

450. ANALYSIS OF TAXES

(Dollars in Thousands)

A. Railway Taxes.

Line No.	Cross Check	Kind of tax (a)	Amount (b)	Line No.
1		Other than U.S. Government Taxes	35,952	1
		U.S. Government Taxes:		
		Income Taxes:		
2		Normal Tax and Surtax	(29,848)	2
3		Excess Profits	-	3
4		Total - Income Taxes L 2 + 3	(29,848)	4
5		Railroad Retirement	39,210	5
6		Hospital Insurance	3,441	6
7		Supplemental Annuities	-	7
8		Unemployment Insurance	1,022	8
9		All Other United States Taxes	38	9
10		Total - U.S. Government Taxes	13,863	10
11		Total - Railway Taxes	49,815	11

B. Adjustments to Federal Income Taxes

1. In column (a) are listed the particulars which most often cause a differential between taxable income and pretax accounting income. Other particulars which cause such a differential should be listed under the caption Other (Specify), including State and other taxes deferred if computed separately. Minor items, each less than \$100,000, may be combined in a single entry under Other (Specify).
2. Indicate in column (b) the beginning of the year total of accounts 714, 744, 762 and 786 applicable to each particular item in column (a).
3. Indicate in column (c) the net change in accounts 714, 744, 762 and 786 for the net tax effect of timing differences originating and reversing in the current accounting period.
4. Indicate in column (d) any adjustments, as appropriate, including adjustments to eliminate or reinstate deferred tax effects (credits or debits) due to applying or recognizing a loss carry-forward or a loss carry-back.
5. The total of line 19 in columns (c) and (d) should agree with the total of the contra charges (credits) to Account 557, Provisions for Deferred Taxes, and Account 591, Provisions for Deferred Taxes - Extraordinary Items, for the current year.
6. Indicate in column (e) the cumulative total of columns (b), (c) and (d). The total of column (e) must agree with the total of accounts 714, 744, 762 and 786.

Line No.	Particulars (a)	Beginning of year balance (b)	Net credits (charges) for current year (c)	Adjustments (d)	End of year balance (e)	Line No.
1	Accelerated depreciation, Sec. 167 I.R.C.: Guidelines lives pursuant to Rev. Proc. 62-21.	-	-	-	-	1
2	Accelerated amortization of facilities, Sec. 168 I.R.C.	-	-	-	-	2
3	Accelerated amortization of rolling stock, Sec. 184 I.R.C.	-	-	-	-	3
4	Amortization of rights of way, Sec. 185 I.R.C.	-	-	-	-	4
5	Other (specify)	-	-	-	-	5
6	Property	1,238,662	97,600	-	1,336,262	6
7	Investments	(3,563)	724	-	(2,839)	7
8	Tax Credit and Loss Carryovers, Net of Valuation Allowance	(122,878)	36,975	71,110	(14,793)	8
9	Other Assets	(30,623)	(7,978)	(475)	(39,076)	9
10	Other Liabilities	6,574	238	-	6,812	10
11	Reserves not Currently Deductible for Tax	(40,605)	11,858	-	(28,747)	11
12						12
13						13
14						14
15						15
16						16
17						17
18						18
19	TOTALS	1,047,567	139,417	70,635	1,257,619	19

Per Docket No. EP 552 (Sub-No. 22) et al., the above highlighted items (including relevant subtotals and totals) were adjusted to exclude the impact of revaluing deferred income taxes as a result of the Tax Cuts and Jobs Act enacted in 2017.

450. ANALYSIS OF TAXES - Concluded
(Dollars in Thousands)

Footnotes

1. If flow-through method was elected, indicate net decrease (or increase) in tax accrual because of investment tax credit	NONE
If deferral method for investment tax credit was elected:	
(1) Indicate amount of credit utilized as a reduction of tax liability for current year	N/A
(2) Deduct amount of current year's credit applied to reduction of tax liability but deferred for accounting purposes	N/A
(3) Balance of current year's credit used to reduce current year's tax accrual	N/A
(4) Add amount of prior year's deferred credits being amortized to reduce current year's tax accrual	N/A
(5) Total decrease in current year's tax accrual resulting from use of investment tax credits	N/A
2. Estimated amount of future earnings which can be realized before paying Federal income taxes because of unused and available net operating loss carryover on January 1 of the year following that for which the report is made*	NONE
* The Kansas City Southern Railway Company and its affiliates and subsidiaries are included in a consolidated federal income tax return of its parent company. The federal income tax liability is allocated among members of the consolidated group as if each member filed a separate return. If there is a tax liability for the consolidated group in a given year, the intercompany income tax accounts will be settled in the following year after the filing of the consolidated federal income tax return.	
3. Meridian Speedway, LLC is treated as a partnership for income tax purposes. Therefore, the taxes are recorded at the partner level. Since the partner is not an includible entity in the R1, the income taxes related to Meridian Speedway, LLC are not reflected in this report.	