

**KENTUCKY SCHEDULE K  
FOR S CORPORATIONS WITH ECONOMIC DEVELOPMENT PROJECT(S)**

Form 720S

41A720-S31 (11-04)

**SHAREHOLDERS' SHARES OF INCOME, CREDITS, DEDUCTIONS, ETC., EXCLUDING THE ECONOMIC DEVELOPMENT PROJECT(S)**

**SECTION I—Income (Loss) and Deductions**

(a) Pro Rata Share Items		(b) Total Amount		(c) Adjustments		(d) Net Kentucky Amount	
1.	Ordinary income (loss) from trade or business activities (Form 720S, page 1, Part I, line 7) ..... 1						
2.	Net income (loss) from rental real estate activities (attach federal Form 8825) ..... 2						
3.	(a) Gross income from other rental activities ..... 3(a)						
	(b) Less expenses from other rental activities (attach schedule) ..... 3(b)						
	(c) Net income (loss) from other rental activities ..... 3(c)						
4.	Portfolio income (loss):						
	(a) Interest income ..... 4(a)						
	(b) Dividend income ..... 4(b)						
	(c) Royalty income ..... 4(c)						
	(d) Net short-term capital gain (loss) (attach federal Schedule D (Form 1120S)) ..... 4(d)						
	(e) Net long-term capital gain (loss) (attach federal Schedule D (Form 1120S)) ..... 4(e)						
	(f) Other portfolio income (loss) (attach schedule) ..... 4(f)						
5.	Net gain (loss) under Section 1231 (other than due to casualty or theft) (attach federal Form 4797) ..... 5						
6.	Other income (loss) (attach schedule) ..... 6						
7.	Charitable contributions (attach schedule) and housing for homeless deduction (attach Schedule HH) ..... 7						
8.	Section 179 expense deduction (attach federal Form 4562) ..... 8						
9.	Deductions related to portfolio income (loss) (attach schedule) ..... 9						
10.	Other deductions (attach schedule) ..... 10						

**Investment Interest**

11.	(a) Interest expense on investment debts ..... 11(a)						
	(b) (1) Investment income included on lines 4(a), 4(b), 4(c) and 4(f) above ..... 11(b)(1)						
	(2) Investment expenses included on line 9 above . 11(b)(2)						

**Credits**

12.	Skills Training Investment Tax Credit ..... 12						
13.	Kentucky Unemployment Tax Credit (attach Schedule UTC) ..... 13						
14.	Recycling and Composting Equipment Tax Credit (attach <i>approved</i> Schedule RC) ..... 14						
15.	Kentucky Investment Fund Tax Credit ..... 15						
16.	Coal Incentive Tax Credit ..... 16						
17.	GED Incentive Tax Credit ..... 17						

(SECTION I continued on page 2)

**SECTION I (continued)—Other Items**

18. (a) Type of Section 59(e)(2) expenditures	18(a)					
▶						
(b) Amount of Section 59(e)(2) expenditures	18(b)					
19. Tax-exempt interest income	19					
20. Other tax-exempt income	20					
21. Nondeductible expenses	21					
22. Total property distributions (including cash) other than dividends reported on line 24 below	22					
23. Other items and amounts required to be reported separately to shareholders (attach schedule)	23					
24. Total dividend distributions paid from accumulated earnings and profits	24					

**SECTION II—Computation of Nonresident Shareholders' Taxable Percentage and Amount Withheld**

1. S corporation's Kentucky gross receipts	1		
2. S corporation's total gross receipts	2		
3. Nonresident shareholders' taxable percentage (line 1 divided by line 2)	3		%
4. Nonresident shareholders' net distributive share of taxable income	4		
5. Nonresident shareholders' net distributive share withheld. Report amount here and on Form 740NP-WH, line 9	5		

**INSTRUCTIONS—KENTUCKY SCHEDULE K  
FOR S CORPORATIONS WITH ECONOMIC DEVELOPMENT PROJECT(S)**

**IMPORTANT:** An S corporation which has one or more projects under the Kentucky Rural Economic Development Act (KREDA), Kentucky Industrial Development Act (KIDA), Kentucky Jobs Development Act (KJDA), Kentucky Industrial Revitalization Act (KIRA) or Kentucky Economic Opportunity Zone (KEOZ) must use this Schedule K in lieu of the regular 720S Schedule K.

**PURPOSE OF SCHEDULE**—This schedule is to be used to determine the shareholders' share of each item of income, credit, deduction, etc., excluding the amount of each item of income, credit, deduction, etc., attributable to the project(s). See General Instructions of Schedule KREDA-SP, Schedule KIDA-SP, Schedule KJDA-SP, Schedule KIRA-SP or Schedule KEOZ-SP for additional information on this exclusion.

**SECTION I INSTRUCTIONS**

**Column (b)**—Complete this column following the instructions to the regular 720S Schedule K.

**Column (c)**—For each item of income or deduction, enter the amount attributable to the project or projects. If the S corporation has more than one project, attach a schedule reflecting the computation of the total amount of each item.

If the S corporation's only operation is the project or projects, the amount entered for each item should be the same as the amount entered in column (b). Attach

applicable tax computation schedule(s) (Schedule KREDA-SP, Schedule KIDA-SP, Schedule KJDA-SP, Schedule KIRA-SP or Schedule KEOZ-SP) and supporting schedules for each project.

**Column (d)**—For each item of income or deduction, subtract the amount in column (c) from the amount in column (b) and enter the result. The amounts from this column should be used to determine the amount of income, credit, deductions, etc., reflected on each shareholder's Kentucky Schedule K-1. The total pro rata share items of all Schedules K-1 should equal the amount reported on the same lines of this column, lines 1 through 22.

**SECTION II INSTRUCTIONS**

**See instructions for Section II of the regular Form 720S Schedule K to determine if it is necessary to complete this section.** If the S corporation is required to complete this section, gross receipts attributable to the project(s) should be excluded from both Kentucky and total gross receipts.