

Kansas Administrative Regulations

Kansas Department of Revenue

Article 12.—Income Tax

92-12-114. Determining transportation income within a unitary group.

If a unitary group of corporations consists of one or more corporations engaged in railroad or interstate motor carrier operations, including the interstate transport of persons or property for hire by rail or motor carrier, and one or more corporations not engaged in railroad or interstate motor carrier operations, the following method shall be used to determine the apportionable income of the group members engaged in railroad or interstate motor carrier operations.

(a) A three-factor formula consisting of property, payroll, and sales shall be used to divide the apportionable business income of the unitary group between each corporation engaged in railroad or interstate motor carrier operations and all other members of the unitary group. The apportionment factor numerators shall consist of the property, payroll, and sales of each corporation engaged in railroad or interstate motor carrier operations. The apportionment factor denominators shall consist of the property, payroll, and sales of the entire unitary group. For purposes of this subsection, the property, payroll, and sales factors shall be as defined in the uniform division of income for tax purposes act, K.S.A. 79-3271 et seq., and amendments thereto, and the regulations promulgated under this act.

(b) The apportionable business income of each corporation engaged in railroad or interstate motor carrier operations shall be determined by multiplying the apportionable business income of the unitary group by the fraction computed according to subsection (a).

(c) The apportionable business income of each corporation engaged in railroad or interstate motor carrier operations as determined according to subsection (b) shall then be apportioned to this state by using the single-factor mileage formula set forth in K.S.A. 79-3279(a), and amendments thereto.

(d) The apportionable business income of each corporation in the unitary group that is not engaged in railroad or interstate motor carrier operations shall be determined by subtracting the amount determined in subsection (b) from the apportionable business income of the unitary group.

(e) The apportionable business income of each corporation in the unitary group that is not engaged in railroad or interstate motor carrier operations, as determined in subsection (d), shall be apportioned to this state by using the applicable apportionment formula specified in K.S.A. 79-3279(b), and amendments thereto.

(Authorized by K.S.A. 2007 Supp. 75-5155; implementing K.S.A. 79-32,141; effective June 20, 2008.)

***** Authenticated Kansas Administrative Regulation *****