



Department of Revenue

KENTUCKY EDUCATION TUITION TAX CREDIT

Attach to Form 740 or Form 740-NP.

Enter name(s) as shown on Form 740 or Form 740-NP, page 1. Your Social Security Number

If you have a credit carryforward from previous years, see instructions for Part IV. Caution: You cannot take the 2007 Kentucky Education Tuition Tax Credit if you are not eligible for the Federal Education Credits.

PART I—Qualifications

Table with 2 columns: Question, Yes, No. Questions include: Are any expenses claimed in Part I or Part II of federal Form 8863 from an eligible educational institution located within the Commonwealth of Kentucky (Kentucky institution)?

If you answered "No" to any of these questions above, STOP you do not qualify for this credit. If you answered "Yes" to all questions above, go to Part II.

PART II—Hope Credit (List only expenses from Kentucky institutions.) See Instructions

Table with 5 columns: (a) Student Name, (b) Student SSN, (c) Name and Address of Kentucky Institution, (d) Qualified Expenses, (e) Tentative Hope Credit (See Federal Instructions)

PART III—Lifetime Learning Credit (List only expenses for undergraduate studies at Kentucky institutions.) See Instructions

Table with 4 columns: (a) Student Name, (b) Student SSN, (c) Name and Address of Kentucky Institution, (d) Qualified Expenses (See Federal Instructions)

PART IV—Credit Carryforward from Prior Year(s)

Table with 2 columns: Description, Line Number. Includes: Note: If you do not have an unused credit from prior year(s), continue to Part V. 7. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22

PART V—Allowable Education Credits

Table with 2 columns: Description, Line Number. Includes: 15. Tentative Federal Education Credits. Add lines 2 and 6. 16. Enter decimal amount from federal Form 8863, line 12. Note: You cannot take this credit if you were forced to stop on line 10 of federal Form 8863.

Education Tuition Tax Credit—Instructions and Worksheet

Note: You cannot take a Kentucky Education Tuition Tax Credit if you are not eligible for the federal Hope or Lifetime Learning Credits.

Part I, Qualifications—All questions in Part I must be answered *yes* to be eligible for the Kentucky Education Tuition Tax Credit.

Part II, Hope Credit—You **must** enter student's name, Social Security number, name and address of Kentucky institution, qualified expenses and the tentative Hope Credit. Use the federal instructions to determine tentative credit. If more than two students, attach a list to Form 8863-K. Total tentative credits for all students on Line 2.

Part III, Lifetime Learning Credit—You **must** enter student's name, Social Security number, name and address of Kentucky institution and qualified expenses. Use federal instructions to determine qualified expenses. Total tentative expenses for all students on Line 4 and enter the smaller of Line 4 or \$10,000 on Line 5, then multiply that amount by 20% (.20) on Line 6.
Note: The **maximum federal Lifetime Learning Credit is \$2,000 for all students combined**. Line 6 cannot exceed \$2,000.

Part IV, Credit Carryforward from Prior Year(s)—The Kentucky Education Tuition Tax Credit can be carried forward for up to five years if unused during the preceding tax year(s). **If you have no unused credit, skip Part IV and continue to Part V.**

Line 7— Enter Kentucky tentative tax from Form 740 or Form 740-NP, page 1, Line 22.

Line 8— Enter unused credit carryforward from 2005.

Line 9— Enter unused credit carryforward from 2006.

Line 10— Add Lines 8 and 9, this is your total credit carryforward from prior year(s).

Line 11— Subtract Line 7 from Line 8. If zero or less, you have no carryforward to future years from 2005. If greater than zero, **maintain records for following years**.

Line 12— Subtract Line 8 from Line 7. If zero or less, enter zero.

Line 13— Subtract Line 12 from Line 9. If zero or less, you have no carryforward for future years from 2006. If greater than zero, **maintain records for following years**.

Line 14— Enter the smaller of Line 7 or Line 10. This is the allowable credit carryforward for prior years.

Part V, Allowable Education Credits

Line 15— Add Lines 2 and 6 to determine tentative **federal** credits.

Line 16— Enter the decimal amount from federal Form 8863, Line 12. If that line is blank, skip Line 16 of this form and enter the amount from Line 15 on Line 17. **You cannot claim a Kentucky credit if you were forced to stop on Line 10 of the federal Form 8863.**

Line 17— Multiply Line 15 by the decimal amount on Line 16, or enter the amount from Line 15 if Line 16 is blank.

Line 18— Multiply Line 17 by 25% (.25). This is your tentative Kentucky allowable credit.

Line 19— Enter the tentative tax from Form 740 or Form 740-NP, page 1, Line 22.

Line 20— Enter the amount from Part IV, Line 14. This is the allowable credit carryforward from prior year(s). If there is no carryforward, enter zero.

Line 21— Subtract Line 20 from Line 19.

Line 22— Enter the smaller of Line 21 or Line 18.

Line 23— Add Lines 20 and 22, **enter here and on Form 740, Line 23**. This is the allowable 2007 Kentucky education credit.

Line 24— If Line 21 is smaller than Line 18, subtract Line 21 from Line 18. This is the amount of unused credit carryforward from 2007 to 2008. **Maintain records for following years**.

2007 Carryforward Worksheet

From Line 11, 2005 to 2008 _____

From Line 13, 2006 to 2008 _____

From Line 24, 2007 to 2008 _____

If you have a carryforward of credit, maintain a copy of this worksheet or Form 8863-K for your records. This information will be needed to prepare future returns.