

## 2012 Kansas Statutes

**58-9-401. Character of receipts.** (a) As used in this section, "entity" means a corporation, partnership, limited liability company, regulated investment company, real estate investment trust, common trust fund, or any other organization in which a trustee has an interest other than a trust or estate to which K.S.A. 58-9-402, and amendments thereto, applies, a business or activity to which K.S.A. 58-9-403, and amendments thereto, applies, or an asset-backed security to which K.S.A. 58-9-415, and amendments thereto, applies.

- (b) Except as otherwise provided in this section, a trustee shall allocate to income money received from an entity.
- (c) A trustee shall allocate the following receipts from an entity to principal:
- (1) Property other than money;
  - (2) money received in one distribution or a series of related distributions in exchange for part or all of a trust's interest in the entity;
  - (3) money received in total or partial liquidation of the entity; and
  - (4) money received from an entity that is a regulated investment company or a real estate investment trust if the money distributed is a capital gain dividend for federal income tax purposes.
- (d) Money is received in partial liquidation:
- (1) To the extent that the entity, at or near the time of a distribution, indicates that it is a distribution in partial liquidation; or
  - (2) if the total amount of money and property received in a distribution or series of related distributions is greater than 20 percent of the entity's gross assets, as shown by the entity's year-end financial statements immediately preceding the initial receipt.
- (e) Money is not received in partial liquidation, nor may it be taken into account under subsection (d)(2), to the extent that it does not exceed the amount of income tax that a trustee or beneficiary must pay on taxable income of the entity that distributes the money.
- (f) A trustee may rely upon a statement made by an entity about the source or character of a distribution if the statement is made at or near the time of distribution by the entity's board of directors or other person or group of persons authorized to exercise powers to pay money or transfer property comparable to those of a corporation's board of directors.

**History:** L. 2000, ch. 61, § 10; July 1.