

SCHEDULE RC

**Application for Income Tax Credit for
Recycling and/or Composting Equipment**

41A720RC
(10-04)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

For equipment purchased (installed)
during tax year beginning _____, _____, and ending _____, _____.

Name of Individual; Corporation; Partnership; Sole Proprietorship; Fiduciary; S Corporation | Social Security or Federal ID Number

Street Address, Route Number or Post Office Box

City State ZIP Code

PART I—Composting and/or Recycling Equipment

A	B	C	D	E	F
Type of Equipment	Equipment Location (City in Kentucky)	Date of Purchase (Installation) (Mo., Day, Yr.) (see instructions)	Purchase Price	Installation Cost	For Department of Revenue Use Only Approved Amounts from Col. D and E
			\$	\$	\$
Describe how used:					
			\$	\$	\$
Describe how used:					
			\$	\$	\$
Describe how used:					
			\$	\$	\$
Describe how used:					

PART II—Credit Approved (For Department of Revenue Use Only)

1. Total of all amounts in Column F, Part I (including Part I continuation schedules)	\$
2. Credit approved (50% of line 1) (S corporations and partnerships, see instructions)	\$

PART III—Amount of Credit Claimed (To be Completed by Taxpayer as Used) Maximum allowable credit in year of purchase (installation) is limited to the lesser of 10% of line 2 or 25% of tax liability. For all other years, credit is limited to 25% of tax liability.

Amount from line 2, Part II, used in tax year ended _____ / _____ / _____	\$
Amount from line 2, Part II, used in tax year ended _____ / _____ / _____	\$
Amount from line 2, Part II, used in tax year ended _____ / _____ / _____	\$
Amount from line 2, Part II, used in tax year ended _____ / _____ / _____	\$
Amount from line 2, Part II, used in tax year ended _____ / _____ / _____	\$

I, the undersigned, declare under the penalties of perjury, that the above information, including all accompanying schedules, is a correct and complete listing of my equipment for exclusive use in Kentucky for recycling and/or composting.

Reviewed by:

Signature Title (if applicable) Date Department of Revenue Representative Date

 Mail to Department of Revenue, Division of Corporation Tax, Frankfort, KY 40620.



INSTRUCTIONS

Purpose of Form—This form is used to request approval for the amount of Kentucky income tax credit that is allowable for the purchase and installation of recycling or composting equipment. It is also used by individual, fiduciary or corporate taxpayers to substantiate and keep a record of the amount of credit claimed on their income tax return.

Who is Entitled to the Credit—Any taxpayer who purchases and installs recycling or composting equipment to be used exclusively in Kentucky is entitled to the income tax credit. If the purchaser is an S corporation or partnership, the shareholders or partners are entitled to their pro rata or distributive share of any approved credit.

The Amount of the Credit and When Permitted—The total allowable tax credit is equal to 50 percent of the combined costs of qualifying equipment and installation, if any. The credit claimed each year is limited to 25 percent of the tax liability for the taxable year. There is an additional limitation of 10 percent of the total allowable credit for the taxable year during which the equipment is purchased (installed). The unused portion of the credit may be carried forward to succeeding tax years. Equipment that requires installation must be completely installed and usable during the first taxable year for which the tax credit is claimed.

Types of Equipment Qualifying as Eligible Purchases—KRS 141.390 provides the following pertinent definitions:

"(a) 'Postconsumer waste' means any product generated by a business or consumer which has served its intended end use, and which has been separated from solid waste for the purposes of collection, recycling, composting, and disposition and which does not include secondary waste material or demolition waste;

(b) 'Recycling equipment' means any machinery or apparatus used exclusively to process postconsumer waste material and manufacturing machinery used exclusively to produce finished products composed of substantial postconsumer waste materials; and (emphasis added)

(c) 'Composting equipment' means equipment used in a process by which biological decomposition of organic solid waste is carried out under controlled aerobic conditions, and which stabilizes the organic fraction into a material which can easily and safely be stored, handled, and used in a[n] environmentally acceptable manner."

The following items **may** qualify as composting and recycling equipment if one of the two conditions below is met:

Balers	Lift-gate
Bob Cat	Magnetic Separators
Briquettors	Material Recovery Facility Equipment
Compactors	Pallet Jacks
Containers	Perforators
Conveyors	Pumps with Oil
Conveyor Systems	Scales
Crane with Grapel Hook	Screeners
Crushers	Shears
Densifiers	Shredders
End Loaders	Tractor
Exhaust Fans	Trailer
Fluffers	Trucks and Roll-offs
Fork Lifts	Two-wheel Carts
Granulators	Vacuum Systems

Items in the above list whether used by consumers for home use or by a business do not qualify as:

(1) "recycling equipment" unless used **exclusively** to process postconsumer waste material, or

(2) "composting equipment" unless used in a **process** carried out under controlled aerobic conditions.

For example, a can crusher is recycling equipment but home trash containers or trash bin collectors and other similar items used for collecting and/or separating postconsumer waste are not recycling equipment.

A self-contained "backyard composter" is composting equipment but lawn tractors, mowers and mulching or bagging attachments and other similar equipment used to gather organic waste for composting are not "composting equipment."

This list is not all-inclusive. If you have a question about whether a specific item that is not included is eligible under the law, contact the Department of Revenue, Division of Corporation Tax, (502) 564-8139.

When and Where to File Application—This application form must be filed with the Department of Revenue, Division of Corporation Tax, Frankfort, Kentucky 40620, on or before the first day of the seventh month following the close of the taxable year in which the qualifying equipment was purchased (installed). Applications bearing a postmark after the above date will not be approved. The application should be filed as soon as possible after the close of the taxable year in order to obtain approval in time to meet the three and one-half month deadline for filing income tax returns. Taxpayers must file only one application for all purchases qualifying during the taxable period for which the application is being filed. The original copy of the approved application will be returned to the purchaser.

Signature—The application must be signed by applicant or other authorized person. Unsigned applications will be returned.

SPECIFIC INSTRUCTIONS

PART I—Taxpayers must complete only Columns A through E of this part and the description portion for each type of equipment listed in Column A. If more than four types of equipment were purchased during the taxable year a continuation schedule for Part I is provided.

Column A—Enter in Column A the specific name of the machinery, equipment or apparatus. See the above list for examples of types of items that are to be entered in this column. For each type of equipment entered in Column A, give a brief and concise description of the means by which it is used exclusively in the composting or recycling process.

Column B—Enter in Column B the name of the city in Kentucky where the qualifying equipment or machinery is located. If it is not located within a city enter the name of the county in Kentucky where located.

Column C—Enter the date of purchase or installation if applicable. If installation is required, the date installation is completed and the equipment is ready for use must be entered.

Column D—Enter in Column D the purchase price or contract price of the qualifying equipment or machinery purchased.

Column E—Enter the cost of installing the equipment or machinery to make it ready for use. Installation cost includes shipping charges incurred and paid by the purchaser. The amounts entered in Columns D and E may be rounded to the nearest whole dollar. Generally, the total amount of Columns D and E should equal the cost basis allowable for Kentucky depreciation purposes. Invoices, installation contracts and any other documentation necessary to verify cost of equipment and installation must be maintained by the taxpayer and made available to the Department of Revenue upon request.

Column F—Do not complete Column F. This column is to be completed by the department to determine the total expense qualifying for the income tax credit.

PART II—Do not complete this part. It will be used by the Cabinet to show the amount of tax credit approved. S corporations or partnerships enter on Schedule K, Form 720S, or Schedule K, Form 765, filed for the year during which purchase was made the amount from line 2.

PART III—Purchasers other than S corporations or partnerships use this part to record the amount of approved credit claimed for each taxable year. The current credit should be entered on the appropriate line of the Kentucky income tax return. When the total of the amounts entered in this part equal the total approved credit reflected on line 2 of Part II all the credit approved by this application has been claimed and this application should not be used to claim any further credit. **A copy of the approved application including the entries made to date in this part must be attached to the Kentucky individual, fiduciary or corporate income tax return for each year for which any approved credit reflected by this application is claimed.**