

**SCHEDULE RC-R**

41A720RC-R (10-06)  
Department of Revenue



Taxable Year Ending

\_\_\_\_ / \_\_\_\_  
Mo. Yr.

➤ Attach to Form 720, Form 720S, Form 725,  
Form 740, Form 765 or Form 765-GP.

**KENTUCKY  
DISPOSITION OF RECYCLING OR  
COMPOSTING EQUIPMENT SCHEDULE**

Corporation/Individual Name		Identification Number
		_____
Properties	Type of Property	Useful Life Per Section 168 of the Internal Revenue Code (Years)
A		<input type="checkbox"/> Less Than 5 <input type="checkbox"/> 5 or More
B		<input type="checkbox"/> Less Than 5 <input type="checkbox"/> 5 or More
C		<input type="checkbox"/> Less Than 5 <input type="checkbox"/> 5 or More

**Recycling or Composting Equipment Tax Credit**

Computation Steps (see instructions)	Properties			Total
	A	B	C	
1. Date property was purchased ..... 1	/ /	/ /	/ /	
2. Date property disposed ..... 2	/ /	/ /	/ /	
3. Number of full years between the date on line 1 and the date on line 2 ..... 3				
4. Year of approval by Department of Revenue ..... 4				

**Redetermined Amount Computation**

5. Percentage (see table below) ..... 5				
6. Approved amount (Schedule RC, Column F or G) ..... 6				
7. Redetermined amount (multiply line 6 by the percentage on line 5) (see instructions) ..... 7				
8. <input type="checkbox"/> Check the box if election is made to claim the balance of the recycling credit as allowed in KRS 141.390(3).				

**Tax Credit/Recaptured (Corporations, Individuals and Sole Proprietorships)**

9. Recycling credit taken ..... 9				
10. <b>Tax Credit:</b> If Total Column, line 7 is greater than Total Column, line 9, enter the difference here and, for corporations, on Schedule TCS, Part II, Recycling/composting equipment tax credit line; or Form 765-GP, Schedule K, Section I, line 14 ..... 10				
11. <b>Tax Credit Recaptured:</b> If Total Column, line 9 is greater than Total Column, line 7, enter the difference here and on Form 720, Form 720S, Form 725 or Form 765, Part III, line 2; or Form 740, page 1, line 13 ..... 11				

**Informational Purposes—Recycling or Composting Equipment Credit Lost Due to Disposition**

12. Total Column, line 6 less Total Column, line 7 ..... 12	
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Allowable Tax Credit Percentage		
Property	Less Than 5 Years	5 Years or More
1 Year or Less	0%	0%
Between 1 and 2 Years	33%	20%
Between 2 and 3 Years	67%	40%
Between 3 and 4 Years	N/A	60%
Between 4 and 5 Years	N/A	80%

## INSTRUCTIONS FOR SCHEDULE RC-R

### Kentucky Disposition of Recycling or Composting Equipment

**Purpose of Schedule**—This schedule is used by taxpayers that dispose of qualified recycling or composting equipment before the end of the recapture period. The tax credit shall be redetermined under KRS 141.390(5). If the taxpayer is entitled to additional credit, this amount shall be taken in the disposition year. It is a nonrefundable credit.

If the credit previously taken exceeds the redetermined amount, the additional amount is disallowed and shall be added to the tax liability in the disposition year.

**General Instructions**—If the useful life as determined under Section 168 of the Internal Revenue Code is less than five years and the property is disposed of within three years of the purchase date or the useful life is five years or more and the property is disposed of within five years of the purchase date, the tax credit shall be redetermined.

**Identification Number**—For a corporation, enter the Kentucky Corporation Account Number; a general partnership, enter the FEIN; an individual, enter the Social Security number.

**Type of Property**—Enter the description of the property disposed. If additional lines are needed attach a schedule.

**Useful Life**—Check the applicable box for each type of property.

#### Recycling or Composting Equipment Tax Credit

**Line 1**—Enter the date the property was purchased. This is not the date the property was placed in service.

**Line 2**—Enter the date the property was sold, transferred or otherwise disposed.

**Line 3**—Enter the difference in full years between the purchase date and the disposed date.

**Line 4**—Enter the year the property was approved by the Department of Revenue for the recycling credit.

#### Redetermined Amount Computation

**Line 5**—See the table on schedule RC-R. Enter the applicable percentage based on the useful life and the number of years in use from Line 3. This percent represents the percentage of allowable credit.

**Line 6**—Enter the approved amount. This is the amount from the Schedule RC that was previously approved by the Department of Revenue. Column F or Column G depends upon the version of the approved schedule.

**Line 7**—Add the amounts on Line 7 and enter on the total line.

**Caution:** If the additional credit allowed or credit recapture is taken at the partner/shareholder level, enter the total on Schedule RC-R (K-1), Part II, Line 1.

**Line 8**—Corporations as defined in KRS 141.010(24)(b) to (h) may elect to claim the balance of the recycling credit against its tax liability. Check this box if the election is made. If checked, the partner/shareholder will not be entitled to this credit.

**Line 9**—Enter the amount of credit taken for the property. Add the amounts on Line 9 and enter on the total line. If the approved credit was for more than one asset, it shall be prorated.

**Information Purposes**—This is the amount of credit lost due to the disposition.