

CITY OF KANSAS CITY, MISSOURI
FINANCE DEPARTMENT/REVENUE DIVISION**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 RSMo and section 68-385 of the Municipal Ordinances of the City of Kansas City, MO.

Net profits shall be determined without deduction of federal, state or local 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 provided that 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 a separate 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.

Mail completed RD-108A with your completed Profits Return RD-108 on or before the due date.

**Finance Department
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Visit our website at www.kcmo.org for more tax forms and tax information.