

8874(K)-A

41A720-S81 (6-10)

Commonwealth of Kentucky  
DEPARTMENT OF REVENUE



**NOTICE OF KENTUCKY NEW MARKETS DEVELOPMENT  
PROGRAM TAX CREDIT AND CERTIFICATION**

► See instructions.

<b>A</b> Name of Qualified Community Development Entity (CDE)		<b>B</b> Federal Identification Number of CDE _____	<b>C</b> Kentucky Corporation/LLET Account Number (if applicable) of CDE _____
<b>D</b> Name of taxpayer making the qualified equity investment		<b>E</b> Identification number of taxpayer _____	<b>F</b> Kentucky Corporation/LLET Account Number (if applicable) of taxpayer _____
Number and Street (taxpayer's address)			<b>G</b> Certified purchase price of the taxpayer's qualified equity investment \$ _____
City	State	Zip Code	
<b>H</b> Date the CDE received cash for taxpayer's qualified equity investment  ____ / ____ / ____ Mo. Day Yr.		<b>I</b> What type of entity is the taxpayer?  <input type="checkbox"/> Individual <input type="checkbox"/> Estate <input type="checkbox"/> Trust <input type="checkbox"/> General Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Limited Liability Pass-through Entity	

Under penalties of perjury, I declare that I have examined this form, including all accompanying documents and statements, and to the best of my knowledge and belief, it is true, correct and complete.

\_\_\_\_\_  
Signature of executive officer of CDE

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or print name and title

**Department of Revenue Use Only**

- 1. Total Allowable Credit (add lines 2a through 2g)      \$ \_\_\_\_\_
- 2. a. Allowable credit: Year 1      \$   0
- b. Allowable credit: Year 2      \$   0
- c. Allowable credit: Year 3 (7%)      \$ \_\_\_\_\_
- d. Allowable credit: Year 4 (8%)      \$ \_\_\_\_\_
- e. Allowable credit: Year 5 (8%)      \$ \_\_\_\_\_
- f. Allowable credit: Year 6 (8%)      \$ \_\_\_\_\_
- g. Allowable credit: Year 7 (8%)      \$ \_\_\_\_\_

**The above tax credits are approved for each year.**

By: \_\_\_\_\_

Date: \_\_\_\_\_

## **INSTRUCTIONS—NOTICE OF KENTUCKY NEW MARKETS DEVELOPMENT PROGRAM TAX CREDIT AND CERTIFICATION**

As provided by KRS 141.433(4), cash in the amount of the certified purchase price of the qualified equity investment must be received by the qualified community development entity (CDE) from each taxpayer in exchange for the taxpayer's qualified equity investment within ninety (90) days after receipt of the approved application (Form 8874(K)) by the CDE. The CDE shall provide the department with evidence of the receipt of the cash in exchange for the qualified equity investment within ten (10) business days after receipt of the cash. If the CDE does not receive cash in the amount of certified purchase price of the qualified equity investment within ninety (90) days following receipt of the application approved by the department, the certification of the taxpayer shall lapse and the CDE may not issue a qualified equity investment without filing a new application with the department.

A CDE shall file this form (Form 8874(K)-A) with the department for each taxpayer as evidence of the receipt of the cash for the taxpayer's qualified equity investment.

If the department is satisfied that the cash amount of the qualified equity investment was received by the CDE, a copy of Form 8874(K)-A will be returned to the taxpayer and CDE with the department's approval of the tax credit available to the taxpayer for each of the next seven years.

A taxpayer shall attach a copy of the approved Form 8874(K)-A to the tax return each year to claim the tax credit against the taxes imposed by KRS 141.020, 141.040, 141.0401, 136.320, 136.330, 136.340, 136.350, 136.370, 136.390, or 304.3-270. For the tax credit against taxes imposed by KRS 141.020, 141.040, or 141.0401, the ordering of the credits shall be as provided by KRS 141.0205. An insurance company claiming a tax credit against the insurance premium tax is not required to pay additional retaliatory tax levied pursuant to KRS 304.3-270.

A partner, member, or shareholder claiming the tax credit shall attach a copy of Schedule K-1, Form 720S; Schedule K-1, Form 765; or Schedule K-1, Form 765-GP to the tax return each year to claim the tax credit.

If there is an event as provided by KRS 141.433(6) which would result in the recapture of any portion of the tax credit previously approved: (i) the CDE shall notify the department upon discovery of such event; or (ii) the department upon discovery of such event or after receiving notice from the CDE of such event shall provide written notice (via certified mail) of the proposed recapture to the CDE as provided by KRS 141.433(6)(b).

If the CDE fails or is unable to cure the deficiency as provided by KRS 141.433(6)(b), the department shall notify the CDE and each taxpayer of the amount of the recapture or the balance of the tax credit on Form 8874(K)-B.