxpayer shall also file a return for such taxable year for Kansas income tax purposes. Exemptions shall be prorated for such short period return under regulations of the director. The taxable income of such short period, at the option of the taxpayer, may be determined:

(i) By taking inventories as of the beginning of such period and as of the end of such period, or using such other accounting methods as will clearly reflect the actual taxable income realized during such short period, with all computations under this option being made under the provisions of the laws of the state of Kansas pertaining to taxation of income in effect prior to the effective date of this act; or

(ii) By computing the taxable income for the taxpayer's federal accounting period ending on the date on which such short period ends under the provisions of this act, and allocating the portion of such taxable income subject to tax for such short period as being such portion of the total taxable income for the entire federal taxable year then ended as the number of months within such short period is of the total months in the federal accounting period.

(b) If a taxpayer's taxable year is changed for federal income tax purposes, his or her taxable year for purposes of this act shall be similarly changed. If a taxable year of less than twelve (12) months results from a change of taxable year, the Kansas standard deduction and the Kansas personal exemption shall be prorated under regulations of the director.

(c) The taxpayer's method of accounting under this act shall be the same as his or her method of accounting for federal income tax purposes.

(d) (i) If a taxpayer's method of accounting is changed for federal income tax purposes, his or her method of accounting for purposes of this act shall be similarly changed.

(ii) If a taxpayer's method of accounting is changed in compliance with subsections (c) and (d) (i) of this section, other than from an accrual to an installment method, any additional tax which results from adjustments determined to be necessary solely by reason of the change shall not be greater than if such adjustments were ratably allocated and included for the taxable year of change and the preceding taxable years, not in excess of two, during which the taxpayer used the method of accounting from which the change is made.

(iii) If the taxpayer's method of accounting is changed from an accrual to an installment method, any additional tax for the year of such change of method and for any subsequent year which is attributable to the receipt of installment payments properly accrued in a prior year shall be reduced by the portion of tax for any prior taxable year attributable to the accrual of such installment payments, in accordance with regulations of the director.

History: L. 1967, ch. 497, § 7; May 12.