

INSTRUCTIONS—SCHEDULE KEOZ-T

PURPOSE OF SCHEDULE—This schedule is to be used by any company which has entered into an agreement for a Kentucky Economic Opportunity Zone (KEOZ) Act project to maintain a record of the debt service payments, wage assessment fees, approved costs and income tax credits for the duration of the agreement. This information is necessary for the company to determine the limitation of the tax credit for each year of the agreement and to allow the Kentucky Department of Revenue to verify that the credit has been properly computed.

GENERAL INSTRUCTIONS

A separate Schedule KEOZ-T, Tracking Schedule for a KEOZ Project, shall be maintained for the duration of each KEOZ project. Beginning with the first tax year of the KEOZ agreement, complete Columns A through H using a separate line for each year of the agreement. **Note that Columns B and C apply only to service and technology agreements and Columns D and E apply only to manufacturing agreements.** The company shall attach a copy of this schedule updated with current year information to the Schedule KEOZ or Schedule KEOZ-SP, which is filed with the Kentucky income tax return for the year.

For Forms 720, 720S, 725 and 765, all tax credits are entered on Schedule TCS, a tax credit summary. The total tax credits calculated may exceed the amount that can be used. Credits must be claimed in the order prescribed by KRS 141.0205. Total credits claimed cannot reduce the tax liability below the \$175 minimum required tax.

Activation Date—Enter the date established by the approved company as the activation date for implementation of the inducements authorized by the agreement. The 10-year period for the term of the agreement begins from the activation date.

SPECIFIC INSTRUCTIONS

Column A—Enter on each line the ending date (month, day and year) of the tax year for which the information requested in Columns B through H is entered.

Column B—For the taxable year that includes the activation date of the service and technology agreement, enter 50 percent of the total start-up costs as verified by the Kentucky Economic Development Finance Authority. For each year thereafter, if the amount entered in Column G for the prior year exceeds the amount entered in Column H for the prior year, enter the difference. If the amount entered in Column H for the prior year equals the amount entered in Column G for the prior year, enter -0-.

Column C—Enter 50 percent of rental payments made during the taxable year as set forth in the service and technology agreement.

Column D—This column applies only to tax incentive agreements. This column will always be blank for the first taxable year of the agreement. For each year thereafter, if the amount entered in Column G for the prior year exceeds the amount entered in Column H for the prior year, enter the difference. If the amount entered in Column H for the prior year equals the amount entered in Column G for the prior year, enter -0-.

Column E—This column applies only to tax incentive agreements. Enter the total amount of debt service payment made during the taxable year. Debt service payment includes both principal and interest paid in accordance with the agreement.

Column F—Enter the total amount of employee wage assessment fees (both the state and local portion) withheld from the salaries of employees during the taxable year.

Column G—Enter the result of adding the amounts entered in Columns B, C, D and E, and subtracting the amount entered in Column F. Also, enter on Schedule KEOZ, Part IV, line 5, or Schedule KEOZ-SP, Part I, line 5, whichever is applicable.

Column H—Enter the amount of KEOZ tax credit claimed for the taxable year. For corporations, this will be the amount from Schedule TCS, Part I, Column E, or the amount entered for this project on Schedule TCS, line 1, Column E, whichever is applicable. For general partnerships, this will be the amount from Schedule KEOZ-SP, Part I, line 6(a) or 6(b).