**Private Letter Ruling**

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| **Ruling Number:** | **P-2016-004** |

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| **Tax Type:** | **Individual Income Tax** |
| **Brief Description:** | **Reporting Foreign Source Income** |
| **Keywords:** |  |
| **Effective Date:** | **07/20/2016** |
| **Approval Date:** | **07/20/2016** |

**Body:**

July 20, 2016

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Re: Kansas Income Tax

Dear XXXXX:

Your correspondence of July 12, 2016, has been referred to me for response. Thank you for your inquiry.

By your e-mail you have requested our advice regarding Kansas income tax. Specifically, your e-mail states:

I have a client who owns a home in Kansas but who works and lives in Brazil. She visited the US for 75 days during 2015.

Is she required to file a Kansas return? If so, how do we report the foreign source income? Is there any kind of credit available for taxes paid to Brazil?

Any guidance you can provide would be appreciated.

Based on the limited information you have provide it is not clear whether your client is domiciled in Kansas or Brazil. However, as explained in the instructions for the Kansas individual income tax return (pages 3 & 4), filing requirements are as follows:

**KANSAS RESIDENTS**

A Kansas resident for income tax purposes is anyone who lives in Kansas, regardless of where they are employed. An individual who is away from Kansas for a period of time and has intentions of returning to Kansas is a resident.

If you were a Kansas resident for the entire year, you must file a Kansas individual income tax return if: 1) you are required to file a federal income tax return; ***or***, 2) your Kansas adjusted gross income is more than the total of your Kansas standard deduction and exemption allowance.

**NONRESIDENTS**

If you are not a resident of Kansas but received income from Kansas sources, you must file a Kansas return regardless of the amount of income received from Kansas sources (see *Kansas Source Income* on page 19).

With regard to your questions about reporting foreign source income to Kansas and whether any credit is available for taxes paid to a foreign country, please note the first step in determining an individual’s Kansas income tax liability is to compute the tax “as if” all of the taxpayer’s income was from Kansas sources. Then, after the total amount of tax has been computed, a person domiciled in Kansas is allowed to claim a credit against the computed tax for the amount of taxes paid to another state, country, or political subdivision. This would include Brazil. An individual who is not domiciled in Kansas will prorate the computed tax using the ratio of their income in Kansas to all their income.

As previously noted, additional information regarding the questions you have presented can be found in the instructions for the Kansas individual income tax return, form K-40. They are available through our web site at: <http://www.ksrevenue.org/pdf/ip15.pdf>

I trust this information is of assistance. If I can be of further service, please feel free to contact me.


JW:jw

*NOTE: This opinion letter is based solely on the facts provided in your request for advice. If material facts or information were not disclosed this letter is null and void. This letter will be revoked without further action by the Department if the statutes, administrative regulations, published revenue rulings, or court decisions that materially affect this opinion are changed.*

**Date Composed: 09/16/2016 Date Modified: 09/16/2016**