

SCHEDULE KESA

41A720-S43 (10-09)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



For taxable year ended

____/____
Mo. Yr.

**TAX CREDIT COMPUTATION SCHEDULE
(FOR A KESA PROJECT OF CORPORATIONS)
KRS 154.48-010-035**

► Attach this schedule to Form 720.

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

PART I—Base Year Net Tax

1. Compute the tax imposed by KRS 141.040 (see instructions)	1	_____
2. Compute the tax imposed by KRS 141.0401 (see instructions)	2	_____
3. LLET credit permitted by KRS 141.0401(3) (see instructions)	3	_____
4. Base year net tax (total of lines 1 and 2 less line 3)	4	_____

PART II—Current Year Net Tax

1. Compute the tax imposed by KRS 141.040 (see instructions)	1	_____
2. Compute the tax imposed by KRS 141.0401 (see instructions)	2	_____
3. LLET credit permitted by KRS 141.0401(3) (see instructions)	3	_____
4. Current year net tax (total of lines 1 and 2 less line 3)	4	_____

PART III—KESA Credit

1. Enter credit available: (Part II, Line 4, less Part I, Line 4; if less than -0-, enter -0-).....	1	_____
2. Enter 25% of total authorized inducement per KESA agreement	2	_____
3. Enter allowable LLET credit on Schedule TCS, Part 2, Column E (see instructions)	3	_____
4. Enter allowable income tax credit on Schedule TCS, Part 2, Column F (see instructions)	4	_____

The KESA 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. For tracking purposes, the maximum amount of credit used against either tax is the amount that is entered on Schedule KESA-T, Column C for this taxable period. This is the greater of Part III, Line 3 or Part III, Line 4.



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 KESA

The KESA 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 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 an environmental stewardship agreement for a Kentucky Environmental Stewardship Act (KESA) project to determine the credit allowed against the Kentucky corporation income tax and LLET attributable to the project in accordance with KRS 141.430.

To determine the amount of available credit for a given taxable year, the net tax for the taxable year that ends immediately prior to the activation date defined in KRS 154.48-010(1) (**base year**) and the net tax for the taxable year the credit is to be taken (**current year**) must be computed.

The amount of available credit is the excess of the net tax of the current year over the net tax of the base year. The credit claimed for any single taxable year cannot exceed 25% of the total authorized inducement.

GENERAL INSTRUCTIONS**Part I—Base Year Net Tax**

Enter the tax computed before the application of any tax credit(s).

Line 1—This is the income tax imposed by KRS 141.040 on the taxable net income of the corporation for the base year.

Line 2—This is the LLET imposed by KRS 141.0401 on the corporation for the base year. (Not applicable for years beginning before January 1, 2007.)

Line 3—This is the LLET credit permitted by KRS 141.0401(3) for the base year. (Not applicable for years beginning before January 1, 2007.)

Part II—Current Year Net Tax

Enter the tax computed before the application of any tax credits.

Line 1—This is the income tax imposed by KRS 141.040 on the taxable net income of the corporation for the current taxable year.

Line 2—This is the LLET imposed by KRS 141.0401 for the current taxable year.

Line 3—This is the LLET credit permitted by KRS 141.0401(3) for the current taxable year.

Part III—KESA Credit

Line 3—This is the lesser of Part III, Line 1, or Line 2, but not more than the amount of credit allowed against the LLET.

Line 4—This is the lesser of Part III, Line 1, or Line 2, but not more than the amount of credit allowed against the income tax.

For this taxable year, enter on Schedule KESA-T, Column C the greater of Part III, Line 3 or Part III, Line 4.