SCHEDULE KIDA

41A720-S20 (12-06)
Commonwealth of Kentucky
DEPARTMENT OF REVENUE

For taxable year ended

__ __ / __ __
Mo.   Yr.

TAX CREDIT COMPUTATION SCHEDULE
(FOR A KIDA PROJECT OF CORPORATIONS)
KRS 154.28-010 to 130
➤ Attach to Form 720, Form 720S, Form 725 or Form 765.

Name of Corporation	Federal Identification Number	Kentucky Corporation Account Number
	__ __ — __ __ __ __ __ __ __	__ __ __ __ __ __

Location of Project	Date KIDA Financing/Tax Incentive Agreement was Executed or Activation Date	Economic Development Project Number
City County	__ __ / __ __ / __ __ Mo. Day Yr.	

PART I—Tax Liability Method

Method in which greater tax liability was computed on Form 720, Form 720S, Form 725 or Form 765 *(check applicable box)*.

- ☐ Taxable net income (go to Part II)
- ☐ Lesser of corporation's gross receipts or gross profits (go to Part III)
- ☐ $175 minimum tax (enter zero (-0-) on Schedule TCS, Part I)

PART II—Computation of Taxable Net Income Excluding Net Income from KIDA Project and KIDA Tax Credit

1. Enter total tax liability from Part 3, line 3 from Form 720, Form 720S, Form 725 or Form 765....... 1 _____
2. Enter taxable net income from Form 720, Part 1, line 24; Form 720S, Part 1, line 27; Form 725, Part 1, line 15; or Form 765, Part 1, line 29 .... 2 _____
3. Enter net income from KIDA project. If a loss, enter -0- .... 3 _____
4. Kentucky taxable net income excluding net income from KIDA project (Subtract line 3 from line 2. If line 3 is greater than line 2, enter -0-.) .... 4 _____
5. Compute tax on amount on line 4.

	Taxable Net Income	Rate	Tax
(a) First $50,000	_____	x 4%	_____
(b) Next $50,000	_____	x 5%	_____
(c) All income over $100,000	_____	x 7%	_____
(d) Total (add lines 5(a) through (c))			5(d) _____

6. Income tax liability attributable to KIDA project (subtract line 5(d) from line 1) Continue to Part IV and enter on line 1 .... 6 _____

PART III—Computation of Alternative Minimum Calculation (AMC) for Corporation's Gross Receipts or Gross Profits from KIDA Project

If alternative minimum calculation (AMC) is based on gross receipts, complete line 1. If based on gross profits, complete line 2.

1. KIDA project gross receipts _____ x 0.00095 = ... 1 _____
2. KIDA project gross profits _____ x 0.0075 = ... 2 _____

Continue to Part IV and enter on line 1.

PART IV—Limitation

1. Enter tax liability attributable to KIDA project from Part II, line 6 or Part III, line 1 or line 2 .... 1 _____
2. Enter limitation from Schedule KIDA-T, Column D .... 2 _____
3. Allowable KIDA tax credit (lesser of line 1 or line 2) .... 3 _____

Enter allowable credit on Schedule TCS, Part I.

➤ *Economic development project* means a project authorized under the Kentucky Industrial Development Act (KIDA), the Kentucky Rural Economic Development Act (KREDA), the Kentucky Jobs Development Act (KJDA), the Kentucky Industrial Revitalization Act (KIRA), the Kentucky Economic Opportunity Zone (KEOZ), the Kentucky Reinvestment Act (KRA) or the Skills Training Investment Credit Act (STICA).

The Kentucky Corporation Income Tax Return (Form 720, Form 720S, Form 725 or Form 765), including this schedule *must be mailed* to Economic Development Tax Credits, Corporation Income and License Tax Branch, Kentucky Department of Revenue, P.O. Box 181, Frankfort, Kentucky 40602-0181.

INSTRUCTIONS—SCHEDULE KIDA

PURPOSE OF SCHEDULE—This schedule is to be used by any corporation which has entered into a financing agreement or a tax incentive agreement for a Kentucky Industrial Development Act (KIDA) project to determine the credit allowed against the Kentucky corporation income tax liability in accordance with KRS 141.400 on the income from the project.

GENERAL INSTRUCTIONS

The 2002 General Assembly amended KRS 154.28-010 to 154.28-130, effective on July 15, 2002. Projects that received preliminary approval from the Kentucky Economic Development Finance Authority (KEDFA) prior to July 15, 2002, and have entered into a financing agreement no later than June 30, 2003, shall be subject to KRS 154.28-010 to 154.28-130 as in effect prior to July 15, 2002.

Due to legislation passed by the 2005 General Assembly, S corporations, limited liability partnerships (LLPs), limited liability companies (LLCs) or similar entities created with limited liability for the partners are now taxed as corporations. The economic development credits are taken at the entity level and are not passed through to the shareholders/partners.

A corporation approved for more than one economic development project and that has total allowable credits for the taxable year greater than the corporation's income tax liability must complete Schedule TCS.

Date Financing Agreement was Executed or Activation Date—For projects which received preliminary approval from the Kentucky Economic Development Finance Authority (KEDFA) prior to July 15, 1996, enter the date the financing agreement was executed. For projects which received preliminary approval from KEDFA after July 15, 1996, enter the date established by the approved company as the activation date for implementation of the inducements authorized by the financing agreement.

Part I—Tax Liability Method

For tax years beginning on or after January 1, 2005, corporations are required to pay the greater of tax computed on taxable net income, an alternative minimum calculation using Kentucky gross profits or Kentucky gross receipts, or a minimum $175. Once the tax liability is computed on the Form 720, Form 720S, Form 725 or Form 765, the KIDA credits are to be calculated using the same method. If the greatest tax liability is calculated on taxable net income, KIDA tax credits are based on income from the project. If the greatest tax liability results from the alternative minimum calculation, then KIDA tax credits are based on Kentucky gross receipts or Kentucky gross profits from the project. Tax credits cannot reduce the tax liability below the $175 minimum. Check the appropriate box for the method in which the tax liability was computed then continue to the corresponding part for the credit calculation.

Part II—Computation of Taxable Net Income Excluding Net Income from KIDA Project and KIDA Tax Credit

Line 1—Enter total tax liability from Part 3, line 3 of Form 720, Form 720S, Form 725 or Form 765.

Line 2—Enter taxable net income after KDPAD from Form 720, Form 720S, Form 725 or Form 765.

Line 3—If the corporation's only operation in Kentucky is the KIDA project, the amount entered on line 2 must be entered on line 3. If the corporation has operations other than the KIDA project, it must attach schedules reflecting the computation of the net income from the KIDA project in accordance with KRS 141.400(6)(a)* or KRS 141.400(7)(a).***

Lines 4 through 5(d)—Compute tax liability on income excluding project income.

Line 6—The difference between Part II, line 1 and line 5(d) is the income tax liability attributable to the KIDA project.

Part III—Computation of Alternative Minimum (AMC) Excluding Corporations Gross Receipts from KIDA Project

Line 1—If alternative minimum calculation is based on gross receipts, multiply 0.00095 by KIDA project gross receipts in accordance with KRS 141.400(6)(b)** or KRS 141.400(7)(b).****

Line 2—If alternative minimum calculation is based on Kentucky gross profits, multiply 0.0075 by KIDA project gross profits in accordance with KRS 141.400(6)(b)** or KRS 141.400(7)(b).****

Part IV—Limitation

Calculate KIDA tax credit based on corporation's tax liability, tax liability attributable to KIDA project, and credit limitation from Schedule KIDA-T. Enter credit on Schedule TCS, Part I.

A corporation with more than one economic development project must separately compute the tax credit derived from each project. Complete an applicable tax computation schedule (Schedule KREDA, Schedule KIDA, Schedule KJDA, Schedule KIRA, Schedule KEOZ, or Schedule KRA) for each project. Approved companies for Skills Training Investment Credit (STICA) must attach a copy of the final resolution received from the Bluegrass State Skills Corporation.

Alternative Methods—In accordance with KRS 141.400(8), if the approved company can show that the nature of the operations and activities of the approved company are such that it is not practical to use separate accounting to determine net income, gross receipts or Kentucky gross profits from the facility at which the project is located the approved company shall determine net income, gross receipts or Kentucky gross profits attributable to the project using an alternative method approved by the Department of Revenue. Thus, if any method other than separate accounting is used, a copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.

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* In accordance with KRS 141.400(6)(a), if the project is a totally separate facility, net income attributable to the project shall be determined by the separate accounting method.

** In accordance with KRS 141.400(6)(b), if the project is a totally separate facility, gross receipts or Kentucky gross profits attributable to the project shall be determined under the separate accounting method reflecting only the gross receipts or Kentucky gross profits directly attributable to the facility.

*** In accordance with KRS 141.400(7)(a), if the KIDA project is an expansion to a previously existing facility net income attributable to the entire facility shall be determined under the separate accounting method and the net income attributable to the KIDA project shall be determined by apportioning the separate accounting net income of the entire facility to the KIDA project income using a formula approved by the Department of Revenue. A copy of the letter from the Department of Revenue approving the percentage must be attached to this schedule.

**** In accordance with KRS 141.400(7)(b), if the KIDA project is an expansion to a previously existing facility gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method and the gross receipts or Kentucky gross profits attributable to the KIDA project shall be determined by apportioning the separate accounting gross receipts or Kentucky gross profits of the entire facility to the KIDA project gross receipts or Kentucky gross profits. A copy of the letter from the Department of Revenue approving the percentage must be attached to this schedule.