

79-32,140. Credit for taxes paid in section 337 liquidation. (a) For corporate liquidations occurring in taxable years commencing prior to January 1, 1984, to the extent that a corporation incurs a Kansas income tax liability by reason of gains realized in a sale or sales which qualify as being exempt from federal income taxation under section 337 of the internal revenue code, such Kansas income tax liability so attributable to such gains shall be allowed as a credit against the Kansas income tax liability of each common stockholder of such corporation in an amount which bears the same ratio to such Kansas income tax liability as the liquidation distribution received or receivable by such common stockholder bears to the liquidation distribution received or receivable by all common stockholders.

(b) (1) Except as otherwise provided in paragraph (2) of this subsection, such credit shall be allowable only in the taxable year or years of each stockholder in which such liquidation distribution is received and taxable years in which payments are received on an installment obligation received by the stockholder as part of the liquidation distribution and shall be limited to the amount of Kansas income tax liability, if any, of such stockholder for such year or years as computed before application of the credit provided by this section and before any credits for withholding or estimated tax payments.

(2) For corporate liquidations occurring after December 31, 1979, such credit shall be deducted from the stockholder's income tax liability in the taxable year or years of each stockholder in which such liquidation distribution is received and taxable years in which payments are received on an installment obligation received by the stockholder as part of the liquidation distribution as computed before application of the credit allowed by this section and before any credits for withholding or estimated tax payments. If the amount of such tax credit exceeds the stockholder's income tax liability for any such taxable year, the amount thereof which exceeds such tax liability may be carried over for deduction from the stockholder's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability.

History: L. 1967, ch. 497, § 33; L. 1982, ch. 411, § 2; L. 1984, ch. 351, § 21; May 3.