

Income/Franchise:

Kansas: New Law Adopts Single Sales Factor Apportionment and Market-Based Sourcing

H.B. 2231, signed by gov. 4/24/25. Recently enacted legislation contains several tax-related measures, including Kansas corporate income tax provisions that:

URL: https://kslegislature.gov/li/b2025_26/measures/hb2231/

1. Shift from an equally weighted three-factor formula to a single sales factor formula to apportion business income for tax years commencing on or after January 1, 2027;
2. Shift from a “cost of performance” sourcing methodology to a “market-based” sourcing methodology on sales of services and intangible property for tax years commencing after December 31, 2026;
3. Contingently lower the tax rate [note: see also *State Tax Matters*, Issue 2025-15, for details on Kansas legislation enacted earlier this year that provides for contingent Kansas corporate surtax rate reductions]; and
URL: https://dhub.deloitte.com/Newsletters/Tax/2025/STM/250418_5.html
4. Create a deferred tax impact deduction resulting from Kansas’ adoption of single sales factor apportionment for certain taxpayers.

See recently issued Multistate Tax Alert for more details on this Kansas legislation, and please contact us with any questions.

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