

SCHEDULE KRA

41A720-S35 (10-13)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



For taxable year ended

____/____/____
Mo. Yr.

**TAX CREDIT COMPUTATION SCHEDULE
(FOR A KRA PROJECT OF A CORPORATION)**

KRS 154.34-010 to 120

- See instructions.
- Attach to Form 720.

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

PART I—Computation of LLET Excluding KRA Project

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

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

Section A—Computation of Corporation Tax

1. Enter income tax from Form 720, Part II, 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 line 1).....	3		00
4. Total corporation tax (lines 1 and 2 less line 3)	4		00

Section B—Computation of Tax Excluding KRA Project

1. Enter taxable net income from Form 720, Part III, line 25.....	1		00
2. Enter net income from KRA project; if loss, enter -0-.....	2		00
3. Taxable net income excluding net income from KRA project (line 1 less line 2). If line 2 is greater than line 1, enter -0-	3		00
4. Corporation income tax on amount from line 3:			
(a) First \$50,000.....		Taxable Net Income	Rate
(b) Next \$50,000.....		X 4%	Tax
(c) All income over \$100,000...		X 5%	00
(d) Total income tax liability excluding KRA project (add lines 4(a) through 4(c))	4(d)	X 6%	00
5. LLET excluding LLET on KRA project (Part I, line 3)	5		00
6. Enter LLET from line 5 less \$175, but not more than line 4(d)	6		00
7. Total tax excluding KRA project (lines 4(d) and 5 less line 6).....	7		00
8. Total tax attributable to KRA 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 KRA project from Part II, Section B, line 8	1		00
2. Enter balance of approved costs from Schedule KRA-T, Column B	2		00
3. Enter the limitation as provided by KRS 154.34-120(5) (see instructions).....	3		00
4. Allowable KRA tax credit (lesser of line 1, 2 or 3)..... Enter allowable credit on Schedule TCS, Part I, Column E and Column F	4		00

➤ *Economic development project* means a project authorized under the Kentucky Rural Economic Development Act (KREDA), Metropolitan College Consortium Tax Credit (MCC), Kentucky Small Business Investment Credit Program (KSBIC), Kentucky Industrial Development Act (KIDA), Kentucky Economic Opportunity Zone Act (KEOZ), Kentucky Jobs Retention Agreement (KJRA), Kentucky Industrial Revitalization Act (KIRA), Kentucky Jobs Development Act (KJDA), Kentucky Business Investment Program (KBI), Kentucky Reinvestment Act (KRA), Skills Training Investment Credit Act (STICA) and Incentives for Energy Independence Act (IEIA).

INSTRUCTIONS—SCHEDULE KRA

The KRA tax credit is applied against the corporation income tax imposed by KRS 141.040 and/or the limited liability entity tax (LLET) imposed by 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 reinvestment agreement for a Kentucky Reinvestment Act (KRA) project to determine the credit allowed against the Kentucky corporation income tax liability and LLET attributable to the project in accordance with KRS 141.415.

GENERAL INSTRUCTIONS

Part I—Computation of LLET Excluding KRA Project

Line 2—Using Schedule LLET, create a new Schedule LLET to compute the LLET of the KRA project using only the Kentucky gross receipts and Kentucky gross profits of the project. Enter “KRA” at the top center of the Schedule LLET and attach it to the tax return.

If the corporation has operations other than the KRA project, it must attach schedules reflecting the computation of Kentucky gross profits and Kentucky gross receipts from the KRA project in accordance with KRS 141.415(6)(b)** or KRS 141.415(7)(b).****

Part II—Computation of Taxable Net Income Excluding Net Income from KRA Project and KRA Tax Credit

Section B

Line 2—Enter net income from KRA project. If the corporation’s only operation in Kentucky is the KRA project, the amount entered on Line 1 must be entered on Line 2. If the corporation has operations other than the KRA project, it must attach schedules reflecting the computation of the net income from the KRA project in accordance with KRS 141.415(6)(a)* or KRS 141.415(7)(a).***

See form for computation.

Part III—Limitation

For an approved company which received preliminary approval for a reinvestment project prior to February 1, 2010, the amount of incentives allowed in any tax year shall not exceed the lesser of: (i) the tax liability of the approved company related to the reinvestment project for that taxable year, or (ii) the approved costs that have not yet been recovered.

For an approved company which received preliminary approval for a reinvestment project on or after February 1, 2010, the amount of incentives allowed in any tax year shall not exceed the lesser of: (i) the tax liability of the approved company related to the reinvestment project for that taxable year, (ii) twenty percent (20%) of the total amount of the approved costs, or (iii) the approved costs that have not yet been recovered.

Line 3—Enter: (i) the total amount of the approved costs, if the company received preliminary approval for the project prior to February 1, 2010; or (ii) twenty percent (20%) of the total amount of the approved costs, if the company received preliminary approval for the project on or after February 1, 2010.

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 KEOZ, Schedule KJRA, Schedule KIRA, Schedule KJDA, Schedule KBI, Schedule KRA or Schedule IEIA) for each project. A corporation approved for the Skills Training Investment Credit Act (STICA) or Metropolitan College Consortium Tax Credit (MCC) must attach a copy of the certification(s) from the Bluegrass State Skills Corporation. A corporation approved for the Kentucky Small Business Investment Credit Program (KSBIC) must attach a copy of the certification from the Kentucky Economic Development Finance Authority.

Alternative Methods—In accordance with KRS 141.415(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, Kentucky gross receipts or Kentucky gross profits from the facility at which the project is located, the approved company shall determine net income, Kentucky 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 141.415(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 141.415(6)(b), if the project is a totally separate facility, Kentucky gross receipts or Kentucky gross profits attributable to the project shall be determined under the separate accounting method reflecting only the Kentucky gross receipts or Kentucky gross profits directly attributable to the facility.

*** In accordance with KRS 141.415(7)(a), if the KRA 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 KRA project shall be determined by apportioning the separate accounting net income of the entire facility to the KRA project income using a formula approved by the Department of Revenue. **A copy of the letter from the Department of Revenue approving the formula must be attached to this schedule.**

**** In accordance with KRS 141.415(7)(b), if the KRA project is an expansion to a previously existing facility, Kentucky gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method and the Kentucky gross receipts or Kentucky gross profits attributable to the KRA project shall be determined by apportioning the separate accounting Kentucky gross receipts or Kentucky gross profits of the entire facility to the KRA project Kentucky gross receipts or Kentucky gross profits. **A copy of the letter from the Department of Revenue approving the formula must be attached to this schedule.**