

SCHEDULE RC (K-1)

41A720-RC (K-1)
(10-06)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



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

**DISTRIBUTIVE SHARE OF APPROVED
RECYCLING AND/OR COMPOSTING EQUIPMENT TAX CREDIT
(FOR USE BY GENERAL PARTNERSHIPS)**

PART I

Partner's identification number >	General partnership's FEIN >
Name, address and ZIP code	Name, address and ZIP code

PART II—Partner's Distributive Share of Approved Credit

1. Recycling and composting equipment tax credit (Schedule K, Form 765-GP, line 14)	1	
2. Partner's distributive share percentage	2	%
3. 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 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 general partnerships to compute each partner's distributive share of approved Kentucky income tax credit for the purchase and installation of recycling or composting equipment. It is also used by partners to substantiate and keep a record of the amount of credit claimed on the partner's Kentucky income tax return.

PARTS I AND II—GENERAL PARTNERSHIP INSTRUCTIONS

Parts I and II should be completed by the general partnership for the year during which the equipment was purchased and installed and a copy provided to each partner along with Schedule K-1 (Form 765-GP).

Part I, Partner's Identification Number—If the partner is a corporation, enter the Kentucky Corporation Account Number; a general partnership, enter the FEIN; an individual, enter the Social Security Number.

Part II, Line 1—Enter the total approved recycling and composting equipment tax credit from Schedule K, Form 765-GP, Line 14.

Part II, Line 2—Enter partner's ownership of capital percentage from Item D, Schedule K-1 (Form 765-GP) or other percentage specifically provided by the partnership agreement.

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

PART III—PARTNER INSTRUCTIONS

The general partnership prepares Parts I and II of Schedule RC (K-1). This information is used by the 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 is entered on the appropriate line of the partner's Kentucky income tax return (corporations enter on Schedule TCS, Part II; resident individuals, Form 740, Section A, Line 6; nonresident individuals, Form 740-NP, Section A, Line 6). 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 general 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.

