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**Fredrick J. Nicely**  
*Senior Tax Counsel*  
(202) 484-5213  
[FNicely@cost.org](mailto:FNicely@cost.org)

March 15, 2021

Senator Caryn Tyson, Chair  
Senator Larry Alley, Vice Chair  
Senator Tom Holland, Ranking Minority Member  
Kansas Legislature, Senate Committee on Assessment and Taxation

**Re: Support of H.B. 2106 – Extending Kansas Corporate Tax Return Due Date**

Dear Chair Tyson, Vice Chair Alley, Ranking Minority Member Holland, and Members of the Committee:

On behalf of the Council On State Taxation (COST), I am writing in support of H.B. 2106, which will both ease compliance for corporate taxpayers and reduce administrative burdens on the Kansas Department of Revenue. Specifically, H.B. 2106 provides corporate taxpayers one additional month after the newly revised federal extended filing deadline to file their Kansas corporate income tax returns. Currently, the new federal extended filing deadline coincides with the Kansas filing deadline. COST urges the Committee to approve this legislation, which will allow corporate taxpayers to file more accurate corporate income tax returns with the State.

**About COST**

COST is a non-profit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of over 500 major corporations engaged in interstate and international business, many of which directly do business in Kansas. COST’s objective is to preserve and promote the equitable and non-discriminatory state and local taxation of multijurisdictional business entities.

**Fair, Efficient, and Customer-Focused Tax Administration**

The COST Board of Directors has adopted a formal policy statement outlining fair, efficient, and customer-focused tax administration. Regarding the timing of the state corporate tax return filing, the policy statement provides:

*The state’s corporate income/franchise tax return due date should be at least 30 days after the federal tax return due date. Further, the state’s corporate income/franchise tax return due date should be automatically extended with the granting of a federal extension. Extending state due dates assists taxpayers in their efforts to file correct returns based on complete federal return information. Although corporate taxpayers often file a single*

*consolidated federal return, the adjustments necessary to generate the multitude of state tax returns required are complex and time-consuming. To ease administrative burdens, an automatic state extension should only require attaching a copy of the federal extension with the state return to qualify.<sup>1</sup>*

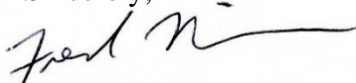
H.B. 2106 is an important part of fair, efficient and customer-focused tax administration. Because state returns are based on federal returns and cannot in practice be completed until the federal return has been filed, COST, the American Institute of CPAs (AICPA), and the Tax Executives Institute (TEI) for the last three years have asked state tax administrators in states where state corporate tax filing deadlines coincide with the federal extended return deadline to provide *penalty relief* for late return filing (but not late payment) as long as returns are filed within one month of the federal due date. This issue has percolated since the federal government for FY 2017 changed its extended federal corporate filing deadline to October 15, which coincides with most extended *state* corporate return due dates. The issue is particularly problematic given the complexity and lack of state and federal guidance surrounding state conformity to the federal Tax Cuts and Jobs Act (TCJA) of 2017 and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020.

H.B. 2106 provides a permanent fix to this recurring issue by simply extending the Kansas filing deadline for corporate returns to at least one month after the federal extended deadline. Making this change would both enhance the accuracy of state returns filed by taxpayers and ease the administrative burdens imposed on tax administrators by reducing the number of amended returns filed due to the concurrent federal and state filing deadlines.

### Conclusion

Enactment of H.B. 2106 will greatly improve Kansas' national reputation for fair, efficient and customer-focused tax administration. We stand ready to assist you in your efforts to enact this important measure.

Sincerely,



Fredrick Nicely

cc: COST Board of Directors  
Douglas L. Lindholm, COST President & Executive Director

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<sup>1</sup> COST's policy statement on Fair, Efficient, and Customer-Focused Administration is available at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/fair-efficient-and-customer-focused-tax-administration.pdf>.