

INSTRUCTIONS—SCHEDULE KESA-T

PURPOSE OF SCHEDULE—This schedule is to be used by any company which has entered into an agreement for a Kentucky Environmental Stewardship Act (KESA) project to maintain a record of the balance of approved costs and credits claimed for the duration of the agreement. This information is necessary for the company to determine the limitation of the tax credit for each year of the agreement and to allow the Kentucky Department of Revenue to verify that the credit has been properly computed.

GENERAL INSTRUCTIONS

A separate Schedule KESA-T, tracking schedule for a KESA project, shall be maintained for the duration of each KESA project. Beginning with the tax year of activation, complete Columns A through C using a separate line for each year of the agreement. The company shall attach a copy of this schedule updated with current year information to the Schedule KESA which is filed with the Kentucky income tax return for the year.

For Form 720, all tax credits are entered on Schedule TCS, a tax credit summary. The total tax credits calculated may exceed the amount that can be used. Credits must be claimed in the order prescribed by KRS 141.0205. Total credits claimed cannot reduce the LLET below the \$175 minimum.

SPECIFIC INSTRUCTIONS

Column A—Enter on each line the ending date (month, day and year) of the tax year for which the information requested in Column B and C is entered.

Column B—Enter the total authorized inducement for the tax year of activation. In subsequent years, subtract amount of credit claimed from balance in Column B for previous year to determine balance of approved costs. Column C cannot exceed Column B.

Column C—The KESA tax credit is applied against the corporation income tax imposed under KRS 141.040 and/or the limited liability entity tax imposed under KRS 141.0401. The tax credit calculated for each tax can be different, however for tracking purposes, the maximum amount used against either tax is recorded as amount claimed. Enter the greater of Column E or Column F from Schedule TCS for this project. The maximum amount of KESA credit claimed by an approved company for any single taxable year cannot exceed twenty-five percent (25%) of the total approved costs.