

July 19, 2017

**What You Need to Know About Kansas's 2017 Income Tax Increase –
Sandi Weaver, CPA, CFP®, CFA®**

The grand experiment, a la the Laffer curve, ended in June for Kansas. The legislature overrode Governor Brownback's veto, and is raising income taxes. Get ready to pay more.

Rates and Brackets: To see how much more you'll pay, take a look at your 2016 tax return. Assuming your financial situation stays mostly the same, then your tax rate moves to 5.7% if your taxable income is over \$60,000, assuming you're married. It was 4.6%.

If your taxable income ranges from \$30,000 to \$60,000, you'll pay at 5.25%, up from 4.6%. If it's below \$30,000, you'll pay at 3.1%, up from 2.6%.

These new rates start in 2018. You'll pay 2017 taxes at rates of 5.2%, 4.9%, and 2.9% to phase-in.

For single tax filers, the new tax rates are the same but brackets are cut in half, so the upper bracket (5.7%) starts at income over \$30,000. The middle bracket is \$15,000 to \$30,000. The lower bracket is under \$15,000.

Deductions and Credits: The child and dependent care tax credit will return in 2018. Low-income taxpayers will have to pay, starting at \$5,000 of income (rather than \$12,500) if married; \$2,500 if single.

You can deduct some medical expenses starting in 2018, and phase in to a 100% deduction by 2020. You can deduct more mortgage interest in 2019, and phase back in fully by 2020.

Businesses: For business owners using LLC's and S-Corps, your non-wage income will be taxed again starting 2017. Some businesses had crossed the state line to take advantage of the prior exemption.



Play Parent One More Time

Has your child recently gotten their first job?
Bought their first house? Gotten married? Had
their first child?

Set them up with a phone or office meeting
with us. We will review the financial planning
steps to take to get started on the right foot.

No charge.