



## INSTRUCTIONS

### **CORPORATION ENTERPRISE ZONE CREDIT UPDATE—**

Effective December 31, 2003, the Louisville and Hickman enterprise zones expired. For corporate tax purposes, qualified businesses in the Louisville and Hickman enterprise zones will no longer be able to claim a credit for tax year ended 2004. However, previous year carryforwards will be allowed. A schedule of this carryforward will be required.

**ENTERPRISE ZONE TAX CREDIT—**Except for the companies located within the former Louisville and Hickman enterprise zones, effective for employees hired on or after July 14, 1992, a corporation certified by the Kentucky Enterprise Zone Authority as a qualified business is allowed a credit against the tax imposed by KRS 141.040 equal to 10 percent of eligible wages (first \$15,000 of wages paid to each employee who has been unemployed for at least 90 days or has received public assistance benefits, based on need and intended to alleviate poverty, for at least 90 days prior to employment with the qualified business).

This form should be filed to reflect the computation of the above credit earned for any taxable year during which the corporation paid eligible wages regardless of whether the corporation has a liability for that year. This form should also be filed any year for which a carryover is claimed regardless of whether any credit is earned in the current year.

**EMPLOYEE CERTIFICATION—**Each employee on which the corporation claims the credit must have been certified by the Education Cabinet, Office of Employment and Training, as meeting one of the above criteria. This certification is obtained by the employee and employer completing the appropriate portions of Enterprise Zone Program Applicant/Employer Certification Form and obtaining signature of authorized Office of Employment and Training personnel. A copy of this certificate must be maintained by the corporation.

**LIMITATION AND CARRYOVER—**The credit cannot exceed \$1,500 per employee, and any portion of the credit not used in the year earned may be carried forward for up to five years.

### **SPECIFIC INSTRUCTIONS**

**Line 1—**Complete Columns A and B for each certified employee to whom eligible wages were paid during the taxable year.

Enter in Column C the amount of eligible wages paid the employee in the prior year(s), if any.

Enter in Column D the amount of eligible wages paid the employee during the current year. This amount cannot exceed \$15,000, or in the event eligible wages have been paid in the prior year(s), this amount cannot exceed \$15,000 less the amount entered in Column C.

Enter in Column E the amount of the credit earned on current year eligible wages of each employee. The credit is determined by multiplying the amount of eligible wages entered in Column D by 10 percent.

**Line 3—**Enter the available carryovers. This line is to be used in taxable years after the first taxable year that the corporation has employees on which the credit is earned to reflect the carryover of any unused credit earned in preceding taxable years. The carryover is limited to any unused credit earned in the five immediately preceding taxable years.

**Line 5—**Enter the amount of credit actually claimed on Form 720 or Form 720S for the taxable year. The amount of credit actually claimed for the year may not exceed the tax liability for the year less any other allowable credits.