

SCHEDULE KIDA-SP

41A720-S22 (10-14)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



For taxable year ended

____ / ____
Mo. Yr.

TAX COMPUTATION SCHEDULE
(FOR A KIDA PROJECT OF A PASS-THROUGH ENTITY)

KRS 154.28-010 to 140

➤ See instructions.

➤ Attach to Form 720S, 765 or 765-GP.

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

PART I—Computation of KIDA Tax Credit and Tax Due

1. Kentucky taxable income on KIDA project (see instructions)	1		00
2. Net operating loss deduction on KIDA project	2	()	00
3. Kentucky taxable income on KIDA project after net operating loss deduction (line 1 less line 2)	3		00
4. Income tax on amount from line 3:			
Taxable Net Income	Rate	Tax	
(a) First \$3,000	x 2%	00	
(b) Next \$1,000	x 3%	00	
(c) Next \$1,000	x 4%	00	
(d) Next \$3,000	x 5%	00	
(e) Over \$8,000 up to \$75,000	x 5.8%	00	
(f) Over \$75,000	x 6%	00	
(g) Total income tax liability of KIDA project (add lines 4(a) through 4(f))	4(g)		00
5. LLET on KIDA project (see instructions). Not applicable for Form 765-GP	5		00
6. LLET credit allowed (line 5 less \$175, but not more than line 4(g)). Not applicable for Form 765-GP	6		00
7. Total tax on KIDA project (lines 4(g) and 5 less line 6)	7		00
8. Limitation (Column D from Schedule KIDA-T)	8		00
9. Enter the lesser of line 7 or line 8 as either:			
(a) KIDA tax credit	9(a)		00
or			
(b) Estimated tax payment and complete election in Part II	9(b)		00
10. If line 7 is larger than line 9(a) or 9(b), enter difference here as a liability of the pass-through entity. (Any pass-through entity reflecting a tax liability, complete Tax Payment Summary below and remit payment.)	10		00

PART II—Estimated Tax Election

In accordance with KRS 141.400(4)(b), _____, Name of Pass-through Entity
elects for the taxable year ended _____, in lieu of the KIDA tax credit, to have an amount equal
to the lesser of line 7 or line 8 above applied as an estimated tax payment.

➤
Signature of Shareholder, Partner or Member _____ Date _____

TAX PAYMENT SUMMARY (Make check payable to Kentucky State Treasurer.)

Tax _____ Interest _____ Penalty _____ **TOTAL** _____

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PURPOSE OF SCHEDULE—This schedule is used by a pass-through entity which has entered into a tax incentive agreement for a Kentucky Industrial Development Act (KIDA) project that received preliminary or final approval under KRS Chapter 154.28 on or before June 26, 2009, to determine the credit allowed against the Kentucky income tax and LLET attributable to the project in accordance with KRS 141.400.

Pass-through entities should first complete Form 720S, 765 or 765-GP to determine net income (loss), deductions, etc., from the entire operations of the pass-through entity. The pass-through entity should then complete Schedule KIDA-SP to determine the KIDA tax credit and the tax due, if any, from the KIDA project. A pass-through entity is subject to tax as provided by KRS 141.020 and KRS 141.0401 on the net income and the Kentucky gross receipts or Kentucky gross profits from the project and the KIDA credit is applied against the tax of the KIDA project. Consequently, the pass-through entity must use Form 720S(K), Form 765(K) or Form 765-GP(K) in lieu of Schedule K (Form 720S), Schedule K (Form 765) or Schedule K (Form 765-GP) in order to exclude the net income from the KIDA project from the partners, members or shareholders' distributive share income, and Schedule LLET(K) in lieu of Schedule LLET in order to exclude the Kentucky gross receipts or the Kentucky gross profits of the KIDA project from the LLET at the entity level.

Multiple Projects—A pass-through entity with multiple economic development projects must complete an applicable schedule (Schedule KREDA-SP, Schedule KIDA-SP, Schedule KEOZ-SP, Schedule KJRA-SP, Schedule KIRA-SP, Schedule KJDA-SP, Schedule KBI-SP, Schedule KRA-SP or Schedule IEIA-SP) to determine the credit and net tax liability, if any, for each project.

Line 1—If the pass-through entity's only operation is the KIDA project, the amount entered on Line 1 is the net income (loss) from Form 720S, 765 or 765-GP. If the pass-through entity has operations other than the KIDA project, a schedule must be attached reflecting the computation of the net income (loss) from the KIDA project in accordance with the following instructions, and such amount entered on Line 1.

Separate Facility—In accordance with KRS 141.400(6), if the project is a totally separate facility, net income, Kentucky gross receipts and Kentucky gross profits attributable to the project shall be determined by a separate accounting method.

Expansion of Existing Facility—In accordance with KRS 141.400(7), if the KIDA project is an expansion to a previously existing facility, the net income, Kentucky gross receipts and Kentucky gross profits shall be determined under a separate accounting method reflecting the entire facility, and the net income, Kentucky gross receipts and Kentucky gross profits shall be determined by apportioning the net income, Kentucky gross receipts and Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue. **A copy of the letter from the Department of Revenue approving the percentage must be attached to the schedule.**

Alternative Methods—In accordance with KRS 141.400(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 a separate accounting method

to determine the net income, Kentucky gross receipts and Kentucky gross profits from the facility at which the economic development project is located, the approved company shall use an alternative method approved by the Department of Revenue. **A copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.**

Separate Accounting—If the economic development project is a totally separate facility, net income shall reflect only the gross income, deductions, expenses, gains and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and Kentucky gross receipts or Kentucky gross profits shall reflect only Kentucky gross receipts or Kentucky gross profits directly attributable to the facility.

If the economic development project is an expansion to a previously existing facility, net income of the entire facility shall reflect only the gross income, deductions, expenses, gains and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and Kentucky gross receipts and Kentucky gross profits shall reflect only Kentucky gross receipts and Kentucky gross profits directly attributable to the facility. Net income, Kentucky gross receipts and Kentucky gross profits of the entire facility attributable to the economic development project shall be determined by apportioning the net income, Kentucky gross receipts and Kentucky gross profits by a formula approved by the Department of Revenue.

Line 2—Enter the net operating loss from the KIDA project, if any, being carried forward from previous years.

Note: Just as the income from a KIDA project does not flow through to partners, members or shareholders, neither do the losses. The project's net operating loss from prior years must be subtracted from the project income before calculating the KIDA credit.

General Partnership—Lines 5 and 6 of this schedule shall not be completed by a general partnership as a general partnership is not subject to LLET.

Line 5—Using Schedule LLET, create a new Schedule LLET to compute the LLET of the KIDA project using only the Kentucky gross receipts and Kentucky gross profits of the project. Enter "KIDA" at the top center of the Schedule LLET and attach it to the tax return.

Line 9—In lieu of the tax credit, the approved company may elect, on an annual basis, to apply as an estimated tax payment an amount equal to the allowable tax credit. Any estimated tax payment shall be in satisfaction of the tax liability of the partners, members or shareholders of the pass-through entity, and shall be paid on behalf of the partners, members or shareholders. Enter an amount on either (a) or (b), but in no case shall there be an entry on both (a) and (b). In accordance with KRS 141.400(5), this estimated tax payment is excluded in determining each partner, member or shareholder's distributive share income or credit from a pass-through entity. Accordingly, the partners, members or shareholders are not entitled to claim any portion of this estimated tax payment against their Kentucky income tax liability.