Kansas Tax Update 2026

Carl York

Kansas Department of Revenue

785-296-1048

Carl.York@ks.gov

Roger Basinger

Kansas Department of Revenue

785-296-3089

Roger.Basinger@ks.gov

Edward Collazo

Kansas Department of Revenue

785-296-7776

Edward.Collazo@ks.gov

Tax Due Dates

Tax Return Filing Dates / Claim Dates for Tax Year 2026 (Calendar Year Filers)

April 15, 2027

Individual Income Tax Return (K-40)

Homestead Refund Claim (K-40H, K-40PT, and K-40SVR)

Fiduciary Income Tax Return (K-41)

Privilege Tax Return (K-130)

Partnership or S Corporation Income Tax (K-120S)

May 17, 2027

Corporation Income Tax (K-120)

Liability Due Date is April 15, 2027

K.S.A. 79-3221 and K.S.A. 79-4505

Individual Income Tax

<u>Income Tax Rates</u>

Married Filing Joint
5.2% (Taxable Income from $0 to $46,000)
5.58% (Taxable Income greater than $46,000)

Single, Head of Household, Married Filing Separately
5.2% (Taxable Income from $0 to $23,000)
5.58% (Taxable Income greater than $23,000)

K.S.A. 79-32,110

Individual Income Tax

Standard Deduction

Single	$3,605
Married Filing Joint	$8,240
Head of Household	$6,180
Married Filing Separately	$4,120

Standard Deduction is increased by $850 for single taxpayers over 65 or blind.
Standard Deduction is increased by $700 for married taxpayers over 65 or blind.

K.S.A. 79-32,119

Individual Income Tax

Kansas Exemption for an Individual

Married Individuals Filing a Joint Return	$18,320
Other individuals (Single, Head of Household, Married Filing Separate)	$ 9,160
Dependency Exemption	$ 2,320
Disabled Veteran Exemption (Additional Exemption)	$ 2,320
Head of Household Filing Status (Additional Exemption)	$ 2,320
Tax Exemption for Qualifying Dependent Born in the Taxable Year	
(Additional Kansas Exemption for the Year of Birth)	$ 2,320
Tax Exemption for Unborn Child (Stillbirth)	
(Kansas Exemption the Year in Which the Stillbirth Occurred)	$ 2,320

K.S.A. 79-32,121 and 79-32,121b

Corporate Income Tax

For Tax Year 2026

Normal tax of 3.5% of the Kansas taxable income of such corporation, and the surtax of 3% of Kansas taxable income of such corporation in excess of $50,000.

K.S.A. 79-32,110 and K.S.A. 74-50,321

Privilege Tax

For Tax Year 2026

National Banking Association and State Banks

Normal tax of 1.94% of net income and a surtax of 2.125% of net income in excess of $25,000.

Trust Company and Savings and Loan Associations

Normal tax of 1.93% of net income and a surtax of 2.25% of net income in excess of $25,000.

K.S.A. 79-1107 and 79-1108

Reduction of State Income and Privilege Tax Rates

The bill provides for the reduction in state income (individual and corporate) tax and privilege tax rates contingent upon:

- The balance of the Budget Stabilization Fund being equal to or exceeding 15% of the prior fiscal year's state tax receipt revenues to the state general fund, and

- the total fiscal year adjusted general fund revenue collections from the immediately preceding fiscal year are in excess of the inflation adjusted base year revenues.

- **No rate reduction for tax year 2026 or 2027**.

K.S.A. 79-32,110c

One Big Beautiful Bill

- No Tax on Tips
- No Tax on Overtime
- No Tax on Car Loan Interest
- Deduction for Seniors

No Kansas Modifications

All the federal deductions for these items occur between Federal Adjusted Gross Income (FAGI) and Taxable Income (TI).

Kansas Homestead

K-40H Homestead Claim

- Total Household Income Threshold for 2026 is $44,431.
- Household Income Includes the Income from all the Members of the Household.
- Valuation of Homestead is Limited to $350,000.
- 50% of Social Security and SSI Benefits are Included in Household Income.
- Claim amount equals 5% to 100% of Property Tax Allowed (Lessor of Property Tax Paid or $700).

K-40PT Property Tax Relief Claim for Low Income Seniors

- Total Household Income Threshold for 2026 is $25,968.
- Household Income Includes the Income from all the Members of the Household.
- Valuation of Homestead is Limited to $350,000.
- 100% of Social Security and SSI Benefits are Included in Household Income.
- Claim amount equals 75% of Property Tax Paid.

Kansas Homestead

K-40SVR Property Tax Relief Claim for Seniors and Disabled Veterans

- Total Household Income Threshold for 2026 is $59,436.
- Household Income Includes the KAGI from all the Members of the Household.
- Homestead Claim is the Difference in Property Tax Between the Claim Year and Base Year.
- Valuation of Homestead is Limited to $350,000 in the Base Year.

- Household Income is Kansas Adjusted Gross Income (KAGI From K-40)
- 0% of Social Security and SSI Benefits are Included in Household Income.

K.S.A. 79-4508a

2026 Legislative Session

Senate Bill 82 - Lockable Gun and Ammunition Storage Tax Credit

- **Individual Income Tax Credit** (K-40) for tax years **2026 through 2028**.
- The tax credit allowed against the tax liability of a **resident individual** equal to 25% of the expenditures made by the individual during such tax year to purchase lockable gun and ammunition storage **that is designed primarily** for gun and ammunition storage.
- The amount of such credit allowed each tax year shall not exceed **$250** for any taxpayer.
- Credit is **non-refundable** but may be **carried forward** in the succeeding tax year or years until the total amount of the credit has been deducted from tax liability.

Senate Bill 82 - Child Care Tax Credits

- **Income** and **Privilege Tax Credit** for tax years beginning on or after **January 1, 2027**.
- Credit for a taxpayer that pays expenses related to the **provision of child care for the taxpayer's employees**.
- Expenses qualifying for the credit include:
  - Paying for child care for employees,
  - Establishing or expanding a child care program that is primarily used by employees,
  - Paying for referral services that connect employees to child care providers, and
  - Providing of collaborative child care investment with other employers.
- Taxpayers are allowed a credit of **75%** of the total amount expended for child care as outlined in the paragraph above.

Senate Bill 82 - Child Care Tax Credits

- Credit for a taxpayer that is an **employer who financially contributes to a third party that expands the availability of community child care**.
- Expenses qualifying for the credit include:
  - Establishing or expanding a child care program, including support to establish or maintain licensing,
  - Enabling a program to purchase learning materials or play equipment,
  - Compensating professional development for child care staff,
  - Providing child care tuition assistance for families in need, and
  - Providing referral services that connect families to child care providers.
- Tax credit is **75%** of the amount expended if the recipient accepts and serves children and families receiving a child care subsidy, **or 50%** of the amount expended if the recipient does not accept or serve children and families receiving a child care subsidy.

Senate Bill 82 - Child Care Tax Credits

- The amount of **credit shall not exceed $100,000 for any taxpayer during the taxable year**. The aggregate number of credits claimed under this act for any fiscal year shall not exceed **$3,000,000**.
- Credit is **non-refundable** but may be **carried forward for three taxable years** succeeding the taxable year in which the credit was earned.
- Community child care means a for-profit or not-for-profit provider of child care services that is open at least nine hours per day and located within 45 minutes of the employer that is seeking the credit or such employer's offices.

Senate Bill 82 – Discontinuation of the Alternative Fuel Tax Credit

- Discontinuation of the **Alternative Fuel Tax Credit** for Alternative-Fuel Vehicles and Alternative-Fuel Fueling Station
- Credit was allowed to **Corporate Income Tax Filers**.
- No credits shall be allowed for these two tax credits for years after **December 31, 2026**.
- Unused tax credits for **Alternative-Fueled Motor Vehicles** earned prior to 2027 can continue to be carried forward for the **three** taxable years succeeding the taxable year in which the credit was earned.
- Unused tax credits for **Alternative-Fueling Stations** earned prior to 2027 can continue to be carried forward for the **four** taxable years succeeding the taxable year in which the credit was earned.

Senate Bill 82 – New Tax Credit for Higher-Ethanol Blends of Fuel

- Credit allowed for **Income Tax Filers**
- Credit is available for tax years **2026 through 2028**
- Credit is **non-refundable** but may be **carried forward for three taxable years** immediately following the taxable year in which the credit was earned.
- The amount of the credit is equal to $0.05 per gallon of higher ethanol blend sold by the retail dealer on a retail basis and dispensed through metered pumps at the retail dealer's retail service station during the tax year for which the tax credit is claimed.
- Higher ethanol blend: An **ethanol blended fuel E15**, as defined in 40 C.F.R. Section 1090.80, as in effect on **July 1, 2026**, or any higher percent ethanol blend.
- Retail service station: A location in this state from which higher ethanol blend is sold to the public and is dispensed directly into motor vehicle fuel tanks for consumption

Senate Bill 82 – New Tax Credit for Higher-Ethanol Blends of Fuel

Total amount of credit issued under this legislation shall not exceed **$2,500,000** per tax year. If the total amount of credits claimed under this legislation exceeds the maximum amount of tax credits available, the credits claimed shall be apportioned or divided among all eligible retail dealers.

As part of any claim for tax credits pursuant to this legislation, **the dealer shall include an annual report to the Department or Revenue on forms prescribed by the Department**, which includes the name and address of the retail dealer. In addition, the report will document the total number of gallons of higher ethanol blend sold by the retail dealer on a retail basis and dispensed through metered pumps at the retail service station or stations owned or operated by the retail dealer during the tax year for which the tax credit is claimed.

Senate Bill 300 – Apportionment of Business Income for the Manufacturers of Alcoholic Liquor

The bill categorizes a manufacturer of alcoholic liquor as either a **qualifying Kansas investor** or **general manufacturer** and provides for the apportionment of business income based on that categorization.

For tax years commencing on or after January 1, 2027, any taxpayer classified as a manufacturer of alcoholic liquor, as defined in K.S.A. 41-102, and amendments thereto, shall apportion business income to this state as follows:

- A **qualifying Kansas investor** shall apportion business income using the single sales factor if the taxpayer maintains both:
  - An average value of real and tangible personal property owned or rented that exceeds **$5,000,000** and such property is used in this state during the tax year; and
  - The total amount of compensation paid in this state during the tax year exceeded **$2,000,000**
- A **general manufacturer**, including all other manufacturers of alcoholic liquor besides qualifying Kansas investors, shall apportion business income using the three-factor formula

Senate Bill 300
Removal of Reference to Global Intangible Low Tax Income (GILTI)

The bill amends K.S.A. 79-32,117(c)(xxv) to remove the reference to global intangible low tax income.

The section now reads:

(xxv) For all taxable years commencing after December 31, 2020, 100% of income under section 951A of the federal internal revenue code of 1986, before any deductions allowed under section 250(a)(1)(B) of such code.

Senate Bill 82 – Discontinuation and Repeal of Certain Tax Credits

Effective January 1, 2027, the following credits are repealed

- **K.S.A. 65-7107** – Assistive Technology Contribution Credit (Corporate Income) (K-42)
- **K.S.A. 79-32,204 –** Swine Facility Improvement Credit (Corporate Income Tax) (K-38)
- **K.S.A. 2025 Supp. 32-1438 –** Agritourism Liability Insurance Credit (Corporate Income Tax) (K-33)

- **K.S.A. 79-32,262 –** Declared Disaster Capital Investment Credit
  (Income, Privilege, and Premium Tax) (K-87)

- **K.S.A. 79-32,266 –** Owners Promoting Employment Across Kansas (PEAK)
  (Individual Income Tax) (K-88)

House Bill 2464
Extension of Angel Investor Tax Credit

- **Income Tax** and **Premium Tax**
- **Nonrefundable** – Credit can be **carried forward until used**
- Credit was extended through **tax year 2031**.
- For tax year 2021 and all years thereafter, the credit shall be in a total amount of up to 50% of such investors' cash investment in any qualified Kansas business.
- Credits are limited to $100,000 for a single Kansas business and to $350,000 per investor who is a natural person or permitted entity investor.
- Total amount of credits that may be allowed for tax years **2026 through 2031** shall not exceed **$8,000,000**.
- For tax year 2027, and all tax years thereafter, at least 25% of the total amount of the credits that may be allowed each year shall be utilized for investors investing in qualified Kansas business located in counties with populations of 50,000 or fewer.
- Requests need to be to the Department of Commerce on or before October 1 of each year.

House Bill 2464
Aviation / Aerospace Tax Credit

Legislation amends K.S.A. 79-32,295 to read as follows:

No new credits shall be issued or may be earned under the provisions of K.S.A. 2025 Supp. 79-32,290 through 79-32,293, and amendments thereto, **after December 31, 2031**.

- K.S.A. 79-32,291 – Credit for Qualified Employer Tuition Reimbursement
- K.S.A. 79-32,292 – Credit for Qualified Employer for Compensation Paid to Qualified Employees
- K.S.A. 79-32,293 – Credit for Qualified Employee

House Bill 2464
Eisenhower Foundation Tax Credit

- **Income Tax** and **Privilege Tax**
- Credit is **nonrefundable**, **non-transferable**, and **cannot be carried forward**.
- Credit was extended through tax year **2030**.
- Credit is equal to **50%** of the amount contributed during the taxable year.
- Credit shall not exceed…
  - **$25,000** for any taxpayer subject to the income tax on **resident individuals**, or
  - **$50,000** for any taxpayer subject to the **income tax on corporations** or subject to the **privilege tax** on financial institutions.
- The aggregate amounts of credit claimed under this legislation shall not exceed **$350,000** for any fiscal year.

Senate Bill 361 – Federal Tax Credit for Scholarship Granting Organizations

The legislation provides that the State of Kansas elects to participate in the **new federal tax credit** for contributions of individuals to **scholarship granting organizations** pursuant to section 25F of the federal internal revenue code of 1986, as amended, for all taxable years beginning after December 31, 2026.

The legislation also directs the State Treasurer, in accordance with section 25F of the IRC, to provide the Secretary of the Treasury with any required information, including, but not limited to, a list of scholarship granting organizations that meet the qualifications of section 25F which are located in the State of Kansas.

House Bill 2464
Friends of Cedar Crest Association Tax Credit

- **Income Tax** and **Privilege Tax**
- Credit is **nonrefundable**, **non-transferable**, and **cannot be carried forward**.
- Credit was extended through tax year **2030**.
- Credit is equal to **50%** of the amount contributed during the taxable year.
- Credit shall not exceed…
  - **$25,000** for any taxpayer subject to the income tax on **resident individuals**, or
  - **$50,000** for any taxpayer subject to the **income tax on corporations** or subject to the **privilege tax** on financial institutions.
- The aggregate amounts of credit claimed under this legislation shall not exceed **$350,000** for any fiscal year.

Senate Bill 368
Health Care Sharing Ministries Tax Deduction

- Effective tax years beginning after December 31, 2026.
- Individual Income Tax
- Legislation allows a qualified individual taxpayer to **subtract** from federal adjusted gross income (FAGI) an amount equal to the total amount of qualified healthcare sharing expenses they paid during the taxable year.
- The subtraction modification is only allowed to the extent such amount has not already been subtracted or deducted from the taxpayers FAGI.
- The subtraction modification cannot exceed $5,000 for an individual or $10,000 for a married couple filing a joint return.

Senate Bill 368
Health Care Sharing Ministries Tax Deduction

- Legislation provides that any qualified health care share **received** by a qualified individual taxpayer during the tax year and used for medical expenses shall not be considered taxable income for Kansas income tax purposes.
- If the share is included in Federal Adjusted Gross Income, **the taxpayer can use a Kansas subtraction modification to remove the amount of the share that is included in FAGI**.
- The legislation defines Health Care Sharing Ministry, Qualified Health Care Share Received, Qualified Health Care Sharing Expense, and Qualified Individual.

House Bill 2602
Portable Benefit Plans for Independent Contractors

- **Subtraction modification** from Federal Adjusted Gross Income (FAGI) for contributions made to portable benefit plan of an independent contractor.
- The subtraction modification is effective for **tax years beginning after December 31, 2026**.
- Contribution can be made by an **independent contractor** or **hiring party taxpayer**.
- Hiring party taxpayers and independent contractors could subtract contributions amounts, **provided they are not already deducted on the taxpayer's federal income tax return or otherwise subtracted or deducted from federal adjusted gross income**.

House Bill 2602
Portable Benefit Plans for Independent Contractors

- The bill defines portable benefit plan to mean a benefit plan chosen by an independent contractor and assigned to a beneficiary and that is administered by a **bank**, **credit union**, **investment management firm**, or **technology provider or program manager that offers services through such entities**.
- Portable benefit plans **do not include benefit plans administered by a hiring party**.
- The bill would require administrators of portable benefit plans to provide an account for the costs related to one or more of the following benefits: **health insurance**, **income replacement insurance**, **disability insurance, life insurance**, or **retirement benefits**.

Upcoming Changes

Single Sales Factor (Corporate Income Tax)

Single Receipt Factor (Privilege Tax)

One-Time Corporate Income Tax Reduction

Deferred Tax Impact Deduction

Qualified Disabled Veteran Sales Tax Exemption

Effective July 1, 2026

Allows qualifying disabled veteran to make $24,000 worth of qualified purchases a year without sales tax.

A Qualifying Disabled Veteran has been certified by the Department of Veterans Affairs as having a 100% disability or be deemed totally disabled or unemployable.

Purchases not qualifying for exemption: motor vehicles, alcoholic beverages, tobacco, electronic cigarettes, and consumable materials for such electronic cigarettes, and property purchased that will be used in the production of income.

2024 Legislative Session – House Bill 2098, New Section 1 – K.S.A. 79-3606h

Questions?

Carl York

Kansas Department of Revenue

785-296-1048

Carl.York@ks.gov

Roger Basinger

Kansas Department of Revenue

785-296-3089

Roger.Basinger@ks.gov

Edward Collazo

Kansas Department of Revenue

785-296-7776

Edward.Collazo@ks.gov