

SCHEDULE KRA

41A720-S35
(12-04)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

TAX CREDIT COMPUTATION SCHEDULE

(FOR A KRA PROJECT OF C CORPORATIONS)

KRS 154.34-010 to 100

For taxable year ended

___ / ___
Mo. Yr.



Name of Corporation	Federal Identification Number ____ - ____ - ____ - ____	Kentucky Account Number ____ - ____ - ____
Location of Project City _____ County _____	Date KRA Reinvestment Agreement was Executed ___ / ___ / ___ Mo. Day Yr.	Economic Development Project Number

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

1. Kentucky taxable net income from Form 720	1	
2. Less net income from KRA 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 KRA project (line 1 less line 2) (if line 2 is greater than line 1, enter -0-)	3	

PART II. Computation of KRA Income 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 KRA project (subtract line 2(f) from line 1)		3
4. Limitation (Column D from Schedule KRA-T)		4
5. Allowable KRA 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 C, Income Tax of Schedule KRA-T. If the corporation has more than one economic development project, see instructions for Part II, line 5, on the reverse		5
<p>➤ <i>Economic development project</i> 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)</p>		



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 Cabinet, P.O. Box 181, Frankfort, Kentucky 40602-0181.

INSTRUCTIONS—SCHEDULE KRA

PURPOSE OF SCHEDULE—This schedule is to be used by any C corporation which has entered into a reinvestment agreement for a Kentucky Reinvestment (KRA) project to determine the KRA income tax credit allowed against the Kentucky corporation income tax liability in accordance with KRS 141.403 on the income from the project.

GENERAL INSTRUCTIONS

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 KRA to determine the KRA income tax credit.

License Tax—The corporation must complete Schedule KRA-L to determine the KRA license tax credit.

SPECIFIC INSTRUCTIONS

PART 1, LINE 2—The corporation must attach schedules reflecting the computation of the net income from the KRA project in accordance with the following instructions and enter such amount on line 2.

Separate Facility—In accordance with KRS 141.403(6), if the project is a totally separate facility, net income attributable to the project shall be determined by the separate accounting method.

Alternative Methods—In accordance with KRS 141.408(8), if the approved company can show that the nature of operations and activities of 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 Kentucky 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 by a ratio of total receipts of the facility over total receipts of the corporation.

PART II, LINE 5—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 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 do 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 exceed 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.