

INSTRUCTIONS FOR COMPLETING SCHEDULES C,Y,Z

Schedule C--Profit (or Loss) from Business or Profession

From total net profits, deduct profits exempted, excluded, or not earned. The remainder shall be deemed "Net Profits Earned."

Exemptions and exclusions are cited in 92.220 R. S. MO and 68-385 Revised Ordinances, Kansas City, MO.

Net profits shall be determined without deduction of federal or state income tax.

Each corporation must file a return. Consolidated returns will not be accepted. A net loss may not be carried forward or back to another year. A net loss may not be deducted against salaries, wages or other compensation earned.

Proprietorships, partnerships, and corporations should submit a Balance Sheet and a reconciliation of federal taxable income to city taxable income.

Schedule Y--Business Allocation Formula

The business allocation formula is to be used only by:

- (1) Corporations;
- (2) Nonresident individuals who derive profits from any unincorporated business, partnership, or association providing the business activity consists of conducting business or performing services both within and outside the city.

In determining the allocation percentage (line 6), add the percentage determined and shown on lines 2, 3, and 4 or the percentages applicable to your business and divide the total by the number of percentages used. A percentage shall not be excluded from the computation merely because the factor is found to be allocable entirely outside the city. A factor and its resulting "0" percentage is excludable only when it does not exist anywhere.

Schedule Z--K-1 Source Income For Partnerships, Limited Liability Companies, or Fiduciaries

Each pass through entity listed above must file form RD--108. Schedules C & Z must be completed, and whenever one or more of the K-1 recipients are nonresidents, Schedule Y must be completed. The K-1 recipients will determine their portion of the net profits as follows:

Resident K-1 Recipients--Resident K-1 recipients will determine the taxable share of the pass through entity's net profits as shown on line 14, Schedule C, by multiplying line 14, Schedule C by the K-1 recipient's distributive percentage as shown in (column 2) Schedule Z and entering the computed taxable distributive share in (column 4) Schedule Z.

Nonresident K-1 Recipients--Nonresident K-1 recipients will determine the taxable share of the pass through entity's net profits as shown on line 7, Schedule Y, by multiplying line 7, Schedule Y by the K-1 recipient's distributive percentage as shown in (column 2) Schedule Z and entering the computed taxable distributive share in (column 4) Schedule Z.

Payment--Any pass through entity may remit payment with the return on the total taxable distributive shares as shown in (column 4) Schedule Z, and must attach a summary of all recipient information or copies of K-1s.