

**SCHEDULE RC (K-1)**

41A720RC (K-1)  
(10-04)

**Pro Rata/Distributive Share of Approved  
Recycling and/or Composting Equipment Tax Credit**

Commonwealth of Kentucky  
DEPARTMENT OF REVENUE

(FOR USE BY S CORPORATIONS AND PARTNERSHIPS)

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

**PART I**

Shareholder/partner's identifying number >	S corporation/partnership's Identifying number >
Name, address and ZIP code	Name, address and ZIP code

**PART II—Shareholder/Partner's Pro Rata/Distributive Share of Approved Credit**

1. Recycling and composting equipment tax credit (Schedule K, Form 720S, line 14 or Schedule K, Form 765, line 14) .....	1	\$
2. Shareholder/partner's pro rata/distributive share percentage .....	2	%
3. Shareholder/partner's share of approved credit (line 1 multiplied by line 2) .....	3	\$
4. Maximum allowable credit in year of purchase (installation) (10% of line 3). See Limitations .....	4	\$

**PART III—Amount of Credit Claimed (To be Completed by Shareholder/Partner as Used)**

Amount from line 3, Part II, used in tax year ended _____ / _____ / _____ .....	\$
Amount from line 3, Part II, used in tax year ended _____ / _____ / _____ .....	\$
Amount from line 3, Part II, used in tax year ended _____ / _____ / _____ .....	\$
Amount from line 3, Part II, used in tax year ended _____ / _____ / _____ .....	\$
Amount from line 3, Part II, used in tax year ended _____ / _____ / _____ .....	\$

**SCHEDULE RC (K-1) INSTRUCTIONS**

**Purpose of Form**—This form is used by S corporations and partnerships to compute each shareholder/partner's pro rata/distributive share of approved Kentucky income tax credit for the purchase and installation of recycling or composting equipment. It is also used by shareholders/partners to substantiate and keep a record of the amount of credit claimed on the shareholder/partner's Kentucky income tax return.

**PARTS I AND II—S CORPORATION/PARTNERSHIP INSTRUCTIONS**

Parts I and II should be completed by the S corporation or partnership for the year during which the equipment was purchased and a copy provided to each shareholder/partner along with Schedule K-1 (Form 720S) or Schedule K-1 (Form 765).

**Part II, Line 1**—Enter the total approved recycling and composting equipment tax credit from Schedule K, Form 720S, Line 14 or Schedule K, Form 765, Line 14.

**Part II, Line 2**—Enter shareholder's pro rata share percentage from Item A, Schedule K-1 (Form 720S) or partner's ownership of capital percentage from Item E, Schedule K-1 (Form 765) or other percentage specifically provided by the partnership agreement.

**Part II, Line 3**—Enter here and on Schedule K-1 (Form 720S), Line 14 or Schedule K-1 (Form 765), Line 14. Provide a copy of this form to each shareholder/partner with their Schedule K-1. This is the shareholder/partner's share of the approved credit.

**PART III—SHAREHOLDER/PARTNER INSTRUCTIONS**

The S corporation/partnership prepares Parts I and II of Schedule RC (K-1). This information is used by the shareholder/partner to substantiate the amount of credit claimed for each taxable year.

Use Part III to record the amount of credit claimed for each taxable year. The current credit should be entered on the appropriate line of the shareholder/partner's Kentucky income tax return (resident individuals enter on Schedule TC). A copy of Schedule RC (K-1), including all entries made to date in Part III, must be attached to the return on which any approved credit reflected by this schedule is claimed.

**Limitations**

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 10 percent limitation has been computed by the S corporation/partnership and entered in Part II, Line 4. 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.