

Schedule CI

41A720-CI (10-07)
Commonwealth of Kentucky
DEPARTMENT OF REVENUE



For Coal Purchased
During Calendar Year 200__

APPLICATION FOR
COAL INCENTIVE TAX CREDIT
KRS 141.0405



See instructions.

Name of Taxpayer Federal Identification Number

Number and Street

City State ZIP Code Telephone Number (Include Area Code)

The Company is: An electric power company Owns and operates a coal-fired electric generating plant

Type of Entity (check applicable box): Corporation Limited Liability Pass-through Entity General Partnership
Municipal Electric Company Other

Kentucky Corporation/LLET Account Number (if applicable) GNC Number

PART I - Qualifying Tons of Coal Purchased During Base Year (Calendar Year 1999) and Used To Generate Electricity

Table with 4 columns: A (Name of Supplier), B (Name and Kentucky Coal Severance Tax Account Number of Taxpayer Subject to Kentucky Coal Severance Tax On Qualifying Coal Purchases), C (Qualifying Tons of Coal Purchased), D (For Department of Revenue Use Only Approved Tons Purchased). Rows 1-10.

11. Total Approved Tons for Base Year

PART II - Qualifying Tons of Coal Purchased During Calendar Year 200__ and Used to Generate Electricity

Table with 4 columns: A (Name of Supplier), B (Name and Kentucky Coal Severance Tax Account Number of Taxpayer Subject to Kentucky Coal Severance Tax On Qualifying Coal Purchases), C (Qualifying Tons of Coal Purchased), D (For Department of Revenue Use Only Approved Tons Purchased). Rows 1-10.

11. Total Approved Tons for Calendar Year 200__

I, the undersigned, declare under the penalties of perjury, that I have examined this application, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

Signature of Principal Officer or Chief Accounting Officer Date

Type Name and Title of Principal Officer or Chief Accounting Officer

INSTRUCTIONS

The Coal Incentive Tax Credit is applied against the individual income tax imposed under KRS 141.020, the corporation income tax imposed under KRS 141.040, the limited liability entity tax (LLET) imposed under KRS 141.0401 and the public service company property tax (state portion only) imposed under KRS 136.120. The amount of credit claimed against the corporation income tax and the LLET can be different.

Purpose of Form—This form is used by taxpayers to apply for the coal incentive tax credit provided for in KRS 141.0405, and by the Department of Revenue to determine the approved tons of coal purchased.

Who is Entitled to the Credit—Any taxpayer that:

1. (a) is an electric power company as defined in KRS Chapter 136; or
(b) is an entity that owns and operates a coal-fired electric generating plant;
2. remits tax to Kentucky under KRS 136.120, 141.020, 141.040, or 141.0401, and
3. purchases coal subject to the tax imposed under KRS 143.020 that is used by the taxpayer; or by the parent company of the taxpayer if the taxpayer is a wholly owned subsidiary, to generate electricity.

Amount of Credit—The credit is equal to \$2 for each incentive ton of coal. Incentive tons of coal are calculated by subtracting the tons of qualifying coal purchased during the base year from the tons of qualifying coal purchased during the prior calendar year. **“Qualifying coal” means coal subject to the coal severance tax imposed by KRS 143.020 which is purchased and used by the company to generate electricity.** For entities existing prior to July 14, 2000, the base year amount of qualifying tons of coal is the qualifying tons of coal purchased in the calendar year 1999. For entities that come into existence after July 14, 2000, the base year amount shall be equal to zero. However, no company qualifying for the credit as of July 14, 2000, may create an affiliate, subsidiary, or any other entity that would qualify for a base year of zero.

Due Date of Form—The taxpayer must submit this form by March 15 of each year to apply for the credit on coal purchases for the prior calendar year.

Where to Submit Form—This form should be submitted to:

Kentucky Department of Revenue
Office of Property Valuation
Division of Minerals Taxation and GIS Services
200 Fair Oaks Lane, Fourth Floor
Frankfort, Kentucky 40620

SPECIFIC INSTRUCTIONS

General Information—The taxpayer must complete all information in the name and address portion of this form. If the entity type is not listed, check other and list the entity type.

Part I and Part II Instructions

Companies in Existence as of July 14, 2000—If the company was in existence prior to July 14, 2000, complete Parts I and II in accordance with the following instructions.

Companies not in Existence as of July 14, 2000—If the company was not in existence prior to July 14, 2000, enter a statement to that effect in Columns A and/or B of line 1, Part I, and enter zero on line 1, Column C, Part I. Sufficient information to verify the date of existence should be attached to the application. Part II should be completed in accordance with the following instructions.

Columns A and B—Enter in Column A the name of each supplier from whom qualifying coal was purchased. If the supplier listed

in Column A is the person subject to the Kentucky coal severance tax on the qualifying coal, enter the supplier’s Kentucky coal severance tax account number in Column B. If the person subject to the Kentucky coal severance tax on the qualifying coal is different than the supplier listed in Column A, enter in Column B the name and Kentucky coal severance tax account number of the person subject to the Kentucky coal severance tax on the qualifying coal purchased from each supplier. In the event more than one person was subject to the Kentucky coal severance tax on coal purchased from the same supplier, use a separate line to list the supplier and the name and Kentucky coal severance tax account number of each person subject to the Kentucky coal severance tax on the coal purchased from such supplier.

Column C—Enter on each line in this column the tons of qualifying coal purchased related to each entry in Columns A and B.

Subsequent Year Applications—For applications submitted for years after the taxpayer’s initial year of application it is not necessary to complete Part I. In lieu of completing Part I the taxpayer should attach a copy of the initial year’s application which will be returned to the taxpayer with Column D completed by the Department of Revenue with the Coal Incentive Tax Credit Certificate for the initial year.

Maintaining Records—The taxpayer must maintain records reflecting verification of the tons of coal purchased subject to Kentucky coal severance tax imposed by KRS 143.020, including invoices and proof of payments, for a period of five years.

Taxes to Which the Credit Applies—KRS 141.0405 provides that this credit shall first be applied against both the taxes imposed by KRS 141.020 or KRS 141.040 and the tax imposed by KRS 141, 141.0401, with the ordering of credits provided in KRS 141.0205. Any remaining credit shall be applied against the taxes imposed by KRS 136.120.

The credit shall meet the entirety of the taxpayer’s liability under the first tax listed in consecutive order before applying the remaining credit to the next tax listed in consecutive order. The taxpayer’s total liability under each preceding tax must be fully met before the remaining credit can be applied to the subsequent tax listed in consecutive order.

When Credit May be Claimed—The credit is available for 10 consecutive years beginning on July 15, 2001. This credit may be claimed on income tax returns filed after July 15, 2001, or public service company property tax bills due after July 15, 2001. Thus, for income tax, this credit is available for returns filed for the years 2000 through 2009. For state assessed public service company property tax, the credit is available for tax bills issued from 2001 through 2010. If in any year the total approved credit exceeds the liability of all the taxes against which it may be claimed, the unused credit may be carried forward for the duration of the available credit period. However, the credit may not be carried back to any prior periods.

Claiming Credit—Corporations and limited liability pass-through entities are entitled to take this credit against the LLET. The credit taken against corporation income tax is also allowed against the LLET even though the credit is taken against the income tax. The credit claimed may be different because of limitations.

The credit amount cannot reduce the LLET below the \$175 minimum.