

SCHEDULE QR

**QUALIFIED RESEARCH FACILITY
TAX CREDIT**

41A720QR
(12-04)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

Attach to Form 720, 720S or 765.

See instructions on reverse.

Name of Business <hr/> Taxed as: <input type="checkbox"/> C Corp <input type="checkbox"/> S Corp <input type="checkbox"/> Partnership <input type="checkbox"/> Other	Kentucky Corporation Account Number (if applicable)	Federal Identification Number _____
Location of Research Facility <input type="checkbox"/> Relocation Within Kentucky <input type="checkbox"/> Expansion	County Where Project Is Located	Date of Completion

PART I—Computation of Allowable Tax Credit

1. Cost of Construction _____
2. Cost of Equipment _____
3. Total Qualified Costs _____
4. Allowable Credit Equal to 5% of Qualified Costs _____

S corporations and partnerships must also complete Schedule QR (K-1) for each shareholder/partner.

PART II—Amount of Credit Claimed

A Tax Year Credit Taken (Month/Year)	B Balance of QRFTC	C Amount of Credit Used
1. ___ / _____		
2. ___ / _____		
3. ___ / _____		
4. ___ / _____		
5. ___ / _____		
6. ___ / _____		
7. ___ / _____		
8. ___ / _____		
9. ___ / _____		
10. ___ / _____		
11. ___ / _____		

INSTRUCTIONS FOR SCHEDULE QR

Effective July 15, 2002, Kentucky law permits a credit against income tax liability for the construction of research facilities. "Construction of research facilities" means construction, remodeling and equipping facilities in this state or expanding existing facilities in this state for qualified research and includes only tangible, depreciable property, and does not include any amounts paid or incurred for replacement property. The credit is available once the tangible, depreciable property is placed in service. "Qualified research" means qualified research as defined in Section 41 of the Internal Revenue Code.

Purpose of Schedule—This schedule is to be used by corporations and partnerships to determine the credit against income tax liability allowed for completion of research facilities in accordance with KRS 141.395. It is also used to record the credit claimed each tax year. A copy must be submitted each year until the full credit is utilized or the 10-year carryforward period has expired. Complete a separate schedule each year that a new project qualifies.

Part I Instructions

Line 1—Enter the cost of construction of the qualified cost.*

Line 2—Enter the cost of equipment.*

Line 3—Enter the sum of Line 1 and Line 2.

Line 4—Enter the amount of Line 3 multiplied by 5 percent (.05).

Part II Instructions

Column A—Enter the month and year the tax credit is taken for this project.

Column B—Enter for year 1, the allowable credit from Part I, Line 4. Enter for each succeeding year, the difference between Column B and Column C.

Column C—Enter the amount of credit used for that year. If the amount is zero, enter -0-.

*** Attach a schedule of the tangible, depreciable property on Lines 1 and 2 listing the date purchased, date placed in service, description and cost.**