Kansas Administrative Regulations

Kansas Department of Revenue

Article 12.—Income Tax

92-12-53. Methods of determining income allocable to Kansas business.

Any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a financial organization or the rendering of purely personal services by an individual, shall allocate and apportion net income as provided in the "uniform division of income for tax purposes act" (K.S.A. 79-3271 *et seq.*) Non-business income shall be allocated according to the provisions of K.S.A. 79-3274 through 79-3278 and all business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three (3). The three (3) factors are determined by the provisions of K.S.A. 79-3279 through 79-3287, and amendments thereto. This shall be the general rule to be followed in computing Kansas taxable income of taxpayers. The law also provides that if the allocation and apportionment provisions of this act do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the secretary of revenue may require, in respect to all, or any part of the taxpayer's business activities, if reasonable, any of the methods set forth in K.S.A. 1980 Supp. 79-3288. These methods are the exceptions to the prescribed method and shall be allowed or used only in rare and exceptional cases and the burden of proving the exception which would warrant the use of any of the alternate methods rests upon the party who would invoke the exception.

(Authorized by K.S.A. 79-3236; implementing K.S.A. 79-3289, K.S.A. 1981 Supp. 79-3272, 79-3288; effective Jan. 1, 1968; amended May 1, 1975; amended May 1, 1982.)