

SCHEDULE KIDA

41A720-S20
(12-04)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

TAX CREDIT COMPUTATION SCHEDULE
(FOR A KIDA PROJECT OF C CORPORATIONS)

KRS 154.28-010 to 130

For taxable year ended

___ / ___
Mo. Yr.



Name of Corporation	Federal Identification Number ____ - ____ - ____ - ____ - ____	Kentucky Account Number ____ - ____ - ____
Location of Project City _____ County _____	Date KIDA Financing/Tax Incentive Agreement was Executed or Activation Date ____ / ____ / ____ Mo. Day Yr.	Economic Development Project Number

PART I. Computation of Taxable Net Income Excluding Net Income from KIDA Project

1. Kentucky taxable net income from Form 720	1	
2. Less net income from KIDA project. If loss, enter amount of loss. Skip to Part II, line 5, and enter -0- as allowable credit (see instructions) (attach schedule)	2	
3. Kentucky taxable net income excluding net income from KIDA project (line 1 less line 2) (if line 2 is greater than line 1, enter -0-)	3	

PART II. Computation of KIDA Tax Credit

1. Enter total income tax liability from Form 720, Part II, line 1	1	
2. Compute tax on amount from Part I, line 3:		
Taxable Net Income	Rate	Tax
(a) First \$25,000	x 4%	
(b) Next \$25,000	x 5%	
(c) Next \$50,000	x 6%	
(d) Next \$150,000	x 7%	
(e) All over \$250,000	x 8.25%	
(f) Total (add (a) through (e))		2(f)
3. Income tax liability attributable to KIDA project (subtract line 2(f) from line 1)		3
4. Limitation (Column D from Schedule KIDA-T)		4
5. Allowable KIDA tax credit (lesser of line 3 or line 4). If this project is the corporation's only economic development project, enter the amount from this line on Form 720, Part II, line 2, and in Column E of Schedule KIDA-T. If the corporation has more than one economic development project, see instructions for Part II, line 5, on the reverse		5

➤ *Economic development project* means a project authorized under the Kentucky Industrial Development Act (KIDA), the Kentucky Rural Economic Development Act (KREDA), the Kentucky Jobs Development Act (KJDA), the Kentucky Industrial Revitalization Act (KIRA), the Kentucky Economic Opportunity Zone (KEOZ), the Kentucky Reinvestment Act (KRA) or the Skills Training Investment Credit Act (STICA).



Form 720, Kentucky Corporation Income and License Tax Return, including this schedule must be mailed to Economic Development Tax Credits, Corporation Income and License Tax Branch, Kentucky Department of Revenue, P.O. Box 181, Frankfort, Kentucky 40602-0181.

INSTRUCTIONS—SCHEDULE KIDA

PURPOSE OF SCHEDULE—This schedule is to be used by any corporation which has entered into a financing agreement or a tax incentive agreement for a Kentucky Industrial Development Act (KIDA) project to determine the credit allowed against the Kentucky corporation income tax liability in accordance with KRS 141.400 on the income from the project.

GENERAL INSTRUCTIONS

The 2002 General Assembly amended KRS 154.28-010 to 154.28-130, effective on July 15, 2002. Projects that received preliminary approval from the Kentucky Economic Development Finance Authority (KEDFA) prior to July 15, 2002, and have entered into a financing agreement no later than June 30, 2003, shall be subject to KRS 154.28-010 to 154.28-130 as in effect prior to July 15, 2002.

The corporation must first complete Form 720, Kentucky Corporation Income and License Tax Return, and all appropriate schedules through Part II, line 1, to determine Kentucky taxable net income and tax due from the entire operations of the corporation. The corporation must then complete Schedule KIDA to determine the KIDA tax credit.

A corporation approved for more than one economic development project and that has total allowable credits for the taxable year greater than the corporation's income tax liability must complete Schedule TCS.

License Tax—This credit is applicable only to income tax and cannot be applied against corporation license tax.

Date Financing Agreement was Executed or Activation Date—For projects which received preliminary approval from the Kentucky Economic Development Finance Authority (KEDFA) prior to July 15, 1996, enter the date the financing agreement was executed. For projects which received preliminary approval from KEDFA after July 15, 1996, enter the date established by the approved company as the activation date for implementation of the inducements authorized by the financing agreement.

PART I, LINE 2 INSTRUCTIONS

If the corporation's only operation is the KIDA project, the amount entered on line 1 must be entered on line 2. If the corporation has operations other than the KIDA project, the corporation must attach schedules reflecting the computation of the net income from the KIDA project in accordance with the following instructions and enter such amount on line 2.

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

Expansion of Existing Facility—In accordance with KRS 141.400(7), if the KIDA project is an expansion of an existing facility, the net income of the entire facility shall be determined by the separate accounting method and multiplied by a percentage approved by the Kentucky Department of Revenue to determine net income attributable to the project. **A copy of the letter from the Department of Revenue approving the percentage must be attached to this 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 separate accounting to determine net income from the facility at which the project is located, the approved company shall determine net income attributable to the project using an alternative method approved by the Department of Revenue. **Thus, if any method other than separate accounting is used to determine the net income from the project, a copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.**

Computing Net Income by Separate Accounting—To compute net income from the facility by separate accounting, gross income directly attributable to the facility shall be reduced by expenses directly attributable to the facility and overhead expenses apportioned to the facility. The amounts of gross receipts and expenses to be included in this separate accounting computation should be determined in accordance with KRS 141.010 in effect for the year.

All gross receipts generated by the sale of product(s) produced by the facility as well as any miscellaneous income generated by the facility shall be included as gross income directly attributable to the facility.

Expenses directly attributable to the facility include, but are not limited to: cost of goods sold, labor, rent, depreciation, interest, supplies, maintenance, legal fees and selling expenses.

Overhead expenses apportioned to the facility are general corporate expenses that are not directly attributable to a specific facility. Overhead expenses shall be reduced by income items such as interest, royalties, etc., that are not directly attributable to a specific facility before being apportioned to the facility. The net expenses shall be apportioned to the facility by a ratio of total receipts of the facility over total receipts of the corporation.

PART II, LINE 5 INSTRUCTIONS

A corporation with **more than one economic development project** must separately compute the income tax credit derived from each project. Complete an applicable tax computation schedule (Schedule KREDA, Schedule KIDA, Schedule KJDA, Schedule KIRA, Schedule KEOZ or Schedule KRA) for each project. Approved companies claiming income tax credits for Skills Training Investment (STICA) must attach a copy of the final resolution received from the Bluegrass State Skills Corporation. Add the allowable credits from all projects. If the total allowable credits from all projects does not exceed the income tax liability reflected on Form 720, Part II, line 1, for the taxable year, enter the total on Form 720, Part II, line 2. If the total allowable credits from all projects exceeds the income tax liability reflected on Form 720, Part II, line 1, for the taxable year, Schedule TCS, Tax Credit Summary Schedule (For C Corporations with More Than One Economic Development Project), must be completed to reflect the amount of credit from each project that is claimed for the taxable year.