

SCHEDULE RR-E

41A720RR-E (10-12)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



20__

Calendar Year

APPLICATION AND CREDIT CERTIFICATE OF
INCOME TAX/LLET CREDIT
RAILROAD EXPANSION

KRS 141.386 and 141.387

See instructions.

Attach to Form 720, 720S, 765 or 765-GP.

Name of Entity, Mailing Address, Location Address, Federal Identification Number, Kentucky Corporation/LLET Account Number, Entity: Corporation, Railway Company taxed under KRS 136.120

Part I - Qualifications

Table with 2 columns: Question, Yes, No. Questions about qualified expenditures and tax credits.

If you answered "yes" to any of the questions above, STOP; you do not qualify for this credit.
If you answered "no" to ALL of the questions above, go to Part II.

Part II - Computation of the Credit

Table with 2 rows: 1. Enter the qualified expenditures paid or incurred by the corporation or railway company for the calendar year; 2. Enter 25% of line 1.

I, the undersigned, declare under the penalties of perjury, that I have examined this application, 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, Email Address, Telephone Number, Fax Number



Department of Revenue Use Only

Part III - Railroad Expansion Approved Credit Certificate

1. (a) Approved credit for corporation or railway company (numerator); (b) Total approved credit for all corporations and railway companies (denominator). Formula: (a/b) x \$1,000,000 = Approved Credit

TAXPAYER USE ONLY

Part IV - Railroad Expansion Credit Used By Taxpayer

Table with 2 rows: 1. LLET Credit; 2. Corporation Income Tax Credit

No Carryforward Allowed

INSTRUCTIONS FOR SCHEDULE RR-E

The railroad expansion credit provided by KRS 141.386 is a nonrefundable credit that can be applied against the taxes imposed by KRS 141.040 and KRS 141.0401. The tax credit shall be used in the tax year of the qualified expenditures which generated the tax credit and cannot be carried forward to a return for any other period. If a qualified expenditure qualifies for both the railroad maintenance and improvement credit as provided by KRS 141.385 and the railroad expansion tax credit as provided by KRS 141.386, the taxpayer must claim either the credit provided by KRS 141.385 or the credit provided by KRS 141.386, but not both.

Purpose of Schedule— This schedule is used to compute the railroad expansion credit. An eligible taxpayer means: (i) a corporation that owns fossil energy resources subject to tax under KRS 143.020 or 143A.020 or biomass resources and transports these resources using rail facilities; or (ii) a railway company subject to tax under KRS 136.120 that serves a corporation that owns fossil energy resources subject to tax under KRS 143.020 or 143A.020 or biomass resources.

Fossil energy resources means reserves of coal, oil shale, and natural gas; and biomass resources means agriculture materials that may be used for production of transportation fuels such as biodiesel or ethanol or that may themselves be used as a fuel, alone or in combination with a fossil fuel, for generation of electricity.

The railroad expansion tax credit is an amount equal to 25% of the qualified expenditures paid or incurred by the corporation or railway company during the tax year to expand or upgrade railroad track, including roadbeds, bridges, and related track structures, to accommodate the transport of fossil energy resources or biomass resources.

The credit amount approved for a calendar year for all taxpayers under KRS 141.386 shall be limited to \$1,000,000. If the total amount of approved credit exceeds \$1,000,000, the department shall determine the amount of credit each corporation and railway company receives by multiplying the \$1,000,000 by a fraction, the numerator of which is the amount of the approved credit for a corporation or railway company and the denominator of which is the total approved credit for all corporations and railway companies.

Each corporation or railway company eligible for the credit shall file a railroad expansion tax credit claim on this form by the fifteenth day of the first month following the close of the preceding calendar year.

To ensure proper processing, fax or email Schedule RR-E 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

Email 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 Division of Corporation Tax at (502) 564-8139.

The Department of Revenue will issue the credit certificate, listing the amount of credit, by March 15 following the close of the preceding calendar year. Attach the credit certificate (Schedule RR-E) to the tax return claiming the credit.

General Instructions—Enter the calendar year in applicable boxes.

Enter the name, mailing address and business location address in applicable boxes. Enter the Federal Identification Number and Kentucky Corporation/LLET Account Number in applicable boxes. Check the appropriate entity type.

This application must be signed and dated by an authorized corporate officer (if filing Form 720 or 720S) or partner or member (if filing Form 765 or 765-GP).

Part I—Qualifications

The tax credit provided by KRS 141.386 shall be claimed in the tax year that the qualified expenditures are paid or incurred by the eligible taxpayer. You must be: (i) a corporation that owns fossil energy resources subject to tax under KRS 143.020 or 143A.020 or biomass resources and transports these resources using rail facilities; or (ii) a railway company subject to tax under KRS 136.120 that serves a corporation that owns fossil energy resources subject to tax under KRS 143.020 or 143A.020 or biomass resources. If you have taken the railroad maintenance and improvement tax credit permitted by KRS 141.385 on the same qualified expenditures, you do not qualify for this credit. If a tax credit was claimed under the provisions of KRS 141.385 or 141.386 by another taxpayer on the same qualified expenditures, you do not qualify for this credit.

Part II—Computation of the Credit

Line 1—Enter the “qualified expenditures” paid or incurred by the corporation or railway company for the calendar year. Qualified expenditures are expenditures paid or incurred to expand or upgrade railroad track, including roadbeds, bridges, and related track structures, to accommodate the transport of fossil energy resources or biomass resources.

Line 2—Enter twenty-five percent (25%) of Line 1.

Part III—Railroad Expansion Approved Credit Certificate

The Department of Revenue determines each corporation’s or railway company’s approved credit. If the total approved credit for all corporations and railway companies exceeds the railroad expansion tax credit cap of \$1,000,000 for the calendar year, the department shall determine the amount of credit each corporation or railway company receives by multiplying the \$1,000,000 by a fraction, the numerator (Line 1(a)) of which is the amount of the approved credit for a corporation or railway company and the denominator (Line 1(b)) of which is the total approved credit for all corporations and railway companies.

Part IV—Railroad Expansion Credit Used By Taxpayer

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

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

A pass-through entity shall include on each Schedule K-1 the partner’s or member’s pro rata share of the approved credit.