



## INSTRUCTIONS—SCHEDULE EZC

The Enterprise Zone Tax Credit is applied against the corporation income tax imposed under KRS 141.040 and/or the Limited Liability Entity Tax (LLET) imposed under KRS 141.0401. The amount of tax credit against each tax can be different.

**ENTERPRISE ZONE TAX CREDIT UPDATE**—Effective December 31, 2006, the Campbell County, Knox County and Paducah enterprise zones expired. The Hopkinsville enterprise zone is the only one remaining. To date, Ashland, Campbell County, Covington, Hickman, Knox County, Lexington, Louisville, Owensboro and Paducah enterprise zones have expired. Qualified corporations in these enterprise zones will no longer be able to claim a credit for tax year ended 2007 against the taxes imposed by KRS 141.040 and KRS 141.0401. However, previous year carryforwards are allowed. A schedule of the carryforward is required.

**ENTERPRISE ZONE TAX CREDIT**—Corporations located within the Hopkinsville enterprise zone, that have hired employees on or after July 14, 1992, and certified by the Kentucky Enterprise Zone Authority as a qualified business may be entitled to a nonrefundable credit against the taxes imposed by KRS 141.040 and KRS 141.0401 equal to 10 percent of wages paid to each employee who has been certified by the Education Cabinet, Department of Workforce Investment, Office of Employment and Training, as having been unemployed for at least 90 days or having received public assistance benefits, based on need and intended to alleviate poverty, for at least 90 days prior to employment with the qualified business. For certification questions, call (502) 564-7456. The credit is limited to \$1,500 per employee, and any unused credit may be carried forward for up to five years.

This form is filed to reflect the computation of the above credit earned for any taxable year during which the corporation paid eligible wages regardless of whether the corporation has a liability for that year. This form shall be filed any year for which a carryover is claimed regardless of whether any credit is earned in the current year.

**EMPLOYEE CERTIFICATION**—Each employee on which the corporation claims the credit must have been certified by the Education Cabinet, Office of Employment and Training, as meeting one of the above criteria. This certification is obtained by the employee and employer completing the appropriate portions of Enterprise Zone Program Applicant/Employer Certification Form and obtaining signature of authorized

Office of Employment and Training personnel. For certification questions, call (502) 564-7456. A copy of this certificate must be maintained by the corporation. Enter on Line 1, Column B, the employee certification number for each employee.

**LIMITATION AND CARRYOVER**—The credit cannot exceed \$1,500 per employee, and any portion of the credit not used in the year earned may be carried forward for up to five years.

### SPECIFIC INSTRUCTIONS

**Line 1**—Complete Columns A, B and C for each certified employee to whom eligible wages were paid during the taxable year.

Enter in Column D the amount of eligible wages paid the employee in the prior year(s), if any.

Enter in Column E the amount of eligible wages paid the employee during the current year. The total of Column E cannot exceed \$15,000 per employee.

Enter in Column F the amount of the credit earned on current year eligible wages of each employee. The credit is determined by multiplying the total amount of eligible wages entered in Column D and Column E by 10 percent.

**Line 3**—Enter the available carryovers. This line is used in taxable years after the first taxable year that the corporation has employees on which the credit is earned to reflect the carryover of any unused credit earned in preceding taxable years. The carryover is limited to any unused credit earned in the five immediately preceding taxable years.

**Line 5**—Enter the amount of credit claimed for the taxable year against the LLET on Schedule TCS, Part III, Column E. This credit amount may not reduce the LLET for the year below the \$175 minimum.

**Line 6**—Enter the amount of credit claimed for the taxable year against the corporation income tax on Schedule TCS, Part III, Column F.