

SCHEDULE KEOZ

41A720-S40 (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



For taxable year ended

____/____/____
Mo. Yr.

**TAX CREDIT COMPUTATION SCHEDULE
(FOR A KEOZ PROJECT OF CORPORATIONS)
KRS 154.23-005 to 079**

► **Attach to Form 720**

Name of Corporation	Federal Identification Number ____-____-____	Kentucky Corporation/LLET Account Number ____-____-____
Location of Project	Activation Date of KEOZ Agreement ____/____/____ Mo. Day Yr.	Economic Development Project Number
City	County	

PART I—Computation of LLET Excluding KEOZ Project

1. LLET from Form 720, Part I, line 1	1	00
2. LLET on KEOZ project (see instructions)	2	00
3. LLET excluding LLET on KEOZ project (line 1 less line 2)	3	00

PART II—Computation of Taxable Net Income Excluding Net Income from KEOZ Project and KEOZ Tax Credit

Section A—Computation of Corporation Tax

1. Enter income tax from Form 720, Part III, line 1	1	00
2. LLET of corporation (Part I, line 1)	2	00
3. LLET credit allowed (line 2 less \$175, but not more than Section A, line 1)	3	00
4. Total corporation tax (add lines 1 and 2 less line 3)	4	00

Section B—Computation of Tax Excluding KEOZ Project

1. Enter taxable net income from Form 720, Part II, line 23	1	00
2. Enter net income from KEOZ project, if loss enter -0-	2	00
3. Taxable income excluding net income from KEOZ project (line 1 less line 2). If line 2 is greater than line 1, enter -0-	3	00
4. Corporation income tax on amount of line 3:		
Taxable Net Income	Rate	Tax
(a) First \$50,000	X 4%	00
(b) Next \$50,000	X 5%	00
(c) All income over \$100,000	X 6%	00
(d) Total income tax liability excluding KEOZ project (add lines 4(a) through 4(c))	4(d)	00
5. LLET excluding LLET on KEOZ project (Part I, Line 3)	5	00
6. Enter LLET from line 5 less \$175, but not more than Section B, line 4(d)	6	00
7. Total tax excluding KEOZ project (add lines 4(d) and 5 less line 6)	7	00
8. Total tax attributable to KEOZ project (Section A, line 4 less Section B, line 7)		
Continue to Part III and enter this amount on Part III, line 1	8	00

PART III—Limitation

1. Enter tax liability attributable to KEOZ project from Part II, Section B, line 8	1	00
2. Enter limitation from Schedule KEOZ-T, Column G	2	00
3. Allowable KEOZ tax credit (lesser of line 1 or line 2)	3	00

Enter allowable credit on Schedule TCS, Part I, Column E and Column F

► *Economic development project* means a project authorized under the Kentucky Industrial Development Act (KIDA), the Kentucky Rural Economic Development Act (KREDA), the Kentucky Jobs Development Act (KJDA), the Kentucky Industrial Revitalization Act (KIRA), the Kentucky Economic Opportunity Zone (KEOZ), the Kentucky Reinvestment Act (KRA), the Kentucky Job Retention Act (KJRA), the Incentives for Energy Independence Act (IEIA) or the Skills Training Investment Credit Act (STICA).



The Kentucky Corporation Income Tax and LLET Return (Form 720), including this schedule *must be mailed* to Economic Development Tax Credits, Corporation Income and License Tax Branch, Kentucky Department of Revenue, P.O. Box 181, Frankfort, Kentucky 40602-0181.

INSTRUCTIONS – SCHEDULE KEOZ

The KEOZ tax credit is applied against 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 against each tax can be different, however, for tracking purposes, the maximum amount of credit used against either tax is the amount that is used for the tax year.

PURPOSE OF SCHEDULE—This schedule is used by any corporation which has entered into a service and technology agreement or a tax incentive agreement for a Kentucky Economic Opportunity Zone (KEOZ) Act project to determine the credit allowed against the Kentucky corporation income tax and LLET attributable to the project in accordance with KRS 141.401.

GENERAL INSTRUCTIONS**Part I—Computation of LLET Excluding KEOZ Project**

Line 2—Using Schedule LLET, compute the LLET using only the gross receipts and gross profits of the KEOZ project. Mark this schedule as KEOZ and attach to the return.

If the corporation has operations other than the KEOZ project, it must attach schedules reflecting the computation of Kentucky gross profits and Kentucky gross receipts from the KEOZ project in accordance with KRS 141.401(6)(b)** or KRS 141.401(7)(b).***

Part II—Computation of Taxable Net Income Excluding Net Income from KEOZ Project and KEOZ Tax Credit**Section B**

Line 2—Enter net income for KEOZ project. If the corporation's only operation in Kentucky is the KEOZ project, the amount entered on Line 1 must be entered on Line 2. If the corporation has operations other than the KEOZ project, it must attach schedules reflecting the computation of the net income from the KEOZ project in accordance with KRS 141.401(6)(a)* or KRS 141.401(7)(a).***

See form for computation.

Part III—Limitation

Calculate KEOZ tax credit based on the corporation's tax liability, tax liability attributable to KEOZ project, and credit limitation from Schedule KEOZ-T. Enter credit on Schedule TCS, Part I, Column E and Column F.

A corporation with more than one economic development project must separately compute the tax credit derived from each project. Complete an applicable tax computation schedule (Schedule KREDA, Schedule KIDA, Schedule KJDA, Schedule KIRA, Schedule KEOZ, Schedule KRA, Schedule KJRA or Schedule IEIA) for each project. Approved companies for Skills Training Investment

Credit (STICA) must attach a copy of the final resolution received from the Bluegrass State Skills Corporation.

Alternative Methods—In accordance with KRS 141.401(8), if the approved company can show that the nature of the operations and activities of the approved company are such that it is not practical to use separate accounting to determine net income, gross receipts or Kentucky gross profits from the facility at which the project is located, the approved company shall determine net income, gross receipts or Kentucky gross profits attributable to the project using an alternative method approved by the Department of Revenue. Thus, if any method other than separate accounting is used, a copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.

* In accordance with KRS 141.401(6)(a), if the project is a totally separate facility, net income attributable to the project shall be determined by the separate accounting method.

** In accordance with KRS 141.401(6)(b), if the project is a totally separate facility, gross receipts or Kentucky gross profits attributable to the project shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

*** In accordance with KRS 141.401(7)(a), if the KEOZ project is an expansion to a previously existing facility, net income attributable to the entire facility shall be determined under the separate accounting method and the net income attributable to the KEOZ project shall be determined by apportioning the separate accounting net income of the entire facility to the KEOZ project income using a formula approved by the Department of Revenue. A copy of the letter from the Department of Revenue approving the percentage must be attached to this schedule.

**** In accordance with KRS 141.401(7)(b), if the KEOZ project is an expansion to a previously existing facility, gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method and the gross receipts or Kentucky gross profits attributable to the KEOZ project shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the KEOZ project gross receipts or Kentucky gross profits. A copy of the letter from the Department of Revenue approving the percentage must be attached to this schedule.