

SCHEDULE RC-R

41A720RC-R (10-07)
Department of Revenue



Taxable Year Ending

___ / ___
Mo. Yr.

► Attach to Form 720, 720S, 725, 740, 740-NP, 765 or 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				

Tax Credit/Recaptured (Corporations, Limited Liability Pass-through Entities, Individuals and Sole Proprietorships)

8. Recycling credit taken 8				
9. Tax Credit: If Total Column, line 7 is greater than Total Column, line 8, enter the difference (see instructions) 9				
10. Tax Credit Recaptured: If Total Column, line 8 is greater than Total Column, line 7, enter the difference (see instructions) 10				

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

11. Total Column, line 6 less Total Column, line 7 11	
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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 redetermined credit exceeds the total credit taken in prior taxable years, the taxpayer shall be entitled to use the difference to reduce the taxpayer's tax liability for the taxable year in which the sale, transfer or disposition occurs. 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. The taxpayer that has taken the credit is responsible for the additional liability when the total credit taken in prior taxable years exceeds the redetermined credit of the entity.

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 or a limited liability pass-through entity, enter the Kentucky Corporation/LLET 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. See Column F or Column G, depending 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 recaptured is taken at the partner/member/shareholder level, enter the total on Schedule K of the applicable form. Using this information, the partner/member/shareholder will file its own Schedule RC-R based upon its Schedule K-1 and its tax information.

Tax Credit/Recaptured (Corporations, Limited Liability Pass-through Entities, Individuals and Sole Proprietorships)

Line 8—Enter the amount of credit taken for the property. Add the amounts on Line 8 and enter on the total line. If the approved credit was for more than one asset it shall be prorated.

Line 9—For corporations, combine with any other recycling credit taken and enter on Schedule TCS, Columns E and F subject to the limitations imposed in KRS 141.390. For limited liability pass-through entities, combine with any other recycling credit taken and enter on Schedule TCS, Column E subject to the limitations imposed in KRS 141.390. Individuals will enter on Form 740 or 740-NP, page 3, Section A, Line 7.

Line 10—For corporations, enter this amount on Form 720, Part III, Line 2. For individuals, enter on Form 740, page 1, Line 13 or for Form 740-NP, combine with the tax to be entered on page 1, Line 14.

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