

SCHEDULE KESA

41A720KESA (10-15)
Commonwealth of Kentucky
DEPARTMENT OF REVENUE



Taxable Year Ending

___/___/___
Mo. Yr.

**TAX CREDIT COMPUTATION SCHEDULE
(FOR A KESA PROJECT OF A CORPORATION)
KRS 154.48-010 to 035**

- See instructions.
- Attach to Form 720.

Name of Corporation	Federal Identification Number _ _ _ _ - _ _ _ _ _	Kentucky Corporation/LLET Account Number _ _ _ _ - _ _ _ _
Location of Project City _____ County _____	Activation Date of KESA Incentive Agreement _ _ / _ _ / _ _ Mo. Day Yr.	Environmental Stewardship Project Number

PART I – Base Year Net Tax

1. Compute the tax imposed by KRS 141.040	1		00
2. Compute the tax imposed by KRS 141.0401	2		00
3. LLET credit permitted by KRS 141.0401(3)	3		00
4. Base year tax (total of lines 1 and 2 less line 3).....	4		00
5. Base year net tax (enter 50% of line 4).....	5		00

PART II – Current Year Net Tax

1. Compute the tax imposed by KRS 141.040	1		00
2. Compute the tax imposed by KRS 141.0401	2		00
3. LLET credit permitted by KRS 141.0401(3)	3		00
4. Current year net tax (total of lines 1 and 2 less line 3).....	4		00

PART III – KESA Credit

1. Enter credit available: (Part II, Line 4, less Part I, Line 5; if less than -0-, enter -0-).....	1		00
2. Enter 25% of total authorized inducement per KESA agreement	2		00
3. Enter allowable LLET credit on Schedule TCS, Part II, Column E	3		00
4. Enter allowable income tax credit on Schedule TCS, Part II, Column F	4		00

The KESA 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. For tracking purposes, the maximum amount of credit used against either tax is the amount that is entered on Schedule KESA-T, Column C for this taxable year. This is the greater of Part III, Line 3 or Part III, Line 4.

INSTRUCTIONS—SCHEDULE KESA

The KESA 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—For taxable years ending on or after June 4, 2010, this schedule is used by a corporation which has an approved Kentucky Environmental Stewardship Act (KESA) project as provided by KRS 154.48–025 to determine the environmental stewardship tax credit allowed against its corporation income tax and LLET attributable to the project in accordance with KRS 141.430.

KRS 141.430(2) provides that for each taxable year beginning with the year in which the activation date defined in KRS 154.48–010(1) occurs and ending with the year in which the project terminates, a corporation's environmental stewardship tax credit is determined by subtracting the base year tax from the current year combined corporation income tax and LLET; however, the tax credit claimed for any single tax year cannot exceed 25% of the total authorized inducement. The base year tax is the combined corporation income tax and LLET for the first taxable year after December 31, 2005, that ends immediately prior to the activation date. If the base year is for a taxable year beginning before January 1, 2007, the LLET will not apply. For taxable years ending on or after June 4, 2010, the base year tax is reduced by fifty percent (50%).

GENERAL INSTRUCTIONS**Part I—Base Year Net Tax**

Enter the tax computed before the application of any tax credits.

Line 1—This is the income tax imposed by KRS 141.040 on the taxable net income of the corporation for the base year.

Line 2—This is the LLET imposed by KRS 141.0401 on the corporation for the base year (not applicable for years beginning before January 1, 2007).

Line 3—This is the LLET credit permitted by KRS 141.0401(3) for the base year (not applicable for years beginning before January 1, 2007).

Part II—Current Year Net Tax

Enter the tax computed before the application of any tax credits.

Line 1—This is the income tax imposed by KRS 141.040 on the taxable net income of the corporation for the current taxable year.

Line 2—This is the LLET imposed by KRS 141.0401 on the corporation for the current taxable year.

Line 3—This is the LLET credit permitted by KRS 141.0401(3) for the current taxable year.

Part III—KESA Credit

Line 3—This is the lesser of Part III, Line 1 or Line 2, but not more than the amount of credit allowed against the LLET.

Line 4—This is the lesser of Part III, Line 1 or Line 2, but not more than the amount of credit allowed against the income tax.

For this taxable year, enter on Schedule KESA-T, Column C the greater of Part III, Line 3 or Part III, Line 4.