

SCHEDULE ETH

41A720ETH (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



20__
Calendar Year

APPLICATION AND CREDIT CERTIFICATE OF
INCOME TAX/LLET CREDIT
ETHANOL

See instructions.

Attach to Form 720, 720S, 725, 740, 740-NP, 741, 765 or 765-GP.

KRS 141.422 to 141.4248

Name of Business/Individual, Identification Number, Kentucky Corporation/LLET Account Number, Mailing Address, Location Address, Taxed as: Corporation, Limited Liability Pass-through Entity, General Partnership, Individual, Other

Kentucky Special Fuels Dealer's License Account Number

At anytime during this calendar year, did your ethanol fail to meet the ASTM standard? Yes No

If yes, list dates

Part I - Gallons Produced in Kentucky During the Calendar Year

1. Number of gallons of ethanol produced meeting ASTM standard 1

I, the undersigned, declare under the penalties of perjury, that I have examined this return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature, Title, Date, Contact Name, E-Mail Address, Telephone Number, Fax Number



Department of Revenue Use Only

Part II - Ethanol Gallons Approved

1. Ethanol gallons approved by Department of Revenue 1

Part III - Ethanol Approved Credit Certificate

1. (a) Approved credit for ethanol producer (numerator) (a) (b) Total approved credit for ethanol producer (denominator) (b) Approved Credit

* The annual ethanol tax credit cap of \$5,000,000 will be increased by the unused cap of the cellulosic ethanol tax credit if the total approved applications for the ethanol tax credit exceeds its \$5,000,000 cap.

TAXPAYER USE ONLY

Part IV - Ethanol Credit Used By Taxpayer - See instructions

1. LLET Credit - Enter on Schedule TCS, Part II, Column E \$
2. Corporation Income Tax Credit - Enter on Schedule TCS, Part II, Column F \$
3. Individual Income Tax Credit - Enter on Form 740, Form 740NP or Form 741 \$

No Carryforward Allowed

INSTRUCTIONS FOR SCHEDULE ETH

The ethanol tax credit is applied against individual income tax imposed under KRS 141.020, the corporation income tax imposed under KRS 141.040 and/or the limited liability entity tax (LLET) imposed under KRS 141.0401. The amount of tax credit claimed against the corporation income tax and LLET can be different.

Purpose of Schedule—The application and credit certification schedule is to report the number of gallons of ethanol produced in this state meeting the current ASTM standards. The Department of Revenue will certify the amount of ethanol credit for each taxpayer. It is effective for ethanol produced on or after January 1, 2008. The taxpayer is not entitled to the credit for ethanol produced in another state.

The credit rate is up to \$1 per gallon with a total cap for all taxpayers not to exceed \$5,000,000 annually, except in the case of the unused cap of the cellulosic ethanol tax credit. See Part III Instructions for further explanation. There is no carryforward for any unused credit.

To ensure proper processing, fax or e-mail Schedule ETH to the Department of Revenue no later than January 15 following the close of the preceding calendar year. Schedules postmarked or sent after January 15 are void. Credit certification cannot be guaranteed for schedules sent through regular mail.

Fax number: (502) 564-0058

E-mail address:
KRC.WEBResponseEconomicDevelopmentCredits@
ky.gov

The Department of Revenue will confirm the receipt of the application. If you do not receive confirmation within two weeks of submitting the application, contact the Corporation Income and License Tax Branch at (502) 564-8139.

The Department of Revenue will issue the credit certificate, listing the amount of credit available, by April 15 following the close of the preceding calendar year. Attach the credit certificate to the tax return claiming the credit.

General Instructions—For the calendar year, enter the applicable year.

Check the appropriate entity type. If taxed as an entity type other than corporation, limited liability pass-through entity, general partnership or individual, check the "Other" box and list the entity type.

Identification Number—For an individual, enter the Social Security number; for a general partnership, estate or trust, enter the FEIN.

Part I Instructions

Line 1—Enter the number of gallons of ethanol produced in this state for the calendar year.

Part II and Part III

These parts are completed by the Department of Revenue to determine the ethanol credit for each taxpayer. Part III is used if the total amount of approved credit for all ethanol producers exceeds the annual ethanol tax credit cap.

Part II Instructions

Line 1—This is the amount of ethanol gallons approved by the Department of Revenue for credit. If the approved credit exceeds the ethanol tax credit cap, then the credit is determined by the department in Part III. It is a nonrefundable credit.

If the ethanol producer is a pass-through entity, report the pro rata share of the approved credit on Schedule(s) K-1. In the case of an entity that has a fiscal year end, the approved credit shall be claimed on the return filed for the first fiscal year ending after the close of the preceding calendar year.

Part III Instructions

The Department of Revenue determines the total approved credit. If it exceeds the ethanol tax credit cap of \$5,000,000, the department will compute each taxpayer's approved credit based upon a fraction the numerator (Line 1(a)) being the credit approved for the taxpayer and the denominator (Line 1(b)) being the total credit approved for all taxpayers. The ethanol tax credit cap is multiplied by this fraction to determine each producer's and/or blender's approved credit.

The annual ethanol tax credit cap of \$5,000,000 will be increased by the unused cap of the cellulosic ethanol tax credit if the total approved applications for the ethanol tax credit exceeds its \$5,000,000 cap. The amount of credit cap transferred to the ethanol tax credit shall not exceed the amount necessary for all applicants to receive the one dollar (\$1) per gallon credit provided for in KRS 141.4242.

Part IV Instructions

Line 1—Enter the amount of credit claimed for the taxable year against the LLET on Schedule TCS, Part III, Column E. The credit amount cannot reduce the LLET below the \$175 minimum.

Line 2—Enter the amount of credit claimed for the taxable year against the corporation income tax on Schedule TCS, Part III, Column F.

Line 3—Enter the amount of credit claimed for the taxable year on Form 740, Form 740NP or Form 741.