Kansas Administrative Regulations

Kansas Department of Revenue

Article 12.—Income Tax

92-12-71. Business and nonbusiness income defined.

In essence, all income which arises from the conduct of trade or business operations of a taxpayer is business income. For administrative purposes, the income of the taxpayer is business income unless clearly classifiable as nonbusiness income.
The classification of income by the labels occasionally used, such as manufacturing income, compensation for services, sales income, interest, dividends, rents, royalties, gains, operating income, nonoperating income, etc., is of no aid in determining whether income is business or nonbusiness income. Income of any type or class, and from any source is business income if it arises from transactions and activity occurring in the regular course of a trade or business. Accordingly, the critical element in determining whether income is "business income" or "nonbusiness income" is the identification of the transactions and activity which are the elements of a particular trade or business. In general all transactions and activities of the taxpayer which are dependent upon or contribute to the operations of the taxpayer's economic enterprise as a whole, constitute the taxpayer's trade or business and will be transactions and activity arising in the regular course of, and will constitute integral parts of, a trade or business.
(Authorized by K.S.A. 79-3236, 79-3271, 79-4301; effective May 1, 1979.)