



COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT, KENTUCKY 40620

42A740-NP(P) (10-11)

740-NP

2011 Kentucky Income Tax Return Nonresident or Part-Year Resident

Who must file Form 740-NP?

- Full-year nonresidents with income from Kentucky sources
- Persons moving into Kentucky
- Persons moving out of Kentucky

TAXPAYER ASSISTANCE—www.revenue.ky.gov

Refund Inquiries—Information may be obtained on the status of income tax refunds by using the department's Automated Refund and Tax Information System (ARTIS). This service is available 24 hours a day.

The following information from your return will be required:

- Your Social Security number shown on the return.
- The **exact** whole-dollar amount to be refunded to you.



Once you have the required information, call (502) 564-1600 and follow the recorded instructions. If during the call you do not receive a refund mailing date, **please allow seven days before calling again.**

Kentucky Taxpayer Service Centers—*Information and forms are available in the following locations:*

Ashland

134 Sixteenth Street, 41101-7670
(606) 920-2037

Bowling Green

201 West Professional Park Court, 42104-3278
(270) 746-7470

Central Kentucky

501 High Street
Frankfort, 40601-2103

(502) 564-4581 (General Information)
(502) 564-3658 (Forms)

Corbin

15100 North US 25E, Suite 2, 40701-6188
(606) 528-3322

Hopkinsville

181 Hammond Drive, 42240-7926
(270) 889-6521

Louisville

600 West Cedar Street
2nd Floor West, 40202-2310
(502) 595-4512

Northern Kentucky

Turfway Ridge Office Park
7310 Turfway Road, Suite 190
Florence, 41042-4871
(859) 371-9049

Owensboro

Corporate Center
401 Frederica Street
Building C, Suite 201, 42301
(270) 687-7301

Paducah

Clark Business Complex, Suite G
2928 Park Avenue, 42001-4024
(270) 575-7148

Pikeville

Uniplex Center, Suite 203
126 Trivette Drive, 41501-1275
(606) 433-7675

Kentucky Department of Revenue Mission Statement

As part of the Finance and Administration Cabinet, the mission of the Kentucky Department of Revenue is to administer tax laws, collect revenue, and provide services in a fair, courteous, and efficient manner for the benefit of the Commonwealth and its citizens.

The Kentucky Department of Revenue does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services.

2011 FEDERAL/KENTUCKY INDIVIDUAL INCOME TAX DIFFERENCES

Kentucky income tax law is based on the federal income tax law in effect on December 31, 2006. The Department of Revenue generally follows the administrative regulations and rulings of the Internal Revenue Service in those areas where no specific Kentucky law exists.

The chart below provides a quick reference guide to the major federal/Kentucky differences. It is not intended to be all inclusive. Items not listed may be referred to the Department of Revenue to determine Kentucky tax treatment.

PROVISION	FEDERAL TAX TREATMENT	KENTUCKY TAX TREATMENT
1. Interest from Federal Obligations	Taxable	Exempt
2. Retirement Income from:		Partially exempt if retired after December 31, 1997; exempt if retired before January 1, 1998; Schedule P may be required
Commonwealth of Kentucky Retirement Systems	Taxable	
Kentucky Local Government Retirement Systems	Taxable	
Federal and Military Retirement Systems	Taxable	
3. Pensions and Annuities Starting After 7/1/86 and Before 1/1/90	3-year recovery rule eliminated	3-year recovery rule retained
4. Other Pension and Annuity Income	Taxable	100% excludable up to \$41,110; Schedule P may be required
5. Benefits from U.S. Railroad Retirement Board	May be taxable	Exempt; Schedule P may be required
6. Social Security Benefits	May be taxable	Exempt
7. Capital Gains on Sale of Kentucky Turnpike Bonds	Taxable	Exempt
8. Other States' Municipal Bond Interest Income	Exempt	Taxable
9. Kentucky Local Government Lease Interest Payments	Taxable	Exempt
10. Long-Term Care Insurance Premiums Paid With After-Tax Dollars	Limited deduction as self-employed health insurance	100% adjustment to gross income
11. Medical and Dental Insurance Premiums Paid With After-Tax Dollars	Limited deduction as self-employed health insurance	100% adjustment to gross income
12. Capital Gains on Property Taken by Eminent Domain	Taxable	Exempt
13. Election Workers—Income for Training or Working at Election Booths	Taxable	Exempt
14. Artistic Contributions	Noncash contribution allowed as itemized deduction	Appraised value allowed as itemized deduction or adjustment to income
15. State Income Taxes	Deductible	Nondeductible
16. Leasehold Interest—Charitable Contribution	May be deductible	Deductible; Schedule HH required
17. Kentucky Unemployment Tax Credit	No credit allowed	\$100 per certified employee; Schedule UTC required
18. Work Opportunity Credit (federal Form 5884)	Tax credit allowed; wage expense reduced by amount of credit	No credit allowed; entire wage expense is deductible
19. Welfare to Work Credit (federal Form 8861)	Tax credit allowed; wage expense reduced by amount of credit	No credit allowed; wage expense reduced by amount of federal credit
20. Child and Dependent Care Credit	Tax credit based on expenses	20% of federal credit
21. Family Size Tax Credit	No credit allowed	Decreasing tax credit allowed
22. Education Tuition Tax Credit	Tax credit based on expenses	Credit allowed Form 8863-K required
23. Taxpayer Who May be Claimed as Dependent on Another's Return (i.e., full-time student)	May not claim self	May claim self
24. Child's Income Reported by Parent	Permitted; taxed at parent's rate	Not permitted
25. National Tobacco Settlement TLAP Income Quota Buyout (including imputed interest)	Taxable	Exempt
26. Bonus Depreciation/Additional Section 179 Expense	Deductible	Nondeductible
27. Mortgage Debt Forgiveness	Exempt	Taxable
28. Domestic Production Activities Deduction	Deductible	Deductible; may be limited
29. Active Duty Military Pay	Taxable	Exempt

What's New

FAMILY SIZE TAX CREDIT—This credit provides benefits to individuals and families at incomes up to 133 percent of the threshold amount based on the federal poverty level. The 2011 threshold amount is \$10,890 for a family size of one, \$14,710 for a family of two, \$18,530 for a family of three and \$22,350 for a family of four or more.

STANDARD DEDUCTION—For 2011, the standard deduction is \$2,240.

KENTUCKY SMALL BUSINESS INVESTMENT CREDIT—For taxable years beginning after December 31, 2010, a small business may be eligible for a nonrefundable credit of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401.

The small business development credit program authorized by KRS 154.60-020 and KRS 141.384 was amended to allow the credit to apply to taxable years beginning after Dec. 31, 2010. The definition of *base year* for purposes of the credit computation was changed to the first full year of operation that begins on or after Jan.1, 2009 and before Jan. 1, 2010.

Small businesses are eligible to apply for credits and receive final approval for these credits one (1) year after the small business:

- Creates and fills one (1) or more eligible positions over the base employment, and that position or positions are created and filled for twelve (12) months; and
- Invests five thousand dollars (\$5,000) or more in qualifying equipment or technology.

The small business shall submit all information necessary to the Kentucky Economic Development Finance Authority to determine credit eligibility for each year and the amount of credit for which the small business is approved.

The maximum amount of credits that may be committed in each fiscal year by the Kentucky Economic Development Finance Authority shall be capped at three million dollars (\$3,000,000). The maximum amount of credit for each small business for each year shall not exceed twenty-five thousand dollars (\$25,000). Unused credits may be carried forward for up to five (5) years.

ENDOW KENTUCKY TAX CREDIT—Effective for taxable years beginning on or after Jan. 1, 2011, the Endow Kentucky Tax Credit was created to encourage donations to community foundations across the Commonwealth. **KRS 141.438** was created to allow a nonrefundable income tax and limited liability entity tax credit of 20 percent of the value of the endowment gift, not to exceed \$10,000. Unused credit may be carried forward for use in a subsequent taxable year, for a period not to exceed five years. The total amount of credit that may be awarded by the Department of Revenue in each fiscal year is \$500,000. An application for preliminary authorization for the credit must be submitted to the Department of Revenue.

If preliminary approval is received from the department, the taxpayer must make an endowment gift within 30 days of preliminary approval to a qualified community foundation, county-specific component fund, or affiliate community foundation which has been certified by the Endow Kentucky Commission created by KRS Chapter 147A. The taxpayer has ten days after making the gift to provide the department with proof of the gift. The department will issue a final tax credit letter to the taxpayer if the gift is approved after receipt of the proof.

NEW MARKETS DEVELOPMENT PROGRAM TAX CREDIT—The New Markets Development Program Tax Credit was created in KRS 141.432 to 141.434 to encourage taxpayer investment in low-income communities. A taxpayer that makes a qualified equity investment in a qualified community development entity may be eligible for a credit that may be taken against the corporation income tax, individual income tax, insurance premiums taxes and limited liability entity tax. The qualified community development entity must first submit an application to the Department of Revenue for approval. The person or entity actually making the loan or making the equity investment will be able to claim a credit, subject to a \$5 million credit cap each fiscal year, by completing Form 8874(K)-A.

Any unused approved credit may be carried forward for use in any subsequent tax year. Additional information regarding this new credit program will be provided via our Web site at www.revenue.ky.gov.

CERTIFIED REHABILITATION TAX CREDIT—The certified rehabilitation credit cap has been increased from \$3 million to \$5 million effective for applications received on or after April 30, 2010. Effective for applications for preliminary approval received on or after April 30, 2010, the credit will be refundable if a proper election form is filed. The refundable credit is reported on Form 740-NP, Page 2, Line 30(c). (KRS 171.396, 171.397 and 141.382)

YOUR RIGHTS AS A KENTUCKY TAXPAYER

As a Kentucky taxpayer, you have the right to expect the DOR to honor its mission and uphold your rights every time you contact or are contacted by the DOR.

RIGHTS OF TAXPAYER

Privacy—You have the right to privacy of information provided to the DOR.

Assistance—You have the right to advice and assistance from the DOR in complying with state tax laws.

Explanation—You have the right to a clear and concise explanation of:

- basis of assessment of additional taxes, interest and penalties, or the denial or reduction of any refund or credit claim;
- procedure for protest and appeal of a determination of the DOR; and
- tax laws and changes in tax laws so that you can comply with the law.

Protest and Appeal—You have the right to protest and appeal a determination of the DOR if you disagree with an assessment of tax or penalty, reduction or a denial of a refund, a revocation of a license or permit, or other determination made by the DOR.

Conference—You have the right to request a conference to discuss the issue.

Representation—You have the right to representation by your authorized agent (attorney, accountant or other person) in any hearing or conference with the DOR. You have the right to be informed of this right prior to the conference or hearing. If you intend for your representative to attend the conference or hearing in your place, you may be required to give your representative a power of attorney before the DOR can discuss tax matters with your authorized agent.

Recordings—You have the right to make an audio recording of any meeting, conference, or hearing with the DOR. The DOR has the right to make an audio recording, if you are notified in writing in advance or if you make a recording. You have the right to receive a copy of the recording.

Consideration—You have the right to consideration of:

- waiver of penalties or collection fees if “reasonable cause” for reduction or waiver is given (“reasonable cause” is defined in KRS 131.010(9) as: “an event, happening, or circumstance entirely beyond the knowledge or control of a taxpayer who has exercised due care and prudence in the filing of a return or report or the payment of monies due the department pursuant to law or administrative regulation”);
- installment payments of delinquent taxes, interest and penalties;
- waiver of interest and penalties, but not taxes, resulting from incorrect written advice from the DOR if all facts were given and the law did not change or the courts did not issue a ruling to the contrary;

- extension of time for filing reports or returns; and
- payment of charges incurred resulting from an erroneous filing of a lien or levy by the DOR.

Guarantee—You have the right to a guarantee that DOR employees are not paid, evaluated or promoted based on taxes assessed or collected, or a tax assessment or collection quota or goal imposed or suggested.

Damages—You have the right to file a claim for actual and direct monetary damages with the Kentucky Board of Claims if a DOR employee willfully, recklessly and intentionally disregards your rights as a Kentucky taxpayer.

Interest—You may have the right to receive interest on an overpayment of tax.

DEPARTMENT OF REVENUE RESPONSIBILITIES

The DOR has the responsibility to:

- perform audits, conduct conferences and hearings with you at reasonable times and places;
- authorize, require or conduct an investigation or surveillance of you only if it relates to a tax matter;
- make a written request for payment of delinquent taxes which are due and payable at least 30 days prior to seizure and sale of your assets;
- conduct educational and informational programs to help you understand and comply with the laws;
- publish clear and simple statements to explain tax procedures, remedies, your rights and obligations, and the rights and obligations of the DOR;
- notify you in writing when an erroneous lien or levy is released and, if requested, notify major credit reporting companies in counties where lien was filed;
- advise you of procedures, remedies and your rights and obligations with an original notice of audit or when an original notice of tax due is issued, a refund or credit is denied or reduced, or whenever a license or permit is denied, revoked or canceled;
- notify you in writing prior to termination or modification of a payment agreement;
- furnish copies of the agent’s audit workpapers and a written narrative explaining the reason(s) for the assessment;
- resolve tax controversies on a fair and equitable basis at the administrative level whenever possible; and
- notify you in writing at your last known address at least 60 days prior to publishing your name on a list of delinquent taxpayers for which a tax or judgment lien has been filed.

* * * * *

This information merely summarizes your rights as a Kentucky taxpayer and the responsibilities of the Department of Revenue. The Kentucky Taxpayers’ Bill of Rights may be found in the Kentucky Revised Statutes (KRS) at Chapter 131.041—131.081. Additional rights and responsibilities are provided for in KRS 131.020, 131.110, 131.170, 131.183, 131.500, 131.654, 133.120, 133.130, 134.580 and 134.590.

INSTRUCTIONS FOR 2011 KENTUCKY FORM 740-NP NONRESIDENT OR PART-YEAR RESIDENT INCOME TAX RETURN

WHO MUST FILE FORM 740-NP—Form 740-NP must be used by full-year nonresidents who had income from Kentucky sources and by part-year residents who had income while a Kentucky resident or from Kentucky sources while a nonresident. These persons must file Form 740-NP if (1) they had **any gross income** from Kentucky sources **and gross income from all sources** in excess of modified gross income for their family size, or (2) Kentucky gross receipts from self-employment in excess of modified gross income for their family size. See Chart A on page 2.

Individuals who are residents of Kentucky for the entire tax year must use Form 740 or Form 740-EZ. Persons who maintain a permanent residence in Kentucky (i.e., are domiciled in Kentucky) are considered residents. Persons not domiciled in Kentucky but who live in Kentucky for more than 183 days during the tax year are also considered residents.

Full-year nonresidents must report all income from Kentucky sources (including distributive share income, Schedule K-1), from activities carried on in Kentucky or from the performance of services in Kentucky, and from property located in Kentucky.

Persons moving into Kentucky must report income received from Kentucky sources prior to becoming residents and income received from all sources after becoming Kentucky residents.

Residents moving out of Kentucky during the year must report income from all sources while a resident and from Kentucky sources while a nonresident.

Reciprocal States—Kentucky has reciprocal agreements with specific states. These agreements provide for taxpayers to be taxed by their state of residence, and not the state where income is earned. **Reciprocity does not apply to persons who live in Kentucky for more than 183 days during the tax year.** The states and types of exemptions are as follows:

Illinois, West Virginia—wages and salaries

Indiana—wages, salaries and commissions

Michigan, Wisconsin—income from personal services (including salaries and wages)

Ohio—wages and salaries. **Note:** Wages which an S corporation pays to a shareholder-employee if the shareholder-employee is a “twenty (20) percent or greater” direct or indirect equity investor in the S corporation shall not be exempt under the reciprocity agreement.

Virginia—commuting daily, salaries and wages

Taxpayers who qualify for this exemption and have no other Kentucky taxable income should file Form 740-NP-R, Kentucky Income Tax Return, Nonresident-Reciprocal State, to obtain a refund. Also, nonresidents who qualify for the exemption should file Form 42A809, Certificate of Nonresidence, with their employer to exempt their future wages from Kentucky withholding.

Gambling income and distributive share income (Schedule K-1) are not exempt under reciprocal agreements. This income is fully taxable. A complete return must be filed if filing requirements are met.

Military Personnel—Nonresident military personnel with civilian jobs in Kentucky are required to report this income on Form 740-NP except residents of reciprocal states (see reciprocal states above). Any income from nonmilitary Kentucky sources is also taxable.

Military Pay Exclusion—Effective for taxable years beginning on or after January 1, 2010, all military pay received by active duty members of the Armed Forces of the United States, members of reserve components of the Armed Forces of the United States, and members of the National Guard will be exempt from Kentucky income tax. (KRS 141.010(10)(u))

Soldiers will claim the exemption by excluding military pay when filing a Kentucky individual income tax return starting with the 2010 return. Provided the military member has no income other than military pay, he or she would not be required to file a Kentucky income tax return. The military pay exemption applies to all Kentucky military members regardless of where the member is stationed. Kentucky income tax should no longer be withheld from checks received for military pay, beginning January 1, 2010. If Kentucky income tax is incorrectly withheld from a soldier's military pay in 2010 and after, the Department of Revenue will refund the tax withheld.

Military Spouse—The Military Spouses Residency Relief Act (MSRRA) (Public Law 111-97) was signed into law on November 11, 2009. This new law is effective for taxable year 2009. The MSRRA allows the same residency benefits permitted to military personnel under the Servicemembers Civil Relief Act (SCRA) to also apply to a military spouse's nonmilitary service income, under certain circumstances.

The MSRRA prohibits a spouse's income from being considered income earned in a tax jurisdiction if the spouse is not a resident or domiciliary of such jurisdiction when the spouse is in that jurisdiction solely to be with a servicemember serving under military orders.

Those military spouses who fall under this law should file Form 740-NP Kentucky Individual Income Tax Nonresident or Part-Year Resident Return to request a refund of the Kentucky income tax withheld from his or her pay. The income would not be reported as taxable on the Kentucky income tax return. To assist the department in identifying those returns, please write across the top of the return MILITARY SPOUSE. Please address any further questions to the Taxpayer Assistance Section at (502) 564-4581.

Military Personnel Eligible for Combat Zone Extension—Members of the Army, Navy, Marines, Air Force, or Public Health Service of the United States government who serve in an area designated as a combat zone by presidential proclamation shall not be required to file an income tax return and pay the taxes, which would otherwise become due during the period of service, until 12 months after the service is completed. Members of the National Guard or any branch of the Reserves called to active duty to serve in a combat zone are granted the same extension.

MODIFIED GROSS INCOME AND FAMILY SIZE (Use With Chart A)

Family Size—Consists of yourself, your spouse if married and living in the same household and qualifying children. Family size is limited to four.

Qualifying Dependent Child—Means a qualifying child as defined in Internal Revenue Code Section 152(c), and includes a child who lives in the household but cannot be claimed as a dependent if the provisions of Internal Revenue Code Section 152(e)(2) and 152(e)(4) apply. In general, to be a taxpayer's qualifying child, a person must satisfy four tests:

- **Relationship**—The taxpayer's child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of these.
- **Residence**—Has the same principal residence as the taxpayer for more than half the tax year. A qualifying child is determined without regard to the exception for children of divorced or separated parents. Other federal exceptions apply.
- **Age**—Must be under the age of 19 at the end of the tax year, or under the age of 24 if a full-time student for at least five months of the year, or be permanently and totally disabled at any time during the year.
- **Support**—Did not provide more than one-half of his/her own support for the year.

Modified Gross Income—Modified gross income is the greater of federal adjusted gross income adjusted to include interest income derived from municipal bonds (non-Kentucky) and lump-sum pension distributions not included in federal adjusted gross income; **or** Kentucky adjusted gross income adjusted to include lump-sum pension distributions not included in federal adjusted gross income.

Chart A	
If Your Family Size is:	Your Modified Gross Income is greater than:
One.....	and \$ 10,890
Two	and \$ 14,710
Three.....	and \$18,530
Four or More	and \$22,350

WHEN TO FILE—April 17, 2012, is the filing deadline for persons reporting income for calendar year 2011. To avoid penalties and interest, returns must be postmarked no later than April 17, 2012.

AMENDED RETURNS—If you discover that you omitted deductions or otherwise improperly prepared your return, you may obtain a refund by filing an amended return within four years of the due date of the original return. You are required to file an amended return to report omitted income.

When filing an amended return, check the box on Form 740-NP and attach a detailed explanation of the changes to income, deductions and tax. Submit a completed Kentucky return and corrected federal schedules, if applicable. If you do not attach the required information, processing of your amended return may be delayed.

COMPOSITE RETURNS—Beginning with tax year 2009, the filing of a composite return on Form 740-NP is no longer allowed. You must use Form 740NP-WH, Kentucky Nonresident Income Tax Withholding on Net Distributive Share Income Transmittal Report and Composite Income Tax Return.

CONFIDENTIALITY—Kentucky Revised Statute 131.190 requires the Department of Revenue to maintain strict confidentiality of all taxpayer records. No employee of the Department of Revenue may divulge any information regarding the tax returns, schedules or reports required to be filed. However, the Department of Revenue is not prohibited from providing evidence to or testifying in any court of law concerning official tax records.

The department may provide official information on a confidential basis to the Internal Revenue Service or to any other governmental agency with which it has an exchange of information agreement whereby the department receives similar or useful information in return.

REPORTING PERIODS AND ACCOUNTING PROCEDURES—Kentucky law requires taxpayers to report income on the same calendar or fiscal year and to use the same methods of accounting as required for federal income tax purposes. Any federally approved change in accounting period or methods must be reported to the Kentucky Department of Revenue. Attach a copy of the federal approval.

Changes to federal income tax law made after the Internal Revenue Code reference date contained in KRS 141.010(3) shall not apply for purposes of Chapter 141 unless adopted by the General Assembly.

POLITICAL PARTY FUND DESIGNATION—You may designate that a portion of your taxes will be paid to either the Democratic or Republican parties if you have a tax liability of at least \$2 (\$4 for married persons filing joint returns). *This designation will not increase your tax or decrease your refund.* You may make this designation by checking the applicable box. A husband and wife may each make a designation. Persons making no designation should check the "No Designation" box.

FILING STATUS—*Legal liabilities are affected by the choice of filing methods.* Married persons who file joint returns are jointly and severally liable for all income taxes due for the period covered by the return. If married, you may file separate or joint returns. **Most married persons pay less tax if they file separate returns.**

Filing Status 1, Single—Use this filing status if you are unmarried, divorced, widowed, legally separated by court decree, or if you filed as "Head of Household" or "Qualifying Widow(er)" on your federal return.

Filing Status 2, Married Filing Joint Return—Use this filing status if you and your spouse choose to file a joint return even if one spouse had no income. Jointly means that you and your spouse add your incomes together and report the total on page 4, Section D, Column B, Lines 1 through 34.

Filing Status 3, Married Filing Separate Returns—If using this filing status, you and your spouse must file two separate tax forms. The husband's income is reported on one tax form, the wife's on the other. When filing separate returns, the name and Social Security number of each spouse must be entered on both returns. Enter the spouse's Social Security number in the block provided, and enter the name on page 1, Line 3.

DETERMINING YOUR INCOME

SECTION D—INCOME/ADJUSTMENTS TO INCOME

A copy of pages 1 and 2 of your federal income tax return and all supporting schedules must be filed with Kentucky Form 740-NP. Please clearly identify as "Copy."

INSTRUCTIONS FOR COLUMN A

All entries in Column A should be amounts reported for federal income tax purposes.

Depreciation—Assets Purchased After September 10, 2001

Effective for taxable years ending after September 10, 2001, an individual that for federal income tax purposes elects to utilize

the 30 percent or the 50 percent special depreciation allowance or the increased 179 deduction will have a different depreciation and Section 179 deduction for Kentucky purposes than for federal purposes. The differences will continue through the life of the assets. There will be recapture and basis differences for Kentucky and federal income tax purposes until the assets are sold or fully depreciated.

INSTRUCTIONS FOR COLUMN B

Depreciation, Section 179 Deduction and Gains/Losses From Disposition of Assets—*Important: Follow the instructions for Reporting Depreciation and Section 179 Deduction Differences if you have elected for federal income tax purposes to take the 30 percent or the 50 percent special depreciation allowance or the increased Section 179 deduction for property placed in service after September 10, 2001. A copy of the federal Form 4562 if filed for federal income tax purposes must be submitted with Form 740-NP to verify that no adjustments are required.*

Reporting Depreciation and Section 179 Deduction Differences for property placed in service after September 10, 2001—Create a Kentucky Form 4562 by entering **Kentucky** at the top center of a federal Form 4562 above Depreciation and Amortization. In Part I replace the \$250,000 maximum amount on Line 1 with the Kentucky limit of \$25,000 and replace the \$800,000 threshold amount on Line 3 with the Kentucky phase-out threshold of \$200,000. In Part II, strike through and ignore Line 14, Special depreciation allowance for qualified property placed in service during the tax year. Use the **created Kentucky Form 4562** to compute Kentucky depreciation and Section 179 deduction in accordance with the IRC in effect on December 31, 2001.

Note: In determining the Section 179 deduction for Kentucky, the income limitation on Line 11 is Kentucky net income before the Section 179 deduction, instead of federal taxable income. Adjust federal Schedules C, E and F for the difference in allowable depreciation and report in Column B the Kentucky income (loss) from business, farming or rental property. **Attach Kentucky Form 4562 and, if filed, federal Form 4562.**

Line 1, Wages, Salaries, Tips, etc.—Enter all wages, salaries, tips, bonuses, commissions or other compensation received for personal services from Kentucky sources while a nonresident and from all sources while a resident of Kentucky. Do not include in this amount any reimbursement for moving expenses included in Kentucky wages on your wage and tax statement.

Line 2, Moving Expense Reimbursement—See instructions for Schedule ME.

Line 3, Interest—Interest income received while a Kentucky resident must be reported, except for the following: (a) income from bonds issued by the Commonwealth of Kentucky and its political subdivisions; and (b) income from U.S. government bonds or securities. Interest income from bonds issued by other states and their political subdivisions is taxable to Kentucky and must be included on Line 3.

Line 4, Dividends—Report dividends received while a resident of Kentucky and the distributive share of the dividend income reflected on the Schedule K-1.

Line 5, Taxable Refunds, Credits or Offsets of Local Income Taxes—Enter the amount of taxable local income tax refund or credit reported on your federal return only if you received a tax benefit in a prior year.

Line 6, Alimony Received—Enter alimony payments received while a Kentucky resident.

Lines 7 and 12, Profit or (Loss) from Business or Farming—*For income taxable to Kentucky, complete and attach federal Schedule C or C-EZ for business income or federal Schedule F for farming and Form 4562, Depreciation and Amortization. Do not adjust wages by the federal work opportunity credit from federal Form 5884. For passive activities, see Form 8582-K. Do not include income from the national tobacco settlement agreement. Adjust income for the difference in allowable depreciation and report in Column B.*

Note: Individual owners of disregarded single member LLCs (SMLLCs) that file on Schedules C, E, or F for federal income tax shall file Form 725, Kentucky Single Member LLC Individually Owned LLET Return, to compute and pay the limited liability entity tax. The individual member shall report income or loss from the entity and determine credit in the same manner as other pass-through entities (PTEs).

Lines 8 and 9, Gain or (Loss) from Sale or Exchange of Assets—Gains (losses) on sales of assets (including installment sales) while a Kentucky resident must be reported on the Kentucky return. Gains (losses) on sales of tangible assets located in Kentucky must be reported regardless of state of residence. Generally, gains (losses) on sales of intangible assets are reported to the state of residence.

Determining and Reporting Differences in Gain or Loss From Disposition of Assets—If during the year you dispose of assets placed in service after September 10, 2001, on which the 30 percent or the 50 percent special depreciation allowance or the increased Section 179 deduction was taken for federal income tax purposes, you will need to determine and report the difference in the amount of gain or loss on the assets as follows:

Create a Kentucky form by entering **Kentucky** at the top center of a federal Schedule D, federal Form 4797 and other applicable federal forms. Compute Kentucky gain or loss from the disposed assets using the Kentucky basis. Enter the Kentucky gain or loss on the appropriate line. **Attach the created Kentucky Schedule D, Kentucky Form 4797 and other forms or schedules to support the deduction.**

Line 10(a), Federally Taxable IRA Distributions, Pensions and Annuities—Enter on Line 10(a), Column A, the total of IRA distributions, pensions and annuities received for the entire year. Enter on Line 10(a), Column B, the total of IRA distributions, pensions and annuities received while a resident of Kentucky.

Line 10(b), Pension Income Exclusion—You may exclude up to \$41,110 of pension income **reported on Line 10(a), Column B**. If Line 10(a), Column B, is more than \$41,110 and is from the federal government, Commonwealth of Kentucky or Kentucky local governments, complete Schedule P.

Line 11, Income from Schedule E—Enter income from rents, royalties, partnerships, estates, trusts, limited liability companies (LLC), S corporations and REMICs. Nonresident individuals receiving a Kentucky Schedule K-1 from a partnership, estate, trust, LLC or S corporation must report their distributive share of the income, gains or losses, etc., as reflected on the Schedule K-1. Shareholders and partners should multiply their distributive share items by the taxable percentage from Schedule K-1; Form 720S, Line B(2); Form 765, Line D(2) and Form 765-GP, Line C(2).

Part-year residents not receiving a Kentucky Schedule K-1, but receiving a federal K-1 from a partnership, estate, trust or S corporation, must report the same amount of distributive income, gains or losses, etc., as reported for federal income tax purposes from entities whose taxable years end during their period of residence.

Do not include in Column B the net income from an S corporation subject to the franchise tax imposed under KRS 136.505 or the capital stock tax imposed under KRS 136.300.

Report income from real estate mortgage investment conduits (REMICs) as follows: (1) if the REMIC is a corporation, include only distributions of cash or property during the taxable year; or (2) if other than a corporation, report the same amount as reported for federal income tax purposes for the taxable year.

Note: Individual owners of disregarded single member LLCs (SMLLCs) that file on Schedules C, E, or F for federal income tax shall file Form 725, Kentucky Single Member LLC Individually Owned LLET Return, to compute and pay the limited liability entity tax. The individual member shall report income or loss from the entity and determine credit in the same manner as other pass-through entities (PTEs).

Line 13, Unemployment Compensation—Report unemployment compensation received while a resident of Kentucky.

Line 14, Taxable Social Security Benefits—Social Security benefits are not taxable for Kentucky.

Line 15, Gambling Winnings—Report income from lottery winnings and gambling received while a Kentucky resident or from Kentucky sources while a nonresident.

Line 16, Other Income—Report income from prizes, awards, or any sources not listed above while a Kentucky resident or from Kentucky sources while a nonresident. Also, include any mortgage debt forgiveness excluded from federal adjusted gross income.

Retirement Income (For persons moving out of Kentucky)—Include differences in pension (3-year recovery rule) and IRA bases received while a resident of Kentucky (also include differences on Schedule P, Line 2).

Net Operating Loss Deduction—A Kentucky net operating loss deduction (KNOLD) must be computed using Kentucky income and deduction amounts. The federal net operating loss deduction is not allowed. The KNOLD should be included as a negative amount on Line 16. If the loss is from a business outside Kentucky, none of the loss may be used. Kentucky returns must be filed for the year of the loss and for all years for which the loss is utilized. Attach schedule showing computation.

Note: For 2005 and future years, the carryback of net operating losses to prior years is no longer allowed. Net operating losses may be carried forward for up to 20 years. Documentation to substantiate any loss must be available to the Department of Revenue upon request.

Artistic Charitable Contributions—A deduction is allowed for "qualified artistic charitable contributions" of any literary, musical, artistic or scholarly composition, letter or memorandum, or similar property.

An amount equal to the fair market value of the property on the date contributed is allowable as a deduction. However, the deduction is limited to the amount of the taxpayer's Kentucky artistic adjusted gross income for the taxable year. This amount should be included as a negative amount on Line 16. The following requirements for a deduction must be met:

(a) The property must have been created by the personal efforts of the taxpayer at least one year prior to the date contributed. The creation of this property cannot be related to the performance of duties while an officer

or employee of the United States, any state or political subdivision thereof.

(b) A written appraisal of the fair market value of the contributed property must be made by a qualified independent appraiser within one year of the date of the contribution. A copy of the appraisal must be attached to the tax return.

(c) The contribution must be made to a qualified tax-exempt organization.

ADJUSTMENTS TO INCOME

KRS 141.010(10) and (11) provide that deductions are limited to amounts allocable to income subject to taxation. If a deduction or an adjustment to gross income is allowable based upon the receipt of certain types of income or is limited to a maximum amount deductible for federal income tax purposes, the Kentucky income used to determine the amount allowable for Kentucky shall be the same type of income used to allow the deduction on the federal return. Persons who move into or out of Kentucky during the year are limited to either the adjustments to gross income paid during the period of residence or that portion of adjustments to gross income that Kentucky income bears to total income. Nonresidents are limited to that portion of adjustments to gross income that Kentucky income bears to total income.

Line 18, Educator Expenses—Deduct up to \$250 for teachers and other educators for their out-of-pocket expenses incurred while a Kentucky resident or expenses for use in an educational classroom.

Line 19, Certain Business Expenses of Reservists, Performing Artists and Fee-Basis Government Officials—Deduct out-of-pocket expenses for members of the National Guard or Reserves.

Line 20, Health Savings Account (HSA) Deduction—Federal limitations apply. Contributions deducted by full-year nonresidents are limited to the percentage of their Kentucky total income (Line 17, Column B) to their federal total income (Line 17, Column A). Do not claim amounts as an itemized deduction.

Line 21, Moving Expenses—Enter allowable moving expense deduction (attach Schedule ME).

Line 22, Deduction for One-Half of Self-Employment Tax—You may deduct one-half of the self-employment tax based upon the self-employment income reported in Column B as Kentucky income for the taxable year.

Line 23, Self-Employed SEP, SIMPLE and Qualified Plans Deduction—Self-employed persons may deduct qualified payments to a Keogh retirement plan, a Simplified Employee Pension (SEP) or a SIMPLE plan based upon Kentucky self-employment earnings.

Line 24, Self-Employed Health Insurance Deduction—For Kentucky purposes, see Section D, Line 32 for the allowable health insurance deduction.

Line 25, Penalty on Early Withdrawal of Savings—You may deduct the interest penalty only if the interest income has been reported to Kentucky.

Line 26, Alimony Paid—The alimony deduction cannot exceed Kentucky income. Alimony paid by full-year nonresidents is

limited to the percentage of their Kentucky total income to their federal total income. Enter the recipient's name and Social Security number.

Line 27, Individual Retirement Arrangements (IRAs)—The deduction cannot exceed income earned in Kentucky. Contributions made by full-year nonresidents are limited to the percentage of their Kentucky earned income to their federal earned income. Use federal worksheets and instructions with the above limitations.

Line 28, Student Loan Interest Deduction—Federal limitations apply. Student loan interest deduction is limited to the percentage of Kentucky total income (Line 17, Column B) to federal total income (Line 17, Column A). Enter in Column A, the total of student loan interest from your federal return. Enter in Column B, the allowable deduction with the above limitation.

Line 29, Tuition and Fees Deduction—Federal limitations apply. The tuition and fees deduction is limited to the percentage of Kentucky total income (Line 17, Column B) to federal total income (Line 17, Column A). Enter in Column A, the tuition and fees deduction from your federal return. Enter in Column B, the allowable deduction with the above limitation.

Line 30, Domestic Production Activities Deduction—For taxable years beginning on or after January 1, 2010, the amount of the domestic production activities deduction (DPAD) for Kentucky income tax returns will remain 6 percent as allowed in Section 199(a)(2) of the Internal Revenue Code (IRC) for taxable years beginning before January 1, 2010. Kentucky does not recognize the 9 percent DPAD calculation rate allowed for federal income tax returns filed for taxable years beginning on or after January 1, 2010

Part-year resident or full-year nonresident individuals shall prorate the allowable federal DPAD based upon the percentage of Kentucky domestic production gross receipts to federal domestic production gross receipts. The KDPAD shall not exceed 50 percent of the Kentucky W-2 wages from the entity that generated Kentucky domestic production gross receipts. This deduction must be recomputed based on the 6 percent allowed for the Kentucky DPAD as opposed to the 9 percent allowed for the federal DPAD deduction. A pass-through entity is required to attach information containing each individual partner's, member's or shareholder's distributive share of DPGR, KDPGR and Kentucky W-2 wages allocable to DPGR to each individual partner's, member's or shareholder's Kentucky Schedule K-1 for purposes of making this calculation.

Line 31, Long-Term Care Insurance Premiums—Long-term care insurance premiums deducted by full-year nonresidents are limited to the percentage of their Kentucky total income (Line 17, Column B) to their federal total income (Line 17, Column A). Do not claim amounts as an itemized deduction.

Line 32, Health Insurance Premiums—Medical and dental insurance premiums deducted by full-year nonresidents are limited to the percentage of their Kentucky total income (Line 17, Column B) to their federal total income (Line 17, Column A).

Note: This deduction applies to premiums paid with after-tax dollars. Premiums paid with pretax income (cafeteria plans and vouchers already excluded from wage income) are not deductible again. Do not include long-term care insurance premiums deducted on Line 31. If you are eligible for the

Health Coverage Tax Credit, you may not deduct premiums paid on your behalf (advance payments) and you must reduce the amount you paid by the amount of health coverage tax credit. (See federal Form 8885.)

Line 33, Other Deductions—List any other adjustments to total income not listed above on lines 18 through 32. List the type of deduction in the space provided. Other deductions are limited to the percentage of Kentucky total income (Line 17, Column B) to federal total income (Line 17, Column A). Enter in Column A, the total of any other adjustments to the total income listed on your federal return. Enter in Column B, the allowable deduction with the above limitation.

INCOME/TAX

Note: These items are reported on page 1, Form 740-NP.

Line 7—Enter the percentage from page 4, Section D, Line 36.

Line 8—Enter federal Adjusted Gross Income from page 4, Section D, Column A, Line 35.

Line 9—Enter Kentucky Adjusted Gross Income from page 4, Section D, Column B, Line 35.

Line 10—Nonitemizers, enter the standard deduction of \$2,240. If filing a joint return, only one \$2,240 standard deduction is allowed.

Line 11—Itemizers, complete Schedule A and enter itemized deductions on Line 11. If one spouse itemizes deductions, the other must itemize. See specific instructions for Schedule A.

Line 12—Multiply Line 11 by the percentage on Line 7. If Line 12 does not exceed \$2,240 and your filing status is 1 or 2, you should take the standard deduction. Married couples filing separate returns, see special rules under instructions for Schedule A.

Line 13—Subtract either Line 10 or 12 from Line 9. This is your Taxable Income.

Line 14—Use the tax table provided in the instructions to compute your tax. Enter this amount on Line 14.

If you had a **lump-sum distribution** from a qualified retirement plan, complete Schedule P and Form 4972-K and attach copies to Form 740-NP. The amount of tax computed on Form 4972-K should be included in the amount on this line.

Schedule J, Farm Income Averaging—If you elect Farm Income Averaging on your federal return, you may also use this method for Kentucky. Complete and attach Kentucky Schedule J and include tax in the amount on this line.

Line 15—Enter amount from page 2, Section A, Line 21. See instructions for Section A.

Line 17—Enter amount from page 3, Section B, Line 4. See instructions for Section B.

Line 18—Multiply the amount on Line 17 by the percentage on Line 7 and enter result here.

Line 20 and Line 21, Family Size Tax Credit— The Family Size Tax Credit is based on modified gross income (MGI) and the size of the family. If your total MGI is \$29,726 or less, you may qualify for Kentucky Family Size Tax Credit.

STEP ONE—Determine your family size. Check the box on Line 20 to the right of the number that represents your family size.

Family Size—Consists of yourself, your spouse if married and living in the same household and qualifying children.

Family Size 1 is an individual either single, or married living apart from his or her spouse for the entire year. You may qualify for the Family Size Tax Credit even if you are claimed as a dependent on your parent’s tax return.

Family Size 2 is an individual with one qualifying child or a married couple.

Family Size 3 is an individual with two qualifying children or a married couple with one qualifying child.

Family Size 4 is an individual with three or more qualifying children or a married couple with two or more qualifying children.

Qualifying Dependent Child—Means a qualifying child as defined in Internal Revenue Code Section 152(c), and includes a child who lives in the household but cannot be claimed as a dependent if the provisions of Internal Revenue Code Section 152(e)(2) and 152(e)(4) apply. In general, to be a taxpayer’s qualifying child, a person must satisfy four tests:

Relationship—Must be the taxpayer’s child or stepchild (whether by blood or adoption), foster child, sibling or stepsibling, or a descendant of one of these.

Residence—Has the same principal residence as the taxpayer for more than half the tax year. A qualifying child is determined without regard to the exception for children of divorced or separated parents.

Age—Must be under the age of 19 at the end of the tax year, or under the age of 24 if a full-time student for at least five months of the year, or be permanently and totally disabled at any time during the year.

Support—Did not provide more than one-half of his/her own support for the year.

STEP TWO—Determine modified gross income.

FORM 740-NP WORKSHEET FOR COMPUTATION OF MODIFIED GROSS INCOME FOR FAMILY SIZE TAX CREDIT

- (a) Enter your federal adjusted gross income from page 1, Line 8. **If zero or less, enter zero** (a) _____
- (b) If married filing separate returns and living in the same household, enter your spouse’s federal adjusted gross income. **If zero or less, enter zero** (b) _____
- (c) Enter tax-exempt interest from municipal bonds (non-Kentucky)..... (c) _____
- (d) Enter amount of lump-sum distributions not included in federal adjusted gross income (federal Form 4972)..... (d) _____
- (e) Enter total of Lines (a), (b), (c) and (d)..... (e) _____
- (f) Enter your Kentucky adjusted gross income from page 1, Line 9. **If zero or less, enter zero** (f) _____
- (g) If married filing separate returns and living in the same household, enter your spouse’s Kentucky adjusted gross income from page 1, Line 9. **If zero or less, enter zero** (g) _____
- (h) Enter amount of lump-sum distributions not included in adjusted gross income (Kentucky Form 4972-K)..... (h) _____
- (i) Enter total of Lines (f), (g) and (h)..... (i) _____
- (j) Enter the **greater** of Line (e) or (i). This is your **Modified Gross Income**.
Use this amount to determine if you qualify for the Family Size Tax Credit (j) _____

STEP THREE—Use the Family Size Table to look up the percentage of credit and enter in the space provided on Line 21.

Family Size	One		Two		Three		Four or More		Credit Percentage is
	is over	is not over	is over	is not over	is over	is not over	is over	is not over	
2011	\$ ---	\$ 10,890	\$ ---	\$ 14,710	\$ ---	18,530	\$ ---	\$ 22,350	100
	10,890	11,326	14,710	15,298	18,530	19,271	22,350	23,244	90
	11,326	11,761	15,298	15,887	19,271	20,012	23,244	24,138	80
	11,761	12,197	15,887	16,475	20,012	20,754	24,138	25,032	70
	12,197	12,632	16,475	17,064	20,754	21,495	25,032	25,926	60
	12,632	13,068	17,064	17,652	21,495	22,236	25,926	26,820	50
	13,068	13,504	17,652	18,240	22,236	22,977	26,820	27,714	40
	13,504	13,830	18,240	18,682	22,977	23,533	27,714	28,385	30
	13,830	14,157	18,682	19,123	23,533	24,089	28,385	29,055	20
	14,157	14,484	19,123	19,564	24,089	24,645	29,055	29,726	10
14,484	---	19,564	---	24,645	---	29,726	---	0	

STEP FOUR—Multiply tax from Line 19 by the percentage and enter on Line 21. This is your **Family Size Tax Credit**.

Line 23, Education Tuition Tax Credit—Complete Form 8863-K to claim this credit. See Forms and instructions.

Line 25, Child and Dependent Care Credit—**Full-year nonresidents are not entitled to this credit.** Part-year residents may be entitled to a credit for child and dependent care expenses paid while a resident of Kentucky. To determine this credit, complete the following worksheet.

- a. Enter total credit calculated on federal Form 2441, Line 9 _____
- b. Enter total child and dependent care expenses entered on Form 2441, Line 3 _____
- c. Enter the amount included on Line b paid while a Kentucky resident..... _____
- d. Divide Line c by Line b.
Enter result..... _____
- e. Multiply the amount on Line a by the decimal amount on Line d _____
- f. Percent of allowable credit for Kentucky x .20
- g. Multiply the amount on Line e by the decimal amount on Line f.
This is your Child and Dependent Care Credit. Enter on Line 25..... _____

Note: If you and your spouse are filing separate Kentucky returns, the child and dependent care credit calculated for Kentucky must be divided based on the percentage of each spouse's adjusted gross income to total Kentucky adjusted gross income (Line 9).

Line 27, Kentucky Use Tax—If, while a Kentucky resident, you made any out-of-state purchases of tangible personal property or digital property for use in Kentucky on which sales tax was not charged, you must report Kentucky use tax on those purchases, pursuant to KRS 139.330. **For example, if you order from catalogs, make purchases through the Internet, or shop outside Kentucky** for items such as clothing, shoes, jewelry, cleaning supplies, furniture, computer equipment, pre-written computer software, office supplies, books, souvenirs, exercise equipment or subscribe to magazines, you may owe use tax to Kentucky.

For your convenience, the Use Tax Calculation Worksheet and Optional Use Tax Table are provided in these instructions. The Optional Use Tax Table is designed for those purchases of less than \$1,000. If you made **untaxed** out-of-state purchases in amounts under \$1,000, but do not have records readily available that show the amount of those purchases, you may use the Optional Use Tax Table below to estimate the compensating use tax based on your Kentucky Adjusted Gross Income (KYAGI). All **untaxed** purchases in the amount of \$1,000 or greater must be accounted for on an actual basis using the Use Tax Calculation Worksheet. Failure to timely report may result in assessment of penalty and interest in addition to the tax amount due.

Optional Use Tax Table	
KY AGI* Tax	
\$0 - \$10,000	\$4
\$10,001 - \$20,000	\$12
\$20,001 - \$30,000	\$20
\$30,001 - \$40,000	\$28
\$40,001 - \$50,000	\$36
\$50,001 - \$75,000	\$50
\$75,001 - \$100,000	\$70
Above \$100,000	Multiply AGI by 0.08% (0.0008)
* AGI from Line 9 on KY Form 740 or KY Form 740-NP or Line 1 on KY Form 740-EZ.	

Use Tax Calculation Worksheet	
Call 502-564-5170 for assistance.	
1. Purchases of \$0 to \$1,000 x 6 percent (.06) OR Use Tax Table Amount	\$
2. Purchases of \$1,000 or more x 6 percent (.06)	\$
3. Total Use Tax Due (add lines 1 and 2)	\$
Report this amount on Form 740 or 740-NP, Line 27; or 740-EZ, Line 9.	

Note: The items reported for use tax on Form 740-NP should be those purchased strictly for personal use. Any use tax liabilities accruing to a business such as mail-order office supplies must be reported on the sales and use tax return or the consumer's use tax return. The Department of Revenue routinely conducts compliance programs with other states regarding out-of-state purchases. Persons not reporting applicable use tax will be liable for the tax plus interest and penalties.

Credit Against the Kentucky Use Tax Due

You may reduce or eliminate the amount of Kentucky use tax due by the amount of state sales tax paid to the out-of-state seller on the same transaction. The reduction may not exceed the amount of Kentucky use tax due on the purchase. For example, if Georgia state sales tax of 4 percent is paid, only the additional 2 percent is due to Kentucky, or if Illinois state sales tax of 6.25 percent is paid, no additional Kentucky use tax is due. Sales tax paid to a city, county or another country cannot be used as a credit against Kentucky use tax due.

Line 30(a), Tax Withheld—Enter the amount of 2011 **Kentucky** income tax withheld by your employer(s). This amount is shown on wage and tax statements, including Forms 1099 and W-2G, which you must attach to Form 740-NP in the designated area. You will not be given credit for Kentucky income tax withheld unless you attach the wage and tax statements or other supporting documents reflecting Kentucky withholding.

Employers are required to give these statements to employees no later than January 31, 2012. If by March 1 you are unable to obtain a wage and tax statement from an employer, contact the Department of Revenue for instructions.

You may not claim credit for tax **withheld** by another state. Within certain limitations, Kentucky part-year residents may claim a credit for nonrefundable individual income tax **paid** to other states. See Section A, Line 5.

Local government occupational, license or income tax must not be included on line 30(a).

Line 30(b), Estimated Tax Paid—Enter Kentucky estimated tax payments made for 2011 and amounts credited from the 2010 return.

Also, include on Line 30(b) payments prepaid with extension requests. Identify as “prepaid with extension.”

Line 30(c), Refundable Certified Rehabilitation Credit—Enter 2011 approved refundable certified rehabilitation credit per KRS 141.382(1)(b).

Line 30(d), Film Industry Tax Credit—Enter 2011 approved refundable film industry tax credit per KRS 141.383. Attach Schedule K-1, if applicable.

Line 30(e), Nonresident Withholding—Enter the amount of **Kentucky** income tax withheld from form PTE-WH, line 9.

Line 31—Total of amounts on Lines 30(a) through 30(e).

Compare the amounts on Lines 29 and 31. If Line 31 is larger than Line 29, subtract Line 29 from Line 31. Enter the difference on Line 32. This is the **AMOUNT OVERPAID**.

If Line 31 is smaller than Line 29, you owe additional tax. Subtract Line 31 from Line 29. Enter on Line 40. For instructions on payment, see Line 43, **Amount You Owe**.

Line 32, Amount Overpaid—If you have an overpayment on Line 32, you may have all of this amount refunded to you on Line 39, and/or you may credit all or part of it toward your 2012 Kentucky estimated income tax on Line 38. You may also contribute all or a portion of your overpayment to the following funds: (a) on Line 33, the **Nature and Wildlife Fund** for the purpose of acquiring land to preserve habitat for wildlife and natural areas of historic or scenic value; (b) on Line 34, the **Child Victims' Trust Fund** to support local programs designed to prevent sexual abuse and exploitation of children; (c) on Line 35, the **Veterans' Program Trust Fund** which was created solely for the benefit of veterans' programs; or (d) on Line 36, the **Breast Cancer Research and Education Trust Fund** which was created to fund breast cancer research and provide public education about breast cancer. *Amounts contributed on Line 37 and/or credited on Line 38 must be subtracted from the overpayment and cannot exceed it.*

Line 40, Additional Tax Due—This is your additional tax due before penalties and interest.

Penalties and Interest

Line 41(a), Underpayment of Estimated Tax and/or Interest—If the amount owed is more than \$500 and more than 30 percent of the income tax liability on Line 26, you may be subject to a penalty of 10 percent of the underpayment of estimated tax.

The amount of the penalty may be calculated on Form 2210-K. Form 2210-K may also be used by qualifying farmers and others to claim exception to the penalty. If paying the penalty or claiming an exemption, complete Form 2210-K, attach it to your return and check the block beside Line 41(a). Enter the amount of the penalty on Line 41(a). The minimum penalty is \$25.

Failure to make four equal installment payments timely may result in interest due. See Form 2210-K and instructions.

If your return is filed after April 17, 2012, or any tax due on the return is paid after April 17, 2012; you may be subject to additional penalties and interest.

Line 41(b), Interest—Interest will be assessed at the "tax interest rate" from the original due date of the return until the date of payment.

Line 41(c), Late Payment Penalty—If the amount of tax due as shown on Line 40 is not paid by the original due date of the return, a penalty of 2 percent of the tax computed due may be assessed for each 30 days or fraction thereof that the tax is past due, not to exceed 20 percent. The minimum penalty is \$10. However, if the amount timely paid is 75 percent of the tax determined due by the Department of Revenue, no late payment penalty will be assessed.

Line 41(d), Late Filing Penalty—If a return is not filed by the due date or the extended due date, a penalty of 2 percent of the total tax due for each 30 days or fraction thereof that a return is not filed may be assessed, not to exceed 20 percent. The minimum penalty is \$10.

Note: Penalties but not interest may be reduced or waived if reasonable cause for reduction or waiver can be shown.

Line 43, Amount You Owe—Any tax shown due on Line 43 must be paid when the return is filed. Attach a check payable to Kentucky State Treasurer and mail the check and return to Kentucky Department of Revenue, Frankfort, KY 40619-0008. **To help identify your payment write "KY Income Tax—2011" and your Social Security number on the face of the check.**

Note: If you cannot pay your tax in full, file your return and pay as much as possible by April 17, 2012. Contact the Department of Revenue for additional payment information.

ESTIMATED TAX—If, during 2012, you expect to receive income from Kentucky sources from which no tax will be withheld, you may be required to make estimated tax installment payments. For further information, obtain Form 740-ES from the Department of Revenue.

Pay by Credit Card or ACH Debit—Pay your 2011 Kentucky individual income tax by MasterCard, VISA, Discover credit card or by ACH Debit through April 17, 2012. Access the Department of Revenue's secure Web site (www.revenue.ky.gov) to make electronic payments over the Internet. Click on the **KY E-Tax** logo or select **E-Payments—Credit Cards and ACH Debits** link. If you do not have access to the Internet, you may call the Department of Revenue at (502) 564-4581 for assistance with payments.

To make a credit card payment, the following information is needed: credit card type, credit card number, expiration date, and the cardholder's address as it appears on the credit card billing statement. To make an ACH Debit payment, the following information is needed: bank name, bank account number, and bank routing number.

WHEN AND WHERE TO FILE—The income tax return for calendar year 2011 must be postmarked no later than April 17, 2012, to avoid penalties and interest. Mail to:

Refund/Other Returns
Kentucky Department of Revenue
Frankfort, KY 40618-0006

Pay Returns
Kentucky Department of Revenue
Frankfort, KY 40619-0008

EXTENSION OF TIME TO FILE

Taxpayers who are unable to file a return by April 17, 2012, may request an extension. Inability to pay is not an acceptable reason. Acceptable reasons include, but are not limited to, destruction of records by fire or flood and serious illness of the taxpayer. The request for the extension must be submitted in writing to the Department of Revenue on or before the due date of the return. The request must state a reasonable cause for the inability to file. Extensions are limited to six months. **A copy of the Kentucky extension request must be attached to the return.**

Individuals who receive a federal extension are not required to obtain a separate Kentucky extension. They can meet the requirements by attaching a copy of the application for automatic federal extension or the **approved** federal extension to the Kentucky return.

Kentucky residents who are in the military are often granted extensions for tax filings when serving outside the United States. Any extension granted for federal income tax purposes will be honored for Kentucky income tax purposes.

Interest at the "tax interest rate" applies to any income tax paid after the original due date of the return. If the amount of tax paid by the original due date is less than 75 percent of the tax due, a late payment penalty may be assessed (minimum penalty is \$10). Interest and late payment penalty charges can be avoided by remitting payment with the Extension Payment Voucher by the due date.

If you wish to make a payment prior to the due date of your tax return, complete Section II of the Application for Extension of Time to File, Form 40A102, and remit with payment. Write "KY Income Tax—2011" and your Social Security number on the face of the check.

Personal Property—Kentucky taxpayers are reminded to report all taxable personal property, except motor vehicles, owned on January 1 to either the property valuation administrator in the county of residence (or location of business) or the Office of Property Valuation in Frankfort. Tangible personal property is to be reported on the Tangible Personal Property Tax Return, Form 62A500. The due date for these returns is May 15.

SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS

Line 1, Nonrefundable Limited Liability Entity Tax Credit (KRS 141.0401(2))

An individual that is a partner, member or shareholder of a limited liability pass-through entity is allowed a limited liability entity tax (LLET) credit against the income tax imposed by KRS 141.020 equal to the individual's proportionate share of LLET computed on the gross receipts or gross profits of the limited liability pass-through entity as provided by KRS 141.0401(2), after the LLET is reduced by the minimum tax of \$175 and by other tax credits which the limited liability pass-through entity may be allowed. The credit allowed an individual that is a partner, member, or shareholder of a limited liability pass-through entity against income tax shall be applied only to income tax assessed on the individual's proportionate share of distributive income from the limited liability pass-through entity as provided by KRS 141.0401(3)(b). Any remaining LLET credit shall be disallowed and shall not be carried forward to the next year.

Nonrefundable Kentucky limited liability entity tax credit (KRS 141.0401(2))—The credit amount is shown on Kentucky Schedule(s) K-1 from pass-through entities (PTEs) or Form(s) 725 for single member limited liability companies. **Copies of Kentucky Schedule(s) K-1 or Form(s) 725 must be attached to your return.**

Kentucky Limited Liability Entity Tax Credit Worksheet

Complete a separate worksheet for each LLE. Retain for your records.

Name _____

Address _____

FEIN _____

Percentage of Ownership %

1. Enter Kentucky taxable income from Form 740-NP, Line 13..... _____
2. Enter LLE income **as shown on Kentucky Schedule K-1 or Form 725** _____
3. Subtract Line 2 from Line 1 and enter total here _____
4. Enter Kentucky tax on income amount on Line 1..... _____
5. Enter Kentucky tax on income amount on Line 3..... _____
6. Subtract Line 5 from Line 4. If Line 5 is larger than Line 4, enter zero. This is your tax savings if income is ignored _____
7. Enter nonrefundable limited liability entity tax credit (**from Kentucky Schedule K-1 or Form 725**) _____
8. Enter the lesser of Line 6 or Line 7. This is your credit. Enter here and on Form 740-NP, Section A, Line 1 _____

Line 2, Kentucky Small Business Investment Credit—For taxable years beginning after December 31, 2010, a small business may be eligible for a nonrefundable credit of up to one hundred percent (100%) of the Kentucky income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401.

The small business development credit program authorized by KRS 154.60-020 and KRS 141.384 was amended to allow the credit to apply to taxable years beginning after Dec. 31, 2010. The definition of base year for purposes of the credit computation was changed to the first full year of operation that begins on or after Jan.1, 2009 and before Jan. 1, 2010.

Small businesses are eligible to apply for credits and receive final approval for these credits one (1) year after the small business:

- Creates and fills one (1) or more eligible positions over the base employment, and that position or positions are created and filled for twelve (12) months; and
- Invests five thousand dollars (\$5,000) or more in qualifying equipment or technology.

The small business shall submit all information necessary to the Kentucky Economic Development Finance Authority to determine credit eligibility for each year and the amount of credit for which the small business is approved.

A small business that is a pass-through entity not subject to the tax imposed by KRS 141.040 and that has tax credits approved under Subchapter 60 of KRS Chapter 154 shall apply the credits against the limited liability entity tax imposed by KRS 141.0401, and shall also distribute the amount of the approved tax credits to each partner, member, or shareholder based on the partner's, member's, or shareholder's distributive

share of income as determined for the year during which the tax credits are approved.

The maximum amount of credits that may be committed in each fiscal year by the Kentucky Economic Development Finance Authority shall be capped at three million dollars (\$3,000,000).

The maximum amount of credit for each small business for each year shall not exceed twenty-five thousand dollars (\$25,000). The credit shall be claimed on the tax return for the year during which the credit was approved. As per KRS 141.0205, individuals entitled to this credit will claim the credit on Line 2, Section A – Business Incentive and Other Tax Credits.


Unused credits may be carried forward for up to five (5) years.

Line 3, Skills Training Investment Tax Credit—Enter the amount of credit certified by the Bluegrass State Skills Corporation. A copy of the Kentucky Schedule K-1 for the year the credit was approved must be attached to the return in the first year the credit is claimed. The excess credit over the income tax liability in the year approved may be carried forward for three successive taxable years. For information regarding the application and approval process for this credit, contact the Cabinet for Economic Development, Bluegrass State Skills Corporation at (502) 564-2021, for information.

Line 4, Nonrefundable Certified Rehabilitation Credit—This credit is available to owner-occupied residential and commercial preservation projects for structures that are listed in the National Register of Historic Places, or in a National Register historic district, up to \$3 million annually. The credit is 30 percent of certified rehabilitation expenses for owner-occupied residential properties, not to exceed \$60,000 per project, and 20 percent for commercial and income-producing properties. To qualify, an owner must spend at least \$20,000 on rehabilitation.

Individuals or businesses can apply the credit against their state income tax liability, carry the credit forward up to seven years or transfer it to a banking institution to leverage financing. For application submitted on or after April 30, 2010, the credit shall be refundable if the taxpayer makes an election under KRS 171.397(2)(b). For more information regarding this credit, visit the Kentucky Heritage Council’s Web site at www.heritage.ky.gov, or call (502) 564-7005.

Line 5, Credit for Tax Paid to Another State—Kentucky residents are required to report all income received including income from sources outside Kentucky. Within certain limitations, a credit for income tax paid to another state may be claimed. The credit is **limited** to the amount of Kentucky tax savings had the income reported to the other state been omitted, or the amount of tax paid to the other state, **whichever is less**.

 **TIP**—Credit for taxes paid to another state may be reduced or eliminated if gambling losses are claimed on Schedule A.

You may not claim credit for tax withheld by another state. You must file a return with the other state and pay tax on income also taxed by Kentucky in order to claim the credit. A copy of the other state’s return including a schedule of income sources must be attached to verify this credit. **If you owe tax in more than one state, the credit for each state must be computed separately.**

Reciprocal States—Kentucky has reciprocal agreements with specific states. These agreements provide that taxpayers be taxed by their state of residence, and not the state where income is earned. Persons who live in Kentucky for more than 183 days during the tax year are considered residents and reciprocity does not apply. The states and types of exemptions are as follows:

Illinois, West Virginia—wages and salaries

Indiana—wages, salaries and commissions

Michigan, Wisconsin—income from personal services (including salaries and wages)

Ohio—wages and salaries. **Note:** Wages which an S corporation pays to a shareholder-employee if the shareholder-employee is a “twenty (20) percent or greater” direct or indirect equity investor in the S corporation shall not be exempt under the reciprocity agreement.

Virginia—commuting daily, salaries and wages

Kentucky does not allow a credit for tax paid to a reciprocal state on the above income. If tax was withheld by a reciprocal state, you must file directly with the other state for a refund of those taxes.

Credit for Taxes Paid to Other State Worksheet

Kentucky residents/part-year residents only. Complete a separate worksheet for each state. See instructions for Form 740-NP, Section A, Line 5.

Name of other state.....

1. List Kentucky taxable income from Form 740-NP, Line 13..... _____
2. List any gambling losses from Schedule A, Line 31 _____
3. Add Lines 1 and 2 and enter total here _____
4. List income reported to other state included on Kentucky return _____
5. Subtract Line 4 from Line 3 and enter total here _____
6. Adjusted gambling losses. Compute gambling losses allowed on Kentucky return if income from other state is ignored _____
7. Subtract Line 6 from Line 5 and enter total here _____
8. Enter Kentucky tax on income amount on Line 7..... _____
9. Enter Kentucky tax on income amount on Line 1..... _____
10. Subtract Line 8 from Line 9. This is the tax savings on return if other state’s income is ignored _____
11. Enter tax paid to other state on income claimed on Kentucky return. _____
12. Enter the lesser of Line 10 or Line 11. This is your credit for tax paid to other state. Carry this total to Form 740-NP, Section A, Line 5..... _____

740-NP

42A740-NP
Department
of Revenue

Check if return is:

Amended (Attach
copy of original return.)



**KENTUCKY INDIVIDUAL
INCOME TAX RETURN**
Nonresident or Part-Year Resident



2011

For calendar year or other taxable year beginning _____, 2011, and ending _____, 20_____.

A. Spouse's Social Security Number	B. Your Social Security Number
Name—Last, First, Middle Initial (Joint or combined return, give both names and initials.)	
Mailing Address (Number and Street including Apartment Number or P.O. Box)	
City, Town or Post Office	State ZIP Code

FILING STATUS (see instructions)	1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married, filing joint return. 3 <input type="checkbox"/> Married, filing separate returns. Enter spouse's Social Security number above and full name here. _____	<p align="center">POLITICAL PARTY FUND <i>Designating \$2 will not change your refund or tax due.</i></p> <table border="0"> <tr> <td></td> <td align="center">A. Spouse</td> <td align="center">B. Yourself</td> </tr> <tr> <td>Democratic</td> <td align="center">(1) <input type="checkbox"/></td> <td align="center">(4) <input type="checkbox"/></td> </tr> <tr> <td>Republican</td> <td align="center">(2) <input type="checkbox"/></td> <td align="center">(5) <input type="checkbox"/></td> </tr> <tr> <td>No Designation</td> <td align="center">(3) <input type="checkbox"/></td> <td align="center">(6) <input type="checkbox"/></td> </tr> </table>		A. Spouse	B. Yourself	Democratic	(1) <input type="checkbox"/>	(4) <input type="checkbox"/>	Republican	(2) <input type="checkbox"/>	(5) <input type="checkbox"/>	No Designation	(3) <input type="checkbox"/>	(6) <input type="checkbox"/>
		A. Spouse	B. Yourself											
Democratic	(1) <input type="checkbox"/>	(4) <input type="checkbox"/>												
Republican	(2) <input type="checkbox"/>	(5) <input type="checkbox"/>												
No Designation	(3) <input type="checkbox"/>	(6) <input type="checkbox"/>												
RESIDENCY STATUS (check one box)	4 <input type="checkbox"/> Full-year nonresident. I did not live in Kentucky during the year. Enter state of residence as of December 31, 2011 _____. 5 <input type="checkbox"/> Part-year resident. Complete appropriate line(s) below. Moved into Kentucky ____ / ____ / 11 . State moved from _____ . Moved out of Kentucky ____ / ____ / 11 . State moved to _____ . 6 <input type="checkbox"/> Full-year resident of a reciprocal state with Kentucky income of wages and salaries only. Circle the state of residence. ➤ IL IN MI OH VA WV WI													

Attach Form W-2(s), Other Supporting Statement(s) and Payment Here—Staple to Top Page Only

⤷ COMPLETE SECTIONS A, B, C AND D ON PAGES 2 THROUGH 4 BEFORE COMPLETING LINES 7 THROUGH 30.		OFFICIAL USE ONLY 1 2 3 4 5				
INCOME/TAX						
7	Enter percentage from page 4, line 36..... ➤	7	_____ %			
8	Enter amount from page 4, line 35, Column A. This is your Federal Adjusted Gross Income	8				00
9	Enter amount from page 4, line 35, Column B. This is your Kentucky Adjusted Gross Income	9				00
10	Nonitemizers: Enter \$2,240 (do not prorate). Skip lines 11 and 12	10				00
11	Itemizers: Enter itemized deductions from Kentucky Schedule A, Form 740-NP	11		00		
12	Multiply line 11 by the percentage on line 7.....	12		00		
13	Subtract line 10 or 12 from line 9. This is your Taxable Income	13				00
14	Enter tax from Tax Table.....	14				00
15	Enter amount from page 3, Section A, line 21	15				00
16	Subtract line 15 from line 14.....	16				00
17	Enter personal tax credit amounts from page 3, Section B, line 4 	17		00		
18	Multiply line 17 by the percentage on line 7	18		00		
19	Subtract line 18 from line 16.....	19				00
20	Check the box that represents your total family size (see instructions for lines 20 and 21)	20			1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/>	
21	Multiply line 19 by the Family Size Tax Credit decimal amount ____ (____ %) and enter here.....	21				00
22	Subtract line 21 from line 19.....	22				00
23	Enter the Education Tuition Tax Credit from Form 8863-K.....	23				00
24	Subtract line 23 from line 22	24				00
25	Enter Child and Dependent Care Credit from worksheet in the instructions	25				00
26	Income Tax Liability. Subtract line 25 from line 24. If line 25 is larger than line 24, enter zero.....	26				00
27	Enter KENTUCKY USE TAX due on Internet, mail order, or other out-of-state purchases (see instructions)..	27				00
28	Add lines 26 and 27. Enter here and on page 2, line 29.....	28				00



REFUND/TAX PAYMENT SUMMARY			
29	Enter amount from page 1, line 28. This is your Total Tax Liability	• 29	00
30	(a) Enter Kentucky income tax withheld as shown on attached 2011 Form W-2(s) and other supporting statements.....	• 30(a)	00
	(b) Enter 2011 Kentucky estimated tax payments	• 30(b)	00
	(c) Enter 2011 refundable certified rehabilitation credit (KRS 141.382(1)(b))	• 30(c)	00
	(d) Enter 2011 film industry tax credit (KRS 141.383)	• 30(d)	00
	(e) Enter Nonresident Withholding from Form PTE-WH, line 9 (KRS 141.206(4)(b)(1))	• 30(e)	00
31	Add lines 30(a) through 30(e)	• 31	00
32	If line 31 is larger than line 29, enter AMOUNT OVERPAID (see instructions)	32	00
	<i>Fund Contributions; See instructions.</i>		
		➤ (Enter amount(s) checked)	
33	Nature and Wildlife Fund	• 33	00
	<input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other		
34	Child Victims' Trust Fund	• 34	00
	<input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other		
35	Veterans' Program Trust Fund	• 35	00
	<input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other		
36	Breast Cancer Research/Education Trust Fund	• 36	00
	<input type="checkbox"/> \$10 <input type="checkbox"/> \$25 <input type="checkbox"/> \$50 <input type="checkbox"/> Other		
37	Add lines 33 through 36	37	00
38	Amount of line 32 to be CREDITED TO YOUR 2012 ESTIMATED TAX	• 38	00
39	Subtract lines 37 and 38 from line 32. Amount to be REFUNDED TO YOU	REFUND • 39	00
40	If line 29 is larger than line 31, enter ADDITIONAL TAX DUE	• 40	00
41	(a) Estimated tax penalty and/or interest. <input type="checkbox"/> Check if Form 2210-K attached...	41(a)	00
	(b) Interest	41(b)	00
	(c) Late payment penalty	41(c)	00
	(d) Late filing penalty.....	41(d)	00
42	Add lines 41(a) through 41(d). Enter here.....	• 42	00
43	Add lines 40 and 42 and enter here. This is the AMOUNT YOU OWE	OWE 43	00
	• Make check payable to Kentucky State Treasurer or visit www.revenue.ky.gov for more options.		
	• Write your Social Security number and "KY Income Tax—2011" on the check.		

OFFICIAL USE ONLY	
	PWR

SECTION A—BUSINESS INCENTIVE AND OTHER TAX CREDITS			
1	Enter nonrefundable limited liability entity credit (KRS 141.0401(2))	1	00
2	Enter Kentucky small business investment credit.....	2	00
3	Enter skills training investment credit (attach copy(ies) of certification).....	3	00
4	Enter nonrefundable certified rehabilitation credit (KRS 171.397(1)(a)).....	4	00
5	Enter credit for tax paid to another state (attach copy of other state's return(s))	5	00
6	Enter unemployment credit (attach Schedule UTC).....	6	00
7	Enter recycling and/or composting equipment credit (attach Schedule RC)	7	00
8	Enter Kentucky Investment Fund credit (attach copy(ies) of certification)	8	00
9	Enter coal incentive credit.....	9	00
10	Enter qualified research facility credit (attach Schedule QR).....	10	00
11	Enter GED incentive credit (attach Form DAEL-31).....	11	00
12	Enter voluntary environmental remediation credit (attach Schedule VERB).....	12	00
13	Enter biodiesel and renewable diesel credit.....	13	00
14	Enter environmental stewardship credit.....	14	00
15	Enter clean coal incentive credit.....	15	00
16	Enter ethanol credit (attach Schedule ETH)	16	00
17	Enter cellulosic ethanol credit (attach Schedule CELL).....	17	00
18	Enter energy efficiency products credit (attach Form 5695-K)	18	00

SCHEDULE A

Form 740-NP

42A740-NP-A

Department of Revenue

➤ See instructions. ➤ Attach to Form 740-NP



**KENTUCKY SCHEDULE A
ITEMIZED DEDUCTIONS**

2011

Enter name(s) as shown on Form 740-NP, page 1.

Your Social Security Number

Medical and Dental Expenses	Do not include expenses reimbursed or paid by others.			
	1. Medical and dental expenses 1			
	2. Enter amount from Form 740-NP, page 1, line 8..... 2			
	3. Multiply the amount on line 2 by 7.5% (.075). Enter result..... 3			
	4. Total medical and dental. Subtract line 3 from line 1. If zero or less, enter -0-..... ➤ 4			
Taxes	5. Local income taxes (do not include state income tax) 5			
	6. Real estate taxes 6			
	7. Personal property taxes..... 7			
	8. Other taxes (list) _____ 8			
<i>Note: Sales and use taxes and new motor vehicle taxes are not deductible.</i>	9. Total taxes. Add the amounts on lines 5 through 8. Enter here..... ➤ 9			
Interest Expense	10. Home mortgage interest and points reported to you on federal Form 1098 10			
	11. Home mortgage interest not reported to you on federal Form 1098 (if paid to an individual, show that person's name and address) _____ 11			
<i>Note: Personal interest is not deductible.</i>	See instructions for lines 12 and 13.			
	12. Points not reported to you on federal Form 1098 12			
	13. Qualified mortgage insurance premiums 13			
	14. Investment interest (attach federal Form 4952 if required) 14			
	15. Total interest. Add the amounts on lines 10 through 14. Enter here ➤ 15			
Contributions	16. Contributions by cash or check..... 16			
	17. Other than cash or check (attach federal Form 8283 if over \$500)..... 17			
	18. Carryover from prior year 18			
<i>Note: For any contribution of \$250 or more, see instructions.</i>	19. Total contributions. Add the amounts on lines 16 through 18. Enter here ➤ 19			
Casualty and Theft Losses	20. Enter amount from attached federal Form 4684, Section A, line 16 20			
	21. Enter amount from Form 740-NP, page 1, line 8..... 21			
	22. Multiply the amount on line 21 by 10% (.10). Enter result..... 22			
	23. Total casualty or theft loss(es). Subtract line 22 from line 20. If zero or less, enter -0- ➤ 23			
Job Expenses and Most Other Miscellaneous Deductions	24. Unreimbursed employee expenses—job travel, union dues, job education, etc. (attach Form 2106 or 2106-EZ if applicable) list _____ 24			
	25. Tax preparation fees 25			
	26. Other (investment, safe deposit box, etc.) list _____ 26			
	27. Add the amounts on lines 24, 25 and 26. Enter here 27			
	28. Enter amount from Form 740-NP, page 1, line 8..... 28			
	29. Multiply the amount on line 28 by 2% (.02). Enter result 29			
	30. Total. Subtract line 29 from line 27. If zero or less, enter -0-..... ➤ 30			
Other Miscellaneous Deductions	31. Other (see instructions) _____ ➤ 31			
Total Itemized Deductions	32. Add the amounts on lines 4, 9, 15, 19, 23, 30 and 31. Enter here..... ➤ 32			
<ul style="list-style-type: none"> • If married filing separate returns, or spouse is not filing a Kentucky return, complete lines 33 through 36 below. If single or married filing jointly, enter total deductions (line 32 above) on Form 740-NP, page 1, line 11. 				
	33. Enter your income from Form 740-NP, page 1, line 8 33			
	34. Enter joint or combined <i>federal</i> Adjusted Gross Income 34			
	35. Divide line 33 by line 34. Enter percentage 35			%
	36. Multiply line 32 by line 35. This is your portion of total itemized deductions. Enter here and on Form 740-NP, page 1, line 11 ➤ 36			

SCHEDULE ME

Form 740-NP
42A740-NP-ME

Commonwealth of Kentucky
Department of Revenue



► Attach to Form 740-NP.

2011

**MOVING EXPENSE
AND REIMBURSEMENT**

Enter name(s) as shown on Form 740-NP, page 1.		Your Social Security Number	
1. Enter total Kentucky earned income (do not include moving expense reimbursement)	1		
2. Enter total earned income from federal return (do not include moving expense reimbursement)	2		
3. Divide line 1 by line 2. Enter result. If amount is equal to or greater than 100%, enter 100%	3	__ . __ %	
4. (a) Enter moving expense reimbursement included in wages	4(a)		
(b) Subtract Form 3903, line 3, from Form 3903, line 4, and enter result. If zero or less, enter -0-	4(b)		
(c) Add lines 4(a) and 4(b) above and enter result here and on Form 740-NP, page 4, line 2, Column A. This is your moving expense reimbursement for federal	4(c)		
5. Multiply line 4(c) by line 3. Enter result here and on Form 740-NP, page 4, line 2, Column B. This is your moving expense reimbursement for Kentucky	5		
6. Enter moving expense deduction from federal Form 3903, line 5, here and on Form 740-NP, page 4, line 21, Column A	6		
7. Multiply line 6 by percentage on line 3. Enter here and on Form 740-NP, page 4, line 21, Column B. This is your allowable Kentucky moving expense	7		

INSTRUCTIONS—SCHEDULE ME

Full-Year Nonresidents—If you are a full-year nonresident, moving expense reimbursements are not taxable, and moving expenses are not deductible.

Part-Year Residents—If you are a part-year resident, any payments to you or on your behalf by any employer for moving expenses are considered income. These payments will be included in wages (box 1) or will be shown separately on the wage and tax statements.

Persons who were residents of Kentucky for only part of the year are required to report as income only part of the total reimbursement they received. *The amount which must be reported to Kentucky as income is based on the percentage of Kentucky earned income to total earned income.*

For the computation of this percentage, earned income is income you received for services you provided. It includes wages, salaries, tips, etc. It also includes income earned from self-employment (Schedules C, C-EZ and F and partnerships).

Line 1—Enter earned income received from Kentucky sources while a nonresident and from all sources while a resident of Kentucky. Do not include moving expense reimbursement reflected on the wage and tax statements (box 1).

Line 2—Enter total earned income reported on your federal return. Do not include moving expense reimbursement reflected on the wage and tax statements (box 1).

Line 4(a)—Enter moving expense reimbursement included in wages (box 1 of Form W-2).

Line 4(b)—Subtract federal Form 3903, line 3, from federal Form 3903, line 4, and enter result. If zero or less, enter -0-.

Line 4(c)—Add lines 4(a) and 4(b) above and enter result here and on Form 740-NP, page 4, line 2, Column A. This is your **moving expense reimbursement** for federal on the Form 740-NP.

SCHEDULE P



2011

42A740-P

Department of Revenue

Use this form to calculate
excludable retirement income.

KENTUCKY
PENSION INCOME EXCLUSION

Attach to Form 740, 740-NP or 741.

Enter name(s) as shown on tax return. Your Social Security Number

Complete this schedule and file with Form 740 if:

- 1. your taxable pension and retirement income from all sources is greater than \$41,110; and
(a) you are retired from the federal government, the Commonwealth of Kentucky or a Kentucky local government; or
(b) you receive supplemental (Tier 2) U.S. Railroad Retirement Board benefits.
2. you file Form 4972-K, Tax on Lump-Sum Distributions.

All others, STOP, you do not need to complete Schedule P. See instructions for Schedule M, line 11.

PART I-EXEMPT RETIREMENT INCOME (Do Not Include Income From Deferred Compensation Plans)

- 1. Enter on line (a) or (b) the amount of federal, Kentucky state and Kentucky local government pension income attributable to service credit earned before January 1, 1998, and supplemental (Tier 2) U.S. Railroad Retirement Board benefits included on federal Form 1040, line 16(b) (Form 1040A, line 12(b)). Also include federal or Kentucky disability retirement income attributable to service credit earned before January 1, 1998.

(a) If date of retirement is before January 1, 1998, enter here.

Table with columns: Names of Payers, Date of Retirement, A. Spouse, B. Yourself. Includes a Total row.

(b) If date of retirement is after December 31, 1997, see the instructions.

Table with columns: Names of Payers, Date of Retirement, Taxable Pension, Exempt Percentage, A. Spouse, B. Yourself. Includes a Total row.

(c) Add lines 1(a) and 1(b)..... (c)

PART II-OTHER RETIREMENT INCOME (Amounts Not Included in Line 1(c))

2. Enter the total of taxable retirement income not included in line 1(c) above as reported on federal Form 1040, line 15(b) and 16(b) (Form 1040A, line 11(b) and 12(b)). Also report other disability retirement income or deferred compensation included on federal Form 1040, line 7 (Form 1040A, line 7)..... 2

PART III-TOTAL TO BE EXCLUDED THIS YEAR

3. Enter the lesser of line 2 or \$41,110..... 3
4. Add lines 1(c) and 3. Enter here and on Schedule M, line 11 (Form 740-NP, page 4, line 10(b) or Form 741, line 11)..... 4

Joint filers-Combine lines 4(a) and 4(b) and enter on appropriate form.



Stop here unless you have a lump-sum distribution reported on Form 4972-K.

INSTRUCTIONS—SCHEDULE P

Types of Income Subject to Exclusion—All pension and retirement income paid under a written retirement plan is eligible for exclusion. This includes pensions, annuities, IRA accounts, 401(k) and similar deferred compensation plans, death benefits, and other similar accounts or plans. As a general rule, if the income is reported on the federal income tax return, Form 1040, line 15(b) or 16(b); Form 1040A, line 11(b) or 12(b); Form 4972; or is a disability retirement benefit or deferred compensation distribution reported on Form 1040, line 7 or 1040A, line 7, then it qualifies for the exclusion.

Form 740-NP filers report only pension income received while a resident of Kentucky.

LINE-BY-LINE INSTRUCTIONS

Column A, Column B—This exclusion is for each taxpayer. A husband and wife must compute and claim their own exclusion, regardless of filing status.

PART I—Exempt Retirement Income—Enter the federally taxable portion of pension income paid by the federal government, by the Commonwealth of Kentucky, or by any Kentucky local government. Also include supplemental (Tier 2) U.S. Railroad Retirement Board benefits reported on Form 1040, line 16(b) (Form 1040A, line 12(b)) and federal or Kentucky disability retirement income included on federal Form 1040, line 7 (Form 1040A, line 7). Do not include income from deferred compensation plans in Part I.

Use Line 1(a) if retired before January 1, 1998, to report fully exempt pension benefits.

Use Line 1(b) if retired after December 31, 1997, to compute the amount of pension income attributable to service credits earned before January 1, 1998. Multiply the taxable pension

by the exempt percentage, enter the result (exempt amount) in Column A or Column B. **Use the worksheet below to compute the exempt percentage in the year of retirement.**

Note: Subtract the exempt amount from the taxable pension amount and include the difference with other retirement income in Part II.

PART II—Other Retirement Income, Line 2—Enter the amount reported on federal Form 1040 or 1040A of non-lump-sum pension and retirement income not reported on line 1(c). Also include amounts from Schedule M, line 7 (Form 740-NP, page 4, line 16) that reflect pension and IRA bases differences.

PART III—Total to Be Excluded This Year, Line 3—Enter the lesser of the amount on line 2 or \$41,110.

Line 4—Enter the total of lines 1(c) and 3. This is your pension income exclusion. Enter on line 4 and as follows: Schedule M, line 11; Form 740-NP, page 4, line 10(b); or Form 741, page 1, line 11.

DEFINITIONS—For use with Schedule P and the worksheet below.

Service Credit—Number of months (years) used by your retirement system to determine retirement benefits.

Purchased Service Credit—Voluntary purchases of service credit as allowed by your retirement system (i.e., military service or prior service with the same or similar system). **Note:** Purchased time is credited based on the dates of service.

Purchased Service Credit (Air-time)—Certain retirement plans allow for the purchase of up to five years of service credit unrelated to prior work history. These purchases are commonly known as air-time. Air-time is not included in total service earned after December 31, 1997, regardless of when purchased.

Worksheet for Federal, Kentucky State and Kentucky Local Government Retirees Who Retired After 12/31/97



Complete this worksheet only if you retired in 2011 or have not computed your exempt percentage in prior years. Keep this worksheet in your records. The percentage will be used this year and in future years to determine the amount of exempt retirement income.

Complete this worksheet to determine what percentage of your pension income is exempt. This percentage must be calculated for each pension.

If your retirement system has computed the exempt amount (earned before January 1, 1998), enter the amount on page 1, line 1(b), column A or B. If your retirement system has computed the exempt percentage, **enter the exempt percentage on page 1, line 1(b) in the exempt percentage column.** Use a separate worksheet for each governmental pension. Retain this worksheet with your tax records. **Use the percentage on line 4 to compute the exempt portion of your pension in future years.**

1. Enter total months of service credit including purchased service..... _____
2. Enter months of service credit earned after 12/31/97. Include sick leave credited at date of retirement, and service credit from purchase of military and other service earned after 12/31/97. Do not include purchased credit unrelated to prior work history (air-time) _____
3. Subtract line 2 from line 1. Total months of service before January 1, 1998..... _____
4. Divide line 3 by line 1. Enter here and on page 1, line 1(b), in the exempt percentage column..... _____
Use this percentage to determine the amount of pension attributable to service earned before 1/1/98.



Commonwealth of Kentucky
DEPARTMENT OF REVENUE

**UNDERPAYMENT OF ESTIMATED TAX
BY INDIVIDUALS**

➤ Attach to Form 740 or 740-NP.

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

PART I—EXCEPTIONS AND EXCLUSIONS

The penalty shall not apply if one of the following exceptions is met. If one or more of the following applies to you, check the appropriate block(s), complete any necessary blank(s) and check the "Form 2210-K attached" block on Form 740, line 41a (Form 740-NP, line 41a). **If none of the exceptions apply, go to Part II.**

Check applicable block(s).

1. The taxpayer died during the taxable year.
2. The declaration was not required until after September 1, 2011, and the taxpayer files a return and pays the full amount of the tax computed on the return on or before January 31, 2012.
3. Two-thirds ($\frac{2}{3}$) or more of the gross income was from farming; this return is being filed on or before March 1, 2012; **and** the total tax due is being paid in full. Fiscal year taxpayers must file a return and pay the tax due on or before the first day of the third month following the close of the tax year.

a. Enter total gross income.....		
b. Multiply by $\frac{2}{3}$ (.67)		
c. Enter gross income from farming.....		
Line (c) must equal or exceed line (b) to qualify for the exception.		

4. Prepaid tax **equals or exceeds** last year's income tax liability.
 - a. Enter the liability from the 2010 return, Form 740 or Form 740-NP, page 1, line 28.....
 - b. Enter amount from the 2011 Form 740, line 31 (Form 740-NP, page 2, line 31)*
- Line (b) must **equal or exceed** line (a) to claim the exception.

PART II—FIGURING THE UNDERPAYMENT AND PENALTY (Complete Part II only if the **additional** tax due exceeds \$500; otherwise, proceed to page 2, Part III.)

1. a. Enter 2011 income tax liability from Form 740, line 26 (Form 740-NP, page 1, line 26)....	1a		
b. Enter credit for taxes paid to another state from Form 740, Section A, line 5 (Form 740-NP, Section A, line 5).....	1b		
c. Total (add lines 1a and 1b).....	1c		
2. Percentage of liability required to be prepaid is 70%	2	x .7	
3. Multiply line 1c by line 2.....	3		
4. a. Enter the amount from Form 740, line 31 (Form 740-NP, page 2, line 31)*	4a		
b. Enter credit for taxes paid to another state from Form 740, Section A, line 5 (Form 740-NP, Section A, line 5).....	4b		
c. Total (add lines 4a and 4b).....	4c		
5. Subtract line 4c from line 3 (If line 4c exceeds line 3, no penalty applies.).....	5		
6. Penalty percentage is 10%.....	6	x .1	
7. Multiply line 5 by line 6. This is the amount of the penalty for underpayment of estimated tax (minimum penalty \$25)	7		
8. Enter interest amount due from Form 2210-K, page 2, line 22.....	8		
9. Add lines 7 and 8. Enter here and on Form 740 or Form 740-NP, line 41(a). Also check the "Form 2210-K attached" box	9		

To Avoid Underpayment Penalty in the Future, Obtain and File Form 740-ES.

*Do not include amounts prepaid with extension after the due date of the fourth declaration installment.



NOTE: Use this page to calculate interest amount due on underpaid or untimely required estimated payments. See instructions for list of exclusions.

PART III—REQUIRED ANNUAL PAYMENT

1. Enter 2011 income tax liability: (Form 740 or Form 740-NP, page 1, line 26)	1		
2. Enter 2011 income tax withheld and refundable credits: (Form 740 or Form 740-NP, page 2, line 30a, 30c and 30d)	2		
3. Enter 2011 nonresident withholding: (Form 740-NP, page 2, line 30e).....	3		
4. Add lines 2 and 3. Enter total here	4		
5. Subtract line 4 from line 1. (If the result is \$500 or less, stop here. Do not compute this schedule.).....	5		
6. Enter 2010 income tax liability: (2010 Form 740 or Form 740-NP, page 1, line 28)	6		
7. Required annual payment. Enter the smaller of line 1 or line 6.....	7		

Note: If line 4 is equal to or greater than line 7, stop here. You do not owe interest.

PAYMENT DUE DATES

	A 4-15-11	B 6-15-11	C 9-15-11	D 1-15-12
8. Required Installments. Enter 1/4 (.25) of line 7 in each column.....	8			
9. Estimated tax paid and tax withheld. For column A only, enter the amount from line 9 on line 13. If line 9 is equal to or greater than line 8 for all payment periods (columns A through D), stop here. You do not owe interest. Complete lines 10 through 17 of each column before going to the next column	9			
10. Enter amount, if any, from line 17 of previous column	10			
11. Add lines 9 and 10. Enter here	11			
12. Enter the amount from line 16 of previous column.	12			
13. Subtract line 12 from line 11. If zero or less, enter -0-. For column A only, enter the amount from line 9.....	13			
14. If the amount on line 13 is zero, subtract line 11 from line 12. Otherwise, enter zero.....	14			
15. Underpayment. If line 8 is equal to or greater than line 13, subtract line 13 from line 8. Otherwise, go to line 17	15			
16. Add lines 14 and 15. Enter here. If line 8 is equal to or greater than line 13, then go to line 10 of the next column	16			
17. Overpayment. If line 13 is more than line 8, subtract line 8 from line 13, then go to line 10 of the next column	17			

FIGURING THE INTEREST

	6-15-11	9-15-11	1-15-12	4-15-12
18. Interest calculation payment date	18			
19. Number of days from the payment due date shown at the top of the column above line 8 to the date the amount on line 16 was paid, or the date shown for that column on line 18, whichever is earlier	19			
20. Annual Percentage Rate (APR).....	20	.05	.05	.05
21. Underpayment Number of from line 16 X <u>days from line 19</u> X APR on line 20 365	21			
22. INTEREST DUE: Add amounts on line 21 columns A through D. Enter the total here and on Form 2210-K, page 1, line 8	22			



➤ See instructions.

➤ Attach to Form 720, 720S, 725, 740, 740-NP, 741, 765 or 765-GP.

Kentucky Energy Efficiency Products Tax Credit

KRS 141.435 to KRS 141.436

Name of Entity/Individual	Identification Number (SSN or FEIN)	Kentucky Corporation/LLET Account Number (if applicable)
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Part I-Qualifications

- Was the installation of the energy efficiency products completed before January 1, 2011?
- Was the installation of the energy efficiency products completed after December 31, 2011?
- Have you taken a tax credit as provided by KRS 141.437 for an ENERGY STAR home or an ENERGY STAR manufactured home?

Yes	No

If you answered "yes" to any of the questions above, STOP; you do not qualify for these credits.

If you answered "no" to all of the questions above, go to Part II.

Part II-Installation of Energy Efficiency Products

Residence or Single-family or Multifamily Residential Rental Unit:				
1. Qualified upgraded insulation costs	1		00	
2. Multiply line 1 by 30% (.30)	2		00	
3. Credit from pass-through entities	3		00	
4. Add lines 2 and 3	4		00	
5. Maximum Credit amount	5	\$100	00	
6. Enter the smaller of line 4 or line 5	6			00
7. Qualified energy-efficient windows and storm doors	7		00	
8. Multiply line 7 by 30% (.30)	8		00	
9. Credit from pass-through entities	9		00	
10. Add lines 8 and 9	10		00	
11. Maximum Credit amount	11	\$250	00	
12. Enter the smaller of line 10 or line 11	12			00
13. Qualified energy property	13		00	
14. Multiply line 13 by 30% (.30)	14		00	
15. Credit from pass-through entities	15		00	
16. Add lines 14 and 15	16		00	
17. Maximum Credit amount	17	\$250	00	
18. Enter the smaller of line 16 or line 17	18			00
19. Add lines 6, 12 and 18	19			00
20. Maximum Credit amount	20	\$500	00	
21. Enter the smaller of line 19 or line 20	21			00
Residence or Single-family Residential Rental Unit:				
22. Qualified active solar space-heating system	22		00	
23. Qualified passive solar space-heating system	23		00	
24. Qualified combined active solar space-heating and water-heating system	24		00	
25. Qualified solar water-heating system	25		00	
26. Qualified wind turbine or wind machine	26		00	
27. Add lines 22 through 26	27		00	
28. Multiply line 27 by 30% (.30)	28		00	
29. Credit from pass-through entities	29		00	
30. Add lines 28 and 29	30		00	
31. Qualified solar photovoltaic system-Watts of direct current (DC) _____ X \$3	31		00	
32. Credit from pass-through entities	32		00	
33. Add lines 31 and 32	33		00	
34. Enter the larger of line 30 or line 33	34			00
35. Maximum Credit amount	35	\$500	00	
36. Enter the smaller of line 34 or line 35	36			00



Part II-Installation of Energy Efficiency Products (continued)

Multifamily Residential Rental Unit or Commercial Property:				
37. Qualified active solar space-heating system	37	00		
38. Qualified passive solar space-heating system	38	00		
39. Qualified combined active solar space-heating and water-heating system	39	00		
40. Qualified solar water-heating system	40	00		
41. Qualified wind turbine or wind machine	41	00		
42. Add lines 37 through 41	42	00		
43. Multiply line 42 by 30% (.30)	43	00		
44. Credit from pass-through entities	44	00		
45. Add lines 43 and 44	45	00		
46. Qualified solar photovoltaic system-Watts of direct current (DC) _____ X \$3	46	00		
47. Credit from pass-through entities	47	00		
48. Add lines 46 and 47	48	00		
49. Enter the larger of line 45 or line 48	49	00		
50. Maximum Credit amount	50	\$1,000	00	
51. Enter the smaller of line 49 or line 50	51		00	
Commercial Property:				
52. Qualified energy-efficient interior lighting system	52	00		
53. Multiply line 52 by 30% (.30)	53	00		
54. Credit from pass-through entities	54	00		
55. Add lines 53 and 54	55	00		
56. Maximum Credit amount	56	\$500	00	
57. Enter the smaller of line 55 or line 56	57		00	
58. Qualified energy-efficient heating, cooling, ventilation, or hot water system	58	00		
59. Multiply line 58 by 30% (.30)	59	00		
60. Credit from pass-through entities	60	00		
61. Add lines 59 and 60	61	00		
62. Maximum Credit amount	62	\$500	00	
63. Enter the smaller of line 61 or line 62	63		00	
64. Add lines 57 and 63	64		00	
65. Add lines 21, 36, 51 and 64	65		00	
66. Enter any unused Energy Efficiency Products Tax Credit earned in 2010, if applicable	66		00	
67. Add lines 65 and 66	67		00	

Enter the amounts from Form 5695-K on the applicable tax return as follows:

Individual, estate or trust filing:

- Form 740-Enter the amount from Line 67 on Form 740, Section A, Line 18.
- Form 740-NP-Enter the amount from Line 67 on Form 740-NP, Section A, Line 18.
- Form 741-Enter the amount from Line 67 on Form 741, Line 18.

Corporation or pass-through entity filing:

- Form 720-Enter the amount from Line 67 on Schedule TCS, Line 16.
- Form 720S-Enter the amounts from Lines 6, 12, 18, 36, 36, 51, 51, 57 and 63 on Form 720S, Schedule K, Lines 27, 28, 29, 30, 31, 32, 33, 34 and 35, respectively; and the amount from Line 67 on Schedule TCS, Line 16.
- Form 725-Enter the amount from Line 67 on Schedule TCS, Line 16.
- Form 765-Enter the amounts from Lines 6, 12, 18, 36, 36, 51, 51, 57 and 63 on Form 765, Schedule K, Lines 28, 29, 30, 31, 32, 33, 34, 35 and 36, respectively; and the amount from Line 67 on Schedule TCS, Line 16.
- Form 765-GP-Enter the amounts from Lines 6, 12, 18, 36, 36, 51, 51, 57 and 63 on Form 765-GP, Schedule K, Lines 28, 29, 30, 31, 32, 33, 34, 35 and 36, respectively.



KENTUCKY EDUCATION TUITION TAX CREDIT

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

Your Social Security Number

If you have a credit carry forward from previous years, see Page 2, Part V.

Caution: Requirements for the 2011 Kentucky Education Tuition Tax Credit are different from the federal education requirements. Please review instructions to determine if you meet the qualifications for this credit.

PART I - Qualifications

Table with 2 columns: Question, Yes, No. Contains 3 qualification questions regarding expenses, studies, and filing status.

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 for Hope Credit with 5 columns: (a) Student Name/SSN, (c) Qualified Expenses, (d) Smaller amount, (e) Add column (c) and (d), (f) One-half amount. Includes two student rows and a total row.

2. Tentative Hope Credit. Add the amounts on line 1, column (f). If you are taking the Lifetime Learning Credit for another student, go to Part III; otherwise, go to line 7

PART III - Lifetime Learning Credit

Table for Lifetime Learning Credit with 4 columns: (a) Student Name, (b) Student SSN, (c) Name and Address of Kentucky Institution, (d) Qualified Expenses. Includes a summary table with lines 4-7.

Note: If you have an unused credit from prior year(s), complete Page 2, Part V to determine your carryforward amount. You must have completed Form 8863-K in prior years to claim any allowable unused credit carryforward.



PART IV—Allowable Education Credits	
8. Enter tentative Kentucky Education Credits from page 1, line 7	8
9. Enter: \$122,000 if married filing jointly or married filing separately on a combined return; \$61,000 if single.....	9
10. Enter the amount from Form 1040, line 37, or Form 1040A, line 21	10
11. Subtract line 10 from line 9. If zero or less, STOP; you cannot take any education credits for Kentucky.....	11
12. Enter \$20,000 if married filing jointly or married filing separately on a combined return; \$10,000 if single	12
13. If line 11 is equal to or more than line 12, enter the amount from line 8 on line 14 and go to line 15. If line 11 is less than line 12, divide line 11 by line 12. Enter the result as a decimal (rounded to at least three places).....	13
14. Multiply line 8 by the decimal amount on line 13 and enter here.....	14
15. Multiply the amount on line 14 by 25% (.25) and enter total here	15
16. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22	16
17. Enter amount from Part V, line 37. If Part V, line 37 is blank, enter -0-	17
18. Subtract line 17 from line 16	18
19. Enter the smaller of line 18 or line 15	19
20. Add lines 17 and 19. Enter here and on Form 740 or Form 740-NP, line 23. This is your allowable 2011 education credit.....	20
21. If line 18 is smaller than line 15, subtract line 18 from line 15. This is the amount of unused credit carryforward from 2011 to 2012 . Enter here and on the 2011 Carryforward Worksheet, Line E, provided below	21

PART V—Credit Carryforward from Prior Years	
22. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22	22
23. Enter your credit carryforward from 2006.....	23
24. Enter your credit carryforward from 2007.....	24
25. Enter your credit carryforward from 2008.....	25
26. Enter your credit carryforward from 2009.....	26
27. Enter your credit carryforward from 2010	27
28. Add lines 23 through 27 and enter total here	28
29. Subtract line 23 from line 22. If zero or less, enter -0-.....	29
30. Enter 2007 credit carryforward to 2012. Subtract line 29 from line 24. If zero or less, enter -0-...	30
31. Subtract line 24 from line 29. If zero or less, enter -0-.....	31
32. Enter 2008 credit carryforward to 2012. Subtract line 31 from line 25. If zero or less, enter -0-...	32
33. Subtract line 25 from line 31. If zero or less, enter -0-	33
34. Enter 2009 credit carryforward to 2012. Subtract line 33 from line 26. If zero or less, enter -0-...	34
35. Subtract line 26 from line 33. If zero or less, enter -0-.....	35
36. Enter 2010 credit carryforward to 2012. Subtract line 35 from line 27. If zero or less, enter -0-....	36
37. Enter the smaller of line 22 or line 28	37

2011 Carryforward Worksheet

- A. From Part V, Line 30, 2007 to 2012 _____
- B. From Part V, Line 32, 2008 to 2012 _____
- C. From Part V, Line 34, 2009 to 2012 _____
- D. From Part V, Line 36, 2010 to 2012 _____
- E. From Part IV, Line 21, 2011 to 2012 _____

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.

Line 6, Employer's Unemployment Tax Credit—If you hired unemployed Kentucky residents to work for you during the last six months of 2010 or during 2011, you may be eligible to claim the unemployment tax credit. In order to claim a credit, each person hired must meet specific criteria. For each qualified person, you may claim a tax credit of \$100. The period of unemployment must be certified by the Office of Employment and Training, Education Cabinet, 275 East Main Street, 2-WA, Frankfort, KY 40621-0001, and you must maintain a copy of the certification in your files. A copy of Schedule UTC must be attached to your return.

Line 7, Recycling and/or Composting Tax Credit—Individuals who purchase recycling or composting equipment to be used exclusively in Kentucky for recycling or composting post-consumer waste materials, are entitled to a credit against the tax equal to 50 percent of the installed cost of the equipment. Application for this credit must be made on Schedule RC, which may be obtained from the Department of Revenue. A copy of Schedule RC and/or Schedule RC (K-1) reflecting the amount of credit approved by the Department of Revenue must be attached to the return.

Line 8, Kentucky Investment Fund Tax Credit—Limits on Kentucky Investment Fund Act (KIFA) Credits—KIFA tax credits available to any single investment fund are limited to \$1.3 million for all investors and all taxable years. Total KIFA tax credits available for all investors in all investment funds shall not exceed \$5 million per fiscal year. An investor whose cash contribution to an investment fund has been certified by the Kentucky Economic Development Finance Authority (KEDFA) is entitled to a nonrefundable credit against Kentucky income tax equal to 40 percent of the cash contribution. For investments before July 1, 2002, the amount of credit that may be claimed in any given year is limited to 25 percent of the total amount certified by the Kentucky Economic Development Finance Authority (KEDFA). For investments after June 30, 2002, the credit is claimed on the tax return filed for the tax year following the year in which the credit is granted and is limited in any tax year to 50 percent of the initial aggregate credit apportioned to the investor. Attach a copy of the certification by KEDFA in the first year claimed. Any excess credit may be carried forward. No credit may extend beyond 15 years of the initial certification.

Line 9, Coal Incentive Tax Credit—An electric power company or a company that owns and operates a coal-fired electric generating plant may be entitled to a coal incentive tax credit. Application for this credit is made on Schedule CI, Application for Coal Incentive Tax Credit, and a copy of the credit certificate issued by the Kentucky Department of Revenue must be attached to the return on which the credit is claimed.

Line 10, Qualified Research Facility Tax Credit—A nonrefundable credit is allowed against individual and corporation income taxes equal to 5 percent of the cost of constructing and equipping new facilities or expanding or remodeling existing facilities in Kentucky for qualified research. "Qualified research" is defined to mean qualified research as defined in Section 41 of the IRC. Any unused credit may be carried forward 10 years. Complete and attach Schedule QR, Qualified Research Facility Tax Credit.

Line 11, Employer GED Incentive Tax Credit—KRS Chapter 151B.127 provides a nonrefundable income tax credit for employers who assist employees in completing a learning contract in which the employee agrees to obtain his or her high school equivalency diploma. The employer shall complete the lower portion of the GED-Incentive Program Final Report (Form DAEL-31) and attach a copy to the return to claim this credit. Shareholders and partners should attach a copy of Schedule

K-1 showing the amount of credit distributed. For information regarding the program, contact the Education Cabinet, Kentucky Adult Education, Council on Postsecondary Education.

Line 12, Voluntary Environmental Remediation Credit—This line should be completed only if the taxpayers have an agreed order with the Environmental and Public Protection Cabinet under the provisions of KRS 224.01-518 and have been approved for the credit by the Department of Revenue. Maximum credit allowed to be claimed per taxable year is 25 percent of approved credit. For more information regarding credit for voluntary environmental remediation property, contact the Environmental and Public Protection Cabinet at (502) 564-3350. To claim this credit, Schedule VERB must be attached.

Line 13, Biodiesel and Renewable Diesel Credit—Producers and blenders of biodiesel and producers of renewable diesel are entitled to a tax credit against the taxes imposed by KRS 141.020, KRS 141.040 and KRS 141.0401. The taxpayer must file a claim for biodiesel and renewable diesel credit with the Department of Revenue by January 15 each year for biodiesel produced or blended and the renewable diesel produced in the previous calendar year. The department shall issue a credit certification to the taxpayer by April 15. The credit certification must be attached to the tax return claiming this credit.

Line 14, Environmental Stewardship Tax Credit—An approved company may be permitted a credit against the Kentucky income tax imposed by KRS 141.020, KRS 141.040 or KRS 141.0401 on the income of the approved company generated by or arising out of a project as determined under KRS 154.48-020. An "environmental stewardship product" means any new manufactured product or substantially improved existing manufactured product that has a lesser or reduced adverse effect on human health and the environment or provides for improvement to human health and the environment when compared with existing products or competing products that serve the same purpose. A company must have eligible costs of at least \$5 million and within six months after the activation date, the approved company compensates a minimum of 90 percent of its full-time employees whose jobs were created or retained with base hourly wages equal to either: (1) 75 percent of the average hourly wage for the Commonwealth; or (2) 75 percent of the average hourly wage for the county in which the project is to be undertaken. The maximum amount of negotiated inducement that can be claimed by a company for any single tax year may be up to 25 percent of the authorized inducement. The agreement shall expire on the earlier of the date the approved company has received inducements equal to the approved costs of its project, or 10 years from the activation date. For more information, contact the Cabinet for Economic Development, Old Capitol Annex, 300 West Broadway, Frankfort, Kentucky 40601.

KRS 141.430 was amended to provide that for tax years beginning on or after June 4, 2010, the base tax year is reduced by fifty percent (50%). The base tax year is the combined income tax and LLET for the first taxable year after December 31, 2005, that ends immediately prior to the activation date. If the base year is for a taxable year beginning before January 1, 2007, the LLET will not apply.

Caution: An approved company under the Environmental Stewardship Act shall not be entitled to the recycling credit provided under the provisions of KRS 141.390 for equipment used in the production of an environmental stewardship project.

Line 15, Clean Coal Incentive Tax Credit—A nonrefundable, nontransferable credit against taxes imposed by KRS 136.120, KRS 141.020, KRS 141.040, or KRS 141.0401 shall be allowed

for a clean coal facility. As provided by KRS 141.428, a clean coal facility means an electric generation facility beginning commercial operation on or after January 1, 2005, at a cost greater than \$150 million that is located in the Commonwealth of Kentucky and is certified by the Environmental and Public Protection Cabinet as reducing emissions of pollutants released during generation of electricity through the use of clean coal equipment and technologies. The amount of the credit shall be two dollars (\$2) per ton of eligible coal purchased that is used to generate electric power at a certified clean coal facility, except that no credit shall be allowed if the eligible coal has been used to generate a credit under KRS 141.0405 for the taxpayer, parent or a subsidiary.

Line 16, Ethanol Tax Credit—An ethanol producer shall be eligible for a nonrefundable tax credit against the taxes imposed by KRS 141.020 or 141.040 and 141.0401 in an amount certified by the department. The credit rate shall be one dollar (\$1) per ethanol gallon produced, unless the total amount of approved credit for all ethanol producers exceeds the annual ethanol tax credit cap. If the total amount of approved credit for all ethanol producers exceeds the annual ethanol tax credit cap, the department shall determine the amount of credit each ethanol producer receives by multiplying the annual ethanol tax credit cap by a fraction, the numerator of which is the amount of approved credit for the ethanol producer and the denominator of which is the total approved credit for all ethanol producers. The credit allowed shall be applied both to the income tax imposed under KRS 141.020 or 141.040 and to the limited liability entity tax imposed under KRS 141.0401, with the ordering of credits as provided in KRS 141.0205. Any remaining ethanol credit shall be disallowed and shall not be carried forward to the next year. “Ethanol producer” is defined as an entity that uses corn, soybeans, or wheat to manufacture ethanol at a location in this Commonwealth.

Line 17, Cellulosic Ethanol Tax Credit—A cellulosic ethanol producer shall be eligible for a nonrefundable tax credit against the taxes imposed by KRS 141.020 or 141.040 and 141.0401 in an amount certified by the department. The credit rate shall be one dollar (\$1) per cellulosic ethanol gallon produced, unless the total amount of approved credit for all cellulosic ethanol producers exceeds the annual cellulosic ethanol tax credit cap. If the total amount of approved credit for all cellulosic ethanol producers exceeds the annual cellulosic ethanol tax credit cap, the department shall determine the amount of credit each cellulosic ethanol producer receives by multiplying the annual cellulosic ethanol tax credit cap by a fraction, the numerator of which is the amount of approved credit for the cellulosic ethanol producer and the denominator of which is the total approved credit for all cellulosic ethanol producers. The credit allowed shall be applied both to the income tax imposed under KRS 141.020 or 141.040 and to the limited liability entity tax imposed under KRS 141.0401, with the ordering of credits as provided in KRS 141.0205. Any remaining cellulosic ethanol credit shall be disallowed and shall not be carried forward to the next year. “Cellulosic ethanol producer” is defined as an entity that uses cellulosic biomass materials to manufacture cellulosic ethanol at a location in this Commonwealth.

Line 18, Energy Efficiency Products Tax Credits—This nonrefundable credit is available to taxpayers who install energy efficiency products for residential and commercial property located in the Commonwealth as provided by KRS 141.436 for taxable years beginning after December 31, 2008, and before January 1, 2016.

Complete Form 5695-K, Kentucky Energy Efficiency Products Tax Credit, to see if you meet the qualifications for this credit.

Individuals or businesses can apply the credit against their state income tax liability and carry the credit forward for one (1)

year if the credit cannot be taken in full in the year in which the installation is completed.

Line 19, Railroad Maintenance and Improvement Credit—The railroad maintenance and improvement credit provided by KRS 141.385 is a nonrefundable credit that can be applied against the taxes imposed by KRS 141.020, KRS 141.040 and KRS 141.0401. The tax credit shall be used in the tax year of the qualified expenditures which generated the tax credit and cannot be carried forward to a return for any other period.

An *eligible taxpayer* means the owner of a Class II or Class III railroad located in Kentucky, the transporter of property using the rail facilities of a Class II or III railroad in Kentucky, or any person that furnishes railroad-related property or services to a Class II or Class III railroad located in Kentucky. A copy of Schedule RR-I must be attached to your return.

Line 20, Endow Kentucky Credit—Effective for taxable years beginning on or after Jan. 1, 2011, the Endow Kentucky Tax Credit was created to encourage donations to community foundations across the Commonwealth. KRS 141.438 was created to allow a nonrefundable income tax and limited liability entity tax credit of 20 percent of the value of the endowment gift, not to exceed \$10,000.

A taxpayer shall attach a copy of the approved Schedule ENDOW to the tax return each year to claim the tax credit against the taxes imposed by KRS 141.020 or 141.040 and 141.0401.

A partner, member or shareholder of a pass-through entity shall attach a copy of Schedule K–1, Form 720S; Schedule K–1, Form 765; or Schedule K–1, Form 765–GP to the partner’s, member’s or shareholder’s tax return each year to claim the tax credit.

Unused credit may be carried forward for use in a subsequent taxable year, for a period not to exceed five years.

SECTION B—PERSONAL TAX CREDITS

Line 1(a), Yourself—You are always allowed to claim a tax credit for yourself (even if your parent(s) can claim a credit for you on their return). On Line 1(a), there are five boxes under three separate headings. Always check the box under “Check Regular” to claim a tax credit for yourself. *If 65 or older*, also check the next two boxes on the line. *If legally blind*, also check the last two boxes on the line.

Line 1(b), Your Spouse—Do not fill in Line 1(b) if (1) you are single; (2) you are married and you and your spouse are filing two separate returns; or (3) your spouse received more than half of his or her support from another taxpayer.

Fill in Line 1(b) if you are married and (1) you and your spouse are filing a joint or combined return, or (2) if your spouse had no income or is not required to file a return. If you meet these criteria, check the first box on Line 1(b) for your spouse. *If your spouse is 65 or older*, also check the next two boxes. *If your spouse was legally blind at the end of the taxable year*, also check the last two boxes on Line 1(b).

Dependents—You are allowed to claim a tax credit for each person defined as a dependent in the Internal Revenue Code. Generally, dependents who qualify for federal purposes also qualify for Kentucky.

Line 2, Dependents Who Live With You

Use to claim tax credits for your dependent children, including stepchildren and legally adopted children, who lived with you

during the taxable year. **If the dependent meets the requirements for a qualifying child under the provisions of IRC 152(c), check the box; this child qualifies to be counted to determine the family size.**

Dependents Who Did Not Live With You

Also use Line 2 to claim tax credits for your dependent children who did not live with you and to claim tax credits for other persons who qualify as dependents. **These dependents do not qualify to be counted to determine the family size.**

Children of Divorced or Separated Parents—Attach a copy of federal Form 8332 filed with your federal return. Children may only be counted for family size by the custodial parent.

Tax Credits for Individuals Supported by More Than One Taxpayer—Attach a copy of federal Form 2120 filed with your federal return.

Kentucky National Guard Members—Persons who were members of the Kentucky National Guard on December 31, 2011, may claim an additional credit on Line 2. Designate this credit with the initials "N.G." Kentucky law specifically restricts this credit to Kentucky National Guard members; military reserve members are not eligible.

SECTION C—FAMILY SIZE TAX CREDIT

Children may only be counted for family size by the custodial parent. Even if you have signed federal Form 8332 and may not claim the child as a dependent, you may count children who otherwise meet the requirements for the Family Size Tax Credit.

You must include in Section C the names and Social Security numbers of the qualifying children that are not claimed as dependents in Section B in order to count them in your total family size.

SIGN RETURN—Be sure to sign on page 3 after completion of pages 1, 2, 3 and 4 of your return. Each return must be signed by the taxpayer. Joint and combined returns must be signed by both husband and wife. Returns that are not signed may be returned to you for signature.

Please enter a telephone number where you can be reached during regular working hours. You may be contacted for additional information needed to complete processing of your tax return.

INSTRUCTIONS FOR SCHEDULE A

FORM 740-NP

You may itemize your deductions for Kentucky even if you do not itemize for federal purposes. Amounts entered on Schedule A should be total deductions for the taxable period.

These amounts are prorated on Form 740-NP, page 1. If you do not itemize, a standard deduction of \$2,240 is allowed and does not have to be prorated.

Special Rules for Married Couples—If one spouse itemizes deductions, the other must itemize. Married couples filing a joint federal return and who wish to file separate returns for Kentucky may: (a) file separate Schedules A showing the specific deductions claimed by each; (b) file a joint Schedule A, divide the total deductions between them based on the percentage of each spouse's income to total income, and attach a copy to each return; or (c) each spouse may claim the standard deduction of \$2,240.

MEDICAL AND DENTAL EXPENSES

Federal rules apply. You may deduct only your medical and dental expenses that exceed 7.5 percent of Form 740-NP, Line 8. Do not include any expenses deducted on Form 740-NP, page 4, Section D, Column B, Line 31 or Line 32. Married taxpayers filing separate Forms 740-NP who choose to file one Schedule A and prorate the total must combine the Line 8 amounts from both returns.

TAXES

You may not deduct new motor vehicle taxes, sales tax, state or federal income taxes paid or withheld, otherwise federal rules apply.

INTEREST

You may deduct interest that you have paid during the taxable year on a home mortgage. You may not deduct interest paid on credit or charge card accounts, a life insurance loan, an automobile or other consumer loan, delinquent taxes or on a personal note held by a bank or individual.

Interest paid on business debts should be deducted as a business expense on the appropriate business income schedule.

You may not deduct interest on an indebtedness of another person when you are not legally liable for payment of the interest. Nor may you deduct interest paid on a gambling debt or any other nonenforceable obligation. Interest paid on money borrowed to buy tax-exempt securities or single premium life insurance is not deductible.

Line 10—List the interest and points (including "seller-paid points") paid on your home mortgage to financial institutions and reported to you on federal Form 1098.

Line 11—List other interest paid on your home mortgage and not reported to you on federal Form 1098. Show name and address.

Line 12—List points (including "seller-paid points") not reported to you on federal Form 1098. Points (including loan origination fees) charged only for the use of money and paid with funds other than those obtained from the lender are deductible over the life of the mortgage. However, points may be deducted in the year paid if all three of the following apply: (1) the loan was used to **buy, build or improve your main home**, and was secured by that home, (2) the points did not exceed the points usually charged in the area where the loan was made, and were figured as a percentage of the loan amount, and (3) if the loan was used to **buy or build** the home, you must have provided funds (see below) at least equal to the points charged. If the loan was used to **improve**

the home, you must have paid the points with funds other than those obtained from the lender.

Funds provided by you include down payments, escrow deposits, earnest money applied at closing, and other amounts actually paid at closing. They do not include amounts you borrowed as part of the overall transaction.

Seller-Paid Points—If you are the buyer, you may be able to deduct points the seller paid in 2011. You can do this if the loan was used to buy your main home and the points meet item 2 above. You must reduce your basis in the home by those points, even if you do not deduct them.

The seller cannot deduct these points as interest. However, they are a selling expense that reduces the amount realized by the seller. See federal Publication 523 for information on selling your home.

This generally does not apply to points paid to refinance your mortgage. Federal rules apply. See federal Publication 936 for more information.

Line 13, Qualified Mortgage Insurance Premiums—Premiums that you pay or accrue for “qualified mortgage insurance” during 2011 in connection with home acquisition debt on your qualified home are deductible as home mortgage insurance premiums. Qualified mortgage insurance is mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and private mortgage insurance. Mortgage insurance premiums you paid or accrued on any mortgage insurance contract issued before January 1, 2007, are not deductible.

Limit on amount you can deduct. You cannot deduct your mortgage insurance premiums if the amount on Form 740-NP, line 8, is more than \$109,000 (\$54,500 if married filing separate returns). If the amount on Form 740-NP, line 8, is more than \$100,000 (\$50,000 if married filing separate returns), your deduction is limited and you must use the worksheet below to figure your deduction.

Qualified Mortgage Insurance Premiums Deduction Worksheet

See the instructions for Line 13 above to see if you must use this worksheet to figure your deduction.

1. Enter the total premiums you paid in 2011 for qualified mortgage insurance for a contract entered into on or after January 1, 2007	1. _____
2. Enter the amount from Form 740-NP, page 1, Line 8.....	2. _____
3. Enter \$100,000 (\$50,000 if married filing separate returns).....	3. _____
4. Is the amount on Line 2 more than the amount on Line 3? <input type="checkbox"/> No. Your deduction is not limited. Enter the amount from Line 1 above on Schedule A, Line 13. <input type="checkbox"/> Yes. Subtract Line 3 from Line 2. If the result is not a multiple of \$1,000 (\$500 if married filing separate returns), increase it to the next multiple of \$1,000 (\$500 if married filing separate returns). For example, increase \$425 to \$1,000, increase \$2,025 to \$3,000; or if married filing separate returns, increase \$425 to \$500, increase \$2,025 to \$2,500, etc.	4. _____
5. Divide Line 4 by \$10,000 (\$5,000 if married filing separate returns). Enter the result as a decimal. If the result is 1.0 or more, enter 1.0.....	5. _____
6. Multiply Line 1 by Line 5.....	6. _____
7. Qualified mortgage insurance premiums deduction. Subtract Line 6 from Line 1. Enter the result here and on Schedule A, Line 13	7. _____

Line 14, Interest on Investment Property—Investment interest is interest paid on money you borrowed that is allocable to property held for investment. It does not include any interest allocable to a passive activity.

Attach federal Form 4952, Investment Interest Expense Deduction.

Exception. You do not have to file federal Form 4952 if all three of the following apply:

- (a) your investment interest is not more than your investment income from interest and ordinary dividends,
- (b) you have no other deductible investment expenses, and
- (c) you have no disallowed investment interest expense from 2010.

For more details, see federal Publication 550, Investment Income and Expenses.

CONTRIBUTIONS

You may deduct what you actually gave to organizations that are religious, charitable, educational, scientific or literary in purpose. You may also deduct what you gave to organizations that work to prevent cruelty to children or animals. In general, contributions deductible for federal income tax purposes are also deductible for Kentucky.

You are required to maintain receipts, cancelled checks or other reliable written documentation showing the name of the organization and the date and amount given to support claimed deductions for charitable contributions.

Separate contributions of \$250 or more require written substantiation from the donee organization in addition to your proof of payment. It is your responsibility to secure substantiation. A letter or other documentation from the qualifying charitable organization that acknowledges receipt of the contribution and shows the date and amount constitutes a receipt. This substantiation should be kept in your files. Do not send it with your return.

In addition, enter on Line 17 the value of a leasehold interest property contributed to a charitable organization to provide temporary housing for the homeless. Attach Schedule HH.

CASUALTY AND THEFT LOSSES

Use Line 20 to report casualty or theft losses of property that is not trade, business, rent or royalty property. Attach federal Form 4684, Casualties and Thefts, or a similar statement to figure your loss. Enter on Line 20 the amount of loss from federal Form 4684.

Losses You MAY Deduct

You may be able to deduct all or part of each loss caused by theft, vandalism, fire, storm, and car, boat and other accidents or similar causes. You may also be able to deduct money you had in a financial institution but lost because of the insolvency or bankruptcy of the institution.

You may deduct nonbusiness casualty or theft losses only to the extent that:

- (a) the amount of **each** separate casualty or theft loss is more than \$100, and
- (b) the total amount of **all** losses during the year is more than 10 percent of Form 740-NP, page 1, Line 8.

Note: Married taxpayers filing separate Forms 740-NP who choose to file one Schedule A and prorate the total must combine the Line 8 amounts from both returns.

Special rules apply if you had both gains and losses from nonbusiness casualties or thefts. See federal Form 4684 for details.

Losses You MAY NOT Deduct

Money or property misplaced or lost.

Breakage of china, glassware, furniture and similar items under normal conditions.

Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects or disease.

Deduct the costs of proving you had a property loss as a miscellaneous deduction on Line 26. (Examples of these costs are appraisal fees and photographs used to establish the amount of your loss.)

For more details, see federal Publication 547, Nonbusiness Disasters, Casualties, and Thefts. It also gives information about federal disaster area losses.

MISCELLANEOUS DEDUCTIONS

Most miscellaneous deductions cannot be deducted in full. You must subtract 2 percent of your adjusted gross income from the total. Compute the 2 percent limit on Line 29.

Note: Married taxpayers filing separate Forms 740-NP who choose to file one Schedule A and prorate the total must combine the Line 8 amounts from both returns.

Generally, the 2 percent limit applies to job expenses you paid for which you were not reimbursed (Line 24). The limit also applies to certain expenses you paid to produce or collect taxable income (Line 26). See the instructions for Lines 24, 25 and 26 for examples of expenses to claim on these lines.

The 2 percent limit does not apply to certain other miscellaneous expenses that you may deduct. These expenses can be deducted in full on Line 31. The Line 31 instructions describe these expenses. Included are deductible gambling losses (to the extent of winnings) and certain job expenses of disabled employees. See federal Publication 529, Miscellaneous Deductions, for more information.

Expenses Subject to the 2 Percent Limit

Important: The increase in first-year luxury automobile depreciation caps, the 30 percent and **the 50 percent** special depreciation allowance, the additional New York Liberty Zone Section 179 deduction for property placed in service after September 10, 2001, and **the increased Section 179 deduction limits and thresholds for property placed in service after December 31, 2002**, are not allowable for Kentucky tax purposes. For passenger automobiles purchased after September 10, 2001, you must compute Kentucky depreciation in accordance with the IRC in effect on December 31, 2001.

Create a Kentucky Form 2106 by entering **Kentucky** at the top center of a federal Form 2106, Employee Business Expenses. Complete Section D—Depreciation of Vehicles in accordance with the IRC in effect on December 31, 2001. **Attach a copy of the federal Form 2106 filed for federal income tax purposes if no adjustments are required.**

Line 24—Use this line to report job-related expenses you paid for which you were not reimbursed. In some cases you **MUST** first fill out Form 2106, Employee Business Expenses, or Form 2106-EZ, Unreimbursed Employee Business Expenses. Fill out Form 2106-EZ if you claim any unreimbursed travel, transportation, meal or entertainment expenses for your job.

Fill out Form 2106 if your employer paid you for any of your job-related expenses reportable on Line 24.

Enter the amount of unreimbursed employee business expenses from Form 2106 or 2106-EZ on Line 24 of Schedule A.

If you do not have to fill out Form 2106 or 2106-EZ, list the type and amount of your expenses in the space provided. If you need more space, attach a statement showing the type and amount of the expense. Enter one total on Line 24.

Line 25—Use this line to report tax return preparation fees paid during the taxable year including fees paid for filing your return electronically.

Line 26—Use this line for amounts you paid to produce or collect taxable income and manage or protect property held for earning income. List the type and amount of each expense in the space provided. If you need more space, attach a statement showing the type and amount of each expense. Enter one total on Line 26.

LINE 31—OTHER MISCELLANEOUS DEDUCTIONS

Use this line to report miscellaneous deductions that are NOT subject to the 2 percent adjusted gross income limit. Only the expenses listed below can be deducted on Line 31.

Expenses NOT Subject to the 2 Percent Limit

Gambling losses to the extent of gambling winnings. Gambling winnings must be included on Form 740-NP, Section D, Line 15. (**Note:** Gambling losses must be verified by supplemental records. These include a diary and unredeemed tickets, payment slips and winning statements.)

Federal estate tax on income in respect of a decedent.

Amortizable bond premium on bonds acquired before October 23, 1986.

Deduction for repayment of amounts under a claim of right if more than \$3,000. See federal Publication 525.

Unrecovered investment in a pension.

Impairment-related work expenses of a disabled person.

Casualty and theft losses of income-producing property.

List the type and amount of each expense. Enter one total on Line 31. For more information on these expenses, see federal Publication 529.

LINE 32—TOTAL ITEMIZED DEDUCTIONS

Dividing Deductions Between Spouses—Married taxpayers combining itemized deductions must divide the itemized deductions if filing separate Kentucky returns or if one spouse is not filing a Kentucky return. Complete Lines 33 through 36, Schedule A.

Instructions for Form 2210-K

Purpose of Form—Use this form to determine if you owe an underpayment of estimated tax penalty for failing to prepay 70% of your tax liability and/or interest for failing to make four equal estimated tax installments timely. You may be subject to one or both even if you are due a refund when you file your tax return.

Underpayment of Estimated Tax Penalty—You may be charged an underpayment of estimated tax penalty if you did not prepay 70% of your tax liability and you did not meet one of the exceptions listed in Part I.

Estimated Tax Interest—You may also be charged interest if you failed to make four equal installments timely pursuant to KRS 141.305. These payments are due by April 15, June 15, September 15 of the taxable year, and on January 15 of the succeeding taxable year. Failure to make these equal installments timely may result in interest due pursuant to KRS 141.985. The interest is computed separately for each due date.

- If you paid estimated tax on January 16th or 17th, 2012, it is considered paid on January 15th, 2012, to the extent it is applied to the fourth required installment.

Part I—Exceptions and Exclusions—The underpayment of estimated tax penalty may not apply if one of the exceptions listed in Part I is met. If you meet one or more of the exceptions, check the appropriate block(s), complete the lines associated with the exception and check the “Form 2210-K attached” block on form 740, line 41a (Form 740-NP, line 41a). If none of the exceptions apply, go to Part II.

Part II—Figuring the Underpayment and Penalty—Only complete this section if the additional tax due exceeds \$500 and you do not meet one of the exceptions listed in Part I. Do not include amounts that were prepaid with extension or payments made after the due date of the fourth declaration installment. To avoid this penalty in the future, obtain and file Form 740-ES.

Part III—Required Annual Payment and Interest Calculation—This section is used to calculate your required annual payment. The required annual payment is used to calculate the amount of payment that you should have made each quarter. If you do not pay the required amount in each quarter, you will be subject to interest until that payment is made. You may not be required to pay estimated tax payments if you meet one of the following exceptions:

- Taxpayer died during the taxable year
- Declaration was not required until after September 1, 2011, and the taxpayer files a return and pays the full amount of the tax computed on the return on or before February 1, 2012.
- Two-thirds (2/3) or more of the gross income was from farming; this return is being filed on or before March 1, 2012; and the total tax due is being paid in full.
- Prepaid your last years tax liability with timely payments.

Lines 1–7—Calculates your required annual payment which is the lesser of your current years income tax liability or your previous years tax liability. If you have paid withholding that exceeds the lesser of the two, you do not owe interest and you do not need to complete the rest of the form.

Line 8—Multiply line 7, page 2, by 25 percent (.25) and enter amount in columns A through D. However, if your source(s) of income changed unexpectedly throughout the year or your income was received later in the year, the required number of installments may be fewer.

A taxpayer who is not required to pay estimated tax in four equal installments at the beginning of the year may be required to make installment payments during the remainder of the year. Refer to the payment due dates at the top of columns A – D to determine how many installments you are required to make based on when your income changed or was received.

If you are required to make 3 installments, multiply line 7 by 33.3 percent (.333) and enter in columns B through D.

If you are required to make 2 installments, multiply line 7 by 50 percent (.50) and enter in columns C and D.

If you are required to only make 1 installment, multiply line 7 by 100 percent (1.00) and enter in column D.

Line 9—Enter the sum of estimated tax payments made and Kentucky withholding for each quarter. If you have Kentucky income tax withheld, multiply the total by 25 percent (.25) and enter in columns A through D. If you had a credit forward from a prior year return, enter the total amount in Column A only.

Note: Complete lines 10 through 17 for Column A before going to Column B, etc.

Line 10—Enter amount from line 17 of the previous column. This amount should be the overpayment if any from the previous column.

Line 12—Enter amount from line 16 of the previous column. This amount should be the underpayment amount from the previous column that will be carried over to each column until the payment is made.

Line 16—This is the underpayment amount for that column and any underpayment from the previous columns. The underpayment will continue to carryover to the next column until the payment is made or the due date, whichever is earlier.

Figuring the Interest—Interest will be calculated on each underpayment in each column from the payment due date written above line 8 to the date on line 18 or the date the payment was made, whichever is earlier. The underpayments will carryover to the next column and be added to that column's underpayment to calculate interest on that balance.

Line 18—Use this date to calculate the number of days that the current interest amount will be based upon, unless the underpayment was paid prior to this date.

Line 19—This is the number of days from the payment due date shown above line 8 to the date the amount on line 16 was paid or the date shown on line 18 for the column in which you are calculating interest.

For example, if your underpayment on line 16 for column A is \$1,000, you would calculate the interest from 4–15–11 to 6–15–11 and enter 61 days on line 19. If this \$1,000 remains unpaid, it will be added to any underpayment in column B and you would calculate interest from 6–15–11 until 9–15–11 which would be 92 days for that period, etc.

Line 20—The annual interest rate is established by the Department of Revenue for each calendar year. The interest rate for calendar year 2011 is 5 percent and the interest rate for calendar year 2012 is 6 percent. The interest calculation for the required third installment payment may be calculated using two different interest rates.

INSTRUCTIONS FOR FORM 5695-K

Purpose of Form—This form is used by a taxpayer to claim a tax credit for installation of energy efficiency products for residential and commercial property as provided by KRS 141.436. The nonrefundable credit shall apply against tax imposed under KRS 141.020 or 141.040, and KRS 141.0401 for taxable years beginning after December 31, 2008, and before January 1, 2016. An unused tax credit may be carried forward one year.

PART I – QUALIFICATIONS

The tax credit provided by KRS 141.436 shall apply in the tax year in which the installation is complete. If the installation was completed before January 1, 2011, or after December 31, 2011, you do not qualify for this credit. If you have taken the ENERGY STAR home or the ENERGY STAR manufactured home tax credit provided by KRS 141.437, you do not qualify for this credit.

PART II – INSTALLATION OF ENERGY EFFICIENCY PRODUCTS

Taxpayer's Residence or Single-family or Multifamily Residential Rental Unit:

Line 1—Enter the installed cost of qualified upgraded insulation. KRS 141.435(15) provides that “upgraded insulation” means insulation with the following R-value ratings: (a) Attic insulation rated R-38 or higher; (b) Exterior wall, crawl space, and basement exterior wall insulation rated R-13 or higher; and (c) Floor insulation rated R-19 or higher.

Line 2—Enter the amount on Line 1 multiplied by 30 percent (.30).

Line 3—Enter the total of the amounts from Form 720S, Schedule K-1, Line 26 and Form 765 or Form 765-GP, Schedule K-1, Line 27.

Line 4—Enter the total of Lines 2 and 3.

Line 6—Enter the smaller of Line 4 or Line 5.

Line 7—Enter the installed cost of qualified energy-efficient windows and storm doors. KRS 141.435(8) provides that “energy-efficient windows and storm doors” means windows and storm doors that are: (a) ENERGY STAR-labeled; and (b) Certified by the National Fenestration Rating Council as meeting the North-Central U.S. climate zone performance standards for U-factor (nonsolar heat conductance), solar heat gain coefficient, air leakage, visible-light transmittance, and condensation resistance.

Line 8—Enter the amount on Line 7 multiplied by 30 percent (.30).

Line 9—Enter the total of the amounts from Form 720S, Schedule K-1, Line 27 and Form 765 or Form 765-GP, Schedule K-1, Line 28.

Line 10—Enter the total of Lines 8 and 9.

Line 12—Enter the smaller of Line 10 or Line 11.

Line 13—Enter the installed cost of qualified energy property. KRS 141.435(12) provides that “qualified energy property” means the following property that meets the performance, quality, and certification standards of and that would have been eligible for the federal tax credit for residential energy property expenditures under 26 U.S.C. § 25C, as it existed on December 31, 2007: (a) An electric heat pump water heater; (b) An electric heat pump; (c) A closed loop geothermal heat pump; (d) An open loop geothermal heat pump; (e) A direct expansion (DX) geothermal heat pump; (f) A central air conditioner; (g) A

natural gas, propane, or oil furnace or hot water heater; (h) A hot water boiler including outdoor wood-fired boiler units; or (i) An advanced main air circulating fan.

Line 14—Enter the amount on Line 13 multiplied by 30 percent (.30).

Line 15—Enter the total of the amounts from Form 720S, Schedule K-1, Line 28 and Form 765 or Form 765-GP, Schedule K-1, Line 29.

Line 16—Enter the total of Lines 14 and 15.

Line 18—Enter the smaller of Line 16 or Line 17.

Line 19—Enter the total of Lines 6, 12, and 18.

Line 21—Enter the smaller of Line 19 or Line 20.

Taxpayer's Residence or Single-family Residential Rental Unit:

Line 22—Enter the installed cost of a qualified active solar space-heating system. KRS 141.435(1) provides that “active solar space-heating system” means a system that: (a) Consists of solar energy collectors that collect and absorb solar radiation combined with electric fans or pumps to transfer and distribute that solar heat; (b) May include an energy storage space-heating system to provide heat when the sun is not shining; and (c) Is installed by a certified installer.

Line 23—Enter the installed cost of a qualified passive solar space-heating system. KRS 141.435(11) provides that “passive solar space-heating system” means a system that: (a) Takes advantage of the warmth of the sun through the use of design features such as large south-facing windows and materials in the floors or walls that absorb warmth during the day and release that warmth at night; (b) Includes one or more of the following designs: (i) Direct gain which stores and slowly releases heat energy collected from the sun shining directly into the building and warming materials such as tile or concrete; (ii) Indirect gain which uses materials that are located between the sun and the living space such as a wall to hold, store, and release heat; or (iii) Isolated gain which collects warmer air from an area that is remote from the living space, such as a sunroom attached to a house, and the warmer air flows naturally to the rest of the house; and (c) Meets the guidelines and technical requirements for passive solar design.

Line 24—Enter the installed cost of a qualified combined active solar space-heating and water-heating system. KRS 141.435(3) provides that a “combined active solar space-heating and water-heating system” means a system that meets the requirements of both an active solar space-heating system and a solar water-heating system and is installed by a certified installer.

Line 25—Enter the installed cost of a qualified solar water-heating system. KRS 141.435(14) provides that a “solar water-heating system” means a system that: (a) Uses solar-thermal energy to heat water; (b) Is an indirect pressurized glycol system that uses propylene glycol or an indirect drainback system that uses distilled water or propylene glycol; (c) Uses OG-100 solar thermal collectors that are certified by the Solar Rating and Certification Corporation and covered by a manufacturer's warranty of not less than five years; (d) Is installed by a certified installer; and (e) Is warranted by the certified installer for a period of not less than two years.

Line 26—Enter the installed cost of a qualified wind turbine or wind machine. KRS 141.435(16) provides that a “wind turbine” or “wind machine” means a turbine or machine used for

INSTRUCTIONS FOR FORM 5695-K

electricity that: (a) Is certified as meeting the U.S. Wind Industry Consensus Standards developed by the American Wind Energy Association in partnership with the U.S. Department of Energy; (b) Is covered by a manufacturer's warranty of not less than five years; (c) Is in compliance with all relevant building codes, height restriction variances, other special code requirements, and zoning ordinances; (d) Has been installed in accordance with all building codes and all permits were received prior to the start of construction and installation; (e) Is in compliance with all applicable Federal Aviation Administration regulations; (f) Meets all requirements of Article 705 of the National Electrical Code for electrical components and installations; and (g) Is rated and listed by Underwriters Laboratories.

Line 27—Enter the total of Lines 22 through 26.

Line 28—Enter the amount on Line 27 multiplied by 30 percent (.30).

Line 29—Enter the total of the amounts from Form 720S, Schedule K-1, Line 29 and Form 765 or Form 765-GP, Schedule K-1, Line 30.

Line 30—Enter the total of Lines 28 and 29.

Line 31—Enter the total watts of direct current (DC) (enter watts in space provided on this line) of the rated capacity of a qualified solar photovoltaic system multiplied by \$3. KRS 141.435(13) provides that a "solar photovoltaic system" means a system for electricity generation that: (a) Includes solar photovoltaic panels, structural attachments, electric wiring, inverters for converting direct current output to alternating current, and appropriate controls and safety measures for output monitoring; (b) Meets the requirements of Article 690 of the National Electrical Code; (c) Uses solar photovoltaic panels and inverters that are rated and listed by Underwriters Laboratories; and (d) Is installed by a certified installer.

Line 32—Enter the total of the amounts from Form 720S, Schedule K-1, Line 30 and Form 765 or Form 765-GP, Schedule K-1, Line 31.

Line 33—Enter the total of Lines 31 and 32.

Line 34—Enter the larger of Line 30 or Line 33.

Line 36—Enter the smaller of Line 34 or Line 35.

Multifamily Residential Rental Unit or Commercial Property:

Line 37—Enter the installed cost of a qualified active solar space-heating system. See instructions for Line 22 to determine qualified cost.

Line 38—Enter the installed cost of a qualified passive solar space-heating system. See instructions for Line 23 to determine qualified cost.

Line 39—Enter the installed cost of a qualified combined active solar space-heating and water-heating system. See instructions for Line 24 to determine qualified cost.

Line 40—Enter the installed cost of a qualified solar water-heating system. See instructions for Line 25 to determine qualified cost.

Line 41—Enter the installed cost of a qualified wind turbine or wind machine. See instructions for Line 26 to determine qualified cost.

Line 42—Enter the total of Lines 37 through 41.

Line 43—Enter the amount on Line 42 multiplied by 30 percent (.30).

Line 44—Enter the total of the amounts from Form 720S, Schedule K-1, Line 31 and Form 765 or Form 765-GP, Schedule K-1, Line 32.

Line 45—Enter the total of Lines 43 and 44.

Line 46—Enter the total watts of direct current (DC) (enter watts in space provided on this line) of the rated capacity of a qualified solar photovoltaic system multiplied by \$3. See instructions for Line 31 to determine qualified cost.

Line 47—Enter the total of the amounts from Form 720S, Schedule K-1, Line 32 and Form 765 or Form 765-GP, Schedule K-1, Line 33.

Line 48—Enter the total of Lines 46 and 47.

Line 49—Enter the larger of Line 45 or Line 48.

Line 51—Enter the smaller of Line 49 or Line 50.

Commercial Property:

Line 52—Enter the installed cost of a qualified energy-efficient interior lighting system. KRS 141.435(6) provides that "energy-efficient interior lighting system" means an interior lighting system that meets the maximum reduction in lighting power density requirements for the federal energy efficient commercial building deduction under 26 U.S.C. § 179D, as in effect December 31, 2007.

Line 53—Enter the amount on Line 52 multiplied by 30 percent (.30).

Line 54—Enter the total of the amounts from Form 720S, Schedule K-1, Line 33 and Form 765 or Form 765-GP, Schedule K-1, Line 34.

Line 55—Enter the total of Lines 53 and 54.

Line 57—Enter the smaller of Line 55 or Line 56.

Line 58—Enter the installed cost of a qualified energy-efficient heating, cooling, ventilation, or hot water system. KRS 141.435(7) provides that "energy-efficient heating, cooling, ventilation, or hot water system" means a heating, cooling, ventilation, or hot water system that meets the requirements for the federal energy-efficient commercial building deduction under 26 U.S.C. § 179D, as in effect December 31, 2007.

Line 59—Enter the amount on Line 58 multiplied by 30 percent (.30).

Line 60—Enter the total of the amounts from Form 720S, Schedule K-1, Line 34 and Form 765 or Form 765-GP, Schedule K-1, Line 35.

Line 61—Enter the total of Lines 59 and 60.

Line 63—Enter the smaller of Line 61 or Line 62.

Line 64—Enter the total of Lines 57 and 63.

Line 65—Enter the total of Lines 21, 36, 51 and 64.

Line 66—Enter the carry forward balance of any Energy Efficiency Products Tax Credit earned in 2010, if applicable.

Line 67—Enter the total of Lines 65 and 66.

Instructions for Form 8863-K

Purpose of Form—Use Form 8863-K to calculate and claim your education credits. The education credits are: the Hope Credit and the Lifetime Learning Credit. These credits are based on qualified education expenses paid to an eligible postsecondary educational institution located in Kentucky. If you elected to claim the education credit for federal purposes rather than the tuition and fees deduction, you must make that same election for Kentucky purposes.

Caution: Requirements for the 2011 Kentucky Education Tuition Tax Credit are different from the federal education requirements due to Kentucky not adopting the American Recovery and Reinvestment Act of 2009.

Qualified Education Expenses—Generally, qualified education expenses are amounts paid in 2011 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution. It does not matter whether the expenses were paid in cash, by check, by credit card, or with borrowed funds.

Eligible Educational Institution located in Kentucky—An eligible educational institution is generally any accredited public, nonprofit, or private college, university, vocational school, or other postsecondary institution. Also, the institution must be eligible to participate in a student aid program administered by the Department of Education. The institution must also be physically located in Kentucky to qualify.

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 may be able to take a credit of up to 25% of \$1,800 for qualified education expenses paid for each student who qualifies for the Hope Credit. The Hope Credit equals 100% of the first \$1,200 and 50% of the next \$1,200 of qualified expenses paid for each eligible student. For Kentucky, the credit is then limited to 25% for a maximum amount allowed of \$450 for each student who qualified. You can take the Hope Credit for a student if all of the following apply.

- As of the beginning of 2011, the student had not completed the first 2 years of postsecondary education (generally, the freshman and sophomore years of college), as determined by the eligible educational institution. For this purpose, do not include academic credit awarded solely because of the student's performance on proficiency exams.
- The student was enrolled in 2011 in a program that leads to a degree, certificate, or other recognized educational credential.
- The student was taking at least one-half the normal full-time workload for his or her course of study for at least one academic period beginning in 2011.
- The Hope Credit was not claimed for that student's expenses in more than one prior tax year.
- The student has not been convicted of a felony for possessing or distributing a controlled substance.

Note: If a student does not meet all of the above qualifications, you may be able to take the Lifetime Learning Credit for part or all of the student's qualified education expenses.

Line 1, Columns A and B—Enter student's name, Social Security number and the name and address of qualified Kentucky institution.

Line 1, Column C—Enter qualified expenses; do not enter more than \$2,400 for each student.

Line 1, Column D—Enter the amount from Column C or \$1,200, whichever is smaller.

Line 1, Column E—Add Column C and Column D.

Line 1, Column F—Enter one-half of the amount in Column E.

Line 2—Add all amounts in Column F for all students to compute your tentative Hope credit. If you have expenses for more than two students, attach a list to Form 8863-K and list the total for all students on Line 2. If you are taking the Lifetime Learning Credit for another student, go to Part III; otherwise go to Part IV.

Part III—Lifetime Learning Credit—You may be able to take 25% of the Lifetime Learning Credit that equals 20% of qualified expenses paid, up to a maximum of \$10,000 of qualified expenses per return. The maximum amount of Lifetime Learning Credit you can claim on your tax return for the tax year is \$2,000. For Kentucky, the Lifetime Learning Credit is then limited to 25% of the \$2,000 for a maximum allowed of \$500 per return.

Line 3, Column A–D—Enter student's name, Social security number, name and address of qualified Kentucky institution and amount of qualified expenses.

Line 4—Add all amounts in Column D for all students.

Line 5—Enter the smaller of Line 4 or \$10,000.

Line 6—Multiply Line 5 by 20%. Do not enter more than \$2,000. This is your tentative Lifetime Learning Credit.

Line 7—Add Line 2 (tentative Hope Credit) and Line 6 (tentative Lifetime Learning Credit) to get your tentative Kentucky Education Credits. Enter the amount on Line 7 and on page 2, Line 8.

Part IV—Allowable Education Credits—

Line 9 – Line 13—You cannot take any Kentucky Education Credits if your federal adjusted gross income (federal Form 1040, Line 37 or 1040A, Line 21) exceeds \$122,000 if married, filing jointly or married, filing separately on a combined return (\$61,000 if single). **If you are filing a separate return, you do not qualify for this credit.** If your income is greater than \$100,000, you may only be entitled to a portion of the credits, if any. Proceed to Line 14 if your income is less than \$100,000.

Line 14—Enter the amount from Line 8 if your credit was not limited based on income. If the credit was limited based on income, multiply the amount on Line 8 by the decimal amount on Line 13.

Line 15—Multiply Line 14 by 25% (.25). This is your tentative Kentucky allowable credit.

Line 16—Enter the tentative tax from Form 740 or Form 740-NP, page 1, Line 22.

Line 17—Enter the amount from page 2, Part V, Line 37. This is the allowable credit carryforward from prior year(s). If there is no carryforward, enter zero.

Line 18—Subtract Line 17 from Line 16.

Line 19—Enter the smaller of Line 18 or Line 15.

Line 20—Add Lines 17 and 19. Enter here and on Form 740 or Form 740-NP, Line 23. This is your allowable 2011 education credit.

Line 21—If Line 18 is smaller than Line 15, subtract Line 18 from Line 15. This is the amount of unused credit carryforward from 2011 to 2012. Maintain records for following years.

Part V, Credit Carryforward from Prior Years—The Kentucky Education Tuition Tax credit can be carried forward for up to 5 years if unused during the preceding tax year(s). You must have completed Form 8863-K for any prior year in which you are claiming a credit carryforward.

TAX TABLE—2011 KENTUCKY INDIVIDUAL INCOME TAX

Read down the taxable income columns below until you find the bracket for the Taxable Income entered on Form 740-EZ, Line 3; Form 740, Line 11; or Form 740-NP, Line 13. Enter the tax on Form 740-EZ, Line 4; Form 740, Line 12, Column A and/or B; or Form 740-NP, Line 14.

If Taxable Income			If Taxable Income			If Taxable Income			If Taxable Income		
Is Over	But Not Over	Tax	Is Over	But Not Over	Tax	Is Over	But Not Over	Tax	Is Over	But Not Over	Tax
\$ 0	\$ 100	\$ 1	\$ 6,500	\$ 6,600	\$208	\$13,000	\$13,100	\$573	\$19,500	\$19,600	\$ 950
100	200	3	6,600	6,700	213	13,100	13,200	579	19,600	19,700	956
200	300	5	6,700	6,800	218	13,200	13,300	585	19,700	19,800	962
300	400	7	6,800	6,900	223	13,300	13,400	590	19,800	19,900	967
400	500	9	6,900	7,000	228	13,400	13,500	596	19,900	20,000	973
500	600	11	7,000	7,100	233	13,500	13,600	602	20,000	20,100	979
600	700	13	7,100	7,200	238	13,600	13,700	608	20,100	20,200	985
700	800	15	7,200	7,300	243	13,700	13,800	614	20,200	20,300	991
800	900	17	7,300	7,400	248	13,800	13,900	619	20,300	20,400	996
900	1,000	19	7,400	7,500	253	13,900	14,000	625	20,400	20,500	1,002
1,000	1,100	21	7,500	7,600	258	14,000	14,100	631	20,500	20,600	1,008
1,100	1,200	23	7,600	7,700	263	14,100	14,200	637	20,600	20,700	1,014
1,200	1,300	25	7,700	7,800	268	14,200	14,300	643	20,700	20,800	1,020
1,300	1,400	27	7,800	7,900	273	14,300	14,400	648	20,800	20,900	1,025
1,400	1,500	29	7,900	8,000	278	14,400	14,500	654	20,900	21,000	1,031
1,500	1,600	31	8,000	8,100	283	14,500	14,600	660	21,000	21,100	1,037
1,600	1,700	33	8,100	8,200	289	14,600	14,700	666	21,100	21,200	1,043
1,700	1,800	35	8,200	8,300	295	14,700	14,800	672	21,200	21,300	1,049
1,800	1,900	37	8,300	8,400	300	14,800	14,900	677	21,300	21,400	1,054
1,900	2,000	39	8,400	8,500	306	14,900	15,000	683	21,400	21,500	1,060
2,000	2,100	41	8,500	8,600	312	15,000	15,100	689	21,500	21,600	1,066
2,100	2,200	43	8,600	8,700	318	15,100	15,200	695	21,600	21,700	1,072
2,200	2,300	45	8,700	8,800	324	15,200	15,300	701	21,700	21,800	1,078
2,300	2,400	47	8,800	8,900	329	15,300	15,400	706	21,800	21,900	1,083
2,400	2,500	49	8,900	9,000	335	15,400	15,500	712	21,900	22,000	1,089
2,500	2,600	51	9,000	9,100	341	15,500	15,600	718	22,000	22,100	1,095
2,600	2,700	53	9,100	9,200	347	15,600	15,700	724	22,100	22,200	1,101
2,700	2,800	55	9,200	9,300	353	15,700	15,800	730	22,200	22,300	1,107
2,800	2,900	57	9,300	9,400	358	15,800	15,900	735	22,300	22,400	1,112
2,900	3,000	59	9,400	9,500	364	15,900	16,000	741	22,400	22,500	1,118
3,000	3,100	62	9,500	9,600	370	16,000	16,100	747	22,500	22,600	1,124
3,100	3,200	65	9,600	9,700	376	16,100	16,200	753	22,600	22,700	1,130
3,200	3,300	68	9,700	9,800	382	16,200	16,300	759	22,700	22,800	1,136
3,300	3,400	71	9,800	9,900	387	16,300	16,400	764	22,800	22,900	1,141
3,400	3,500	74	9,900	10,000	393	16,400	16,500	770	22,900	23,000	1,147
3,500	3,600	77	10,000	10,100	399	16,500	16,600	776	23,000	23,100	1,153
3,600	3,700	80	10,100	10,200	405	16,600	16,700	782	23,100	23,200	1,159
3,700	3,800	83	10,200	10,300	411	16,700	16,800	788	23,200	23,300	1,165
3,800	3,900	86	10,300	10,400	416	16,800	16,900	793	23,300	23,400	1,170
3,900	4,000	89	10,400	10,500	422	16,900	17,000	799	23,400	23,500	1,176
4,000	4,100	92	10,500	10,600	428	17,000	17,100	805	23,500	23,600	1,182
4,100	4,200	96	10,600	10,700	434	17,100	17,200	811	23,600	23,700	1,188
4,200	4,300	100	10,700	10,800	440	17,200	17,300	817	23,700	23,800	1,194
4,300	4,400	104	10,800	10,900	445	17,300	17,400	822	23,800	23,900	1,199
4,400	4,500	108	10,900	11,000	451	17,400	17,500	828	23,900	24,000	1,205
4,500	4,600	112	11,000	11,100	457	17,500	17,600	834	24,000	24,100	1,211
4,600	4,700	116	11,100	11,200	463	17,600	17,700	840	24,100	24,200	1,217
4,700	4,800	120	11,200	11,300	469	17,700	17,800	846	24,200	24,300	1,223
4,800	4,900	124	11,300	11,400	474	17,800	17,900	851	24,300	24,400	1,228
4,900	5,000	128	11,400	11,500	480	17,900	18,000	857	24,400	24,500	1,234
5,000	5,100	133	11,500	11,600	486	18,000	18,100	863	24,500	24,600	1,240
5,100	5,200	138	11,600	11,700	492	18,100	18,200	869	24,600	24,700	1,246
5,200	5,300	143	11,700	11,800	498	18,200	18,300	875	24,700	24,800	1,252
5,300	5,400	148	11,800	11,900	503	18,300	18,400	880	24,800	24,900	1,257
5,400	5,500	153	11,900	12,000	509	18,400	18,500	886	24,900	25,000	1,263
5,500	5,600	158	12,000	12,100	515	18,500	18,600	892	25,000	25,100	1,269
5,600	5,700	163	12,100	12,200	521	18,600	18,700	898	25,100	25,200	1,275
5,700	5,800	168	12,200	12,300	527	18,700	18,800	904	25,200	25,300	1,281
5,800	5,900	173	12,300	12,400	532	18,800	18,900	909	25,300	25,400	1,286
5,900	6,000	178	12,400	12,500	538	18,900	19,000	915	25,400	25,500	1,292
6,000	6,100	183	12,500	12,600	544	19,000	19,100	921	25,500	25,600	1,298
6,100	6,200	188	12,600	12,700	550	19,100	19,200	927	25,600	25,700	1,304
6,200	6,300	193	12,700	12,800	556	19,200	19,300	933	25,700	25,800	1,310
6,300	6,400	198	12,800	12,900	561	19,300	19,400	938	25,800	25,900	1,315
6,400	6,500	203	12,900	13,000	567	19,400	19,500	944	25,900	26,000	1,321

TAX TABLE—2011 KENTUCKY INDIVIDUAL INCOME TAX

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If Taxable Income			If Taxable Income			If Taxable Income			If Taxable Income		
Is Over	But Not Over	Tax	Is Over	But Not Over	Tax	Is Over	But Not Over	Tax	Is Over	But Not Over	Tax
\$26,000	\$26,100	\$1,327	\$32,500	\$32,600	\$1,704	\$39,000	\$39,100	\$2,081	\$45,500	\$45,600	\$2,458
26,100	26,200	1,333	32,600	32,700	1,710	39,100	39,200	2,087	45,600	45,700	2,464
26,200	26,300	1,339	32,700	32,800	1,716	39,200	39,300	2,093	45,700	45,800	2,470
26,300	26,400	1,344	32,800	32,900	1,721	39,300	39,400	2,098	45,800	45,900	2,475
26,400	26,500	1,350	32,900	33,000	1,727	39,400	39,500	2,104	45,900	46,000	2,481
26,500	26,600	1,356	33,000	33,100	1,733	39,500	39,600	2,110	46,000	46,100	2,487
26,600	26,700	1,362	33,100	33,200	1,739	39,600	39,700	2,116	46,100	46,200	2,493
26,700	26,800	1,368	33,200	33,300	1,745	39,700	39,800	2,122	46,200	46,300	2,499
26,800	26,900	1,373	33,300	33,400	1,750	39,800	39,900	2,127	46,300	46,400	2,504
26,900	27,000	1,379	33,400	33,500	1,756	39,900	40,000	2,133	46,400	46,500	2,510
27,000	27,100	1,385	33,500	33,600	1,762	40,000	40,100	2,139	46,500	46,600	2,516
27,100	27,200	1,391	33,600	33,700	1,768	40,100	40,200	2,145	46,600	46,700	2,522
27,200	27,300	1,397	33,700	33,800	1,774	40,200	40,300	2,151	46,700	46,800	2,528
27,300	27,400	1,402	33,800	33,900	1,779	40,300	40,400	2,156	46,800	46,900	2,533
27,400	27,500	1,408	33,900	34,000	1,785	40,400	40,500	2,162	46,900	47,000	2,539
27,500	27,600	1,414	34,000	34,100	1,791	40,500	40,600	2,168	47,000	47,100	2,545
27,600	27,700	1,420	34,100	34,200	1,797	40,600	40,700	2,174	47,100	47,200	2,551
27,700	27,800	1,426	34,200	34,300	1,803	40,700	40,800	2,180	47,200	47,300	2,557
27,800	27,900	1,431	34,300	34,400	1,808	40,800	40,900	2,185	47,300	47,400	2,562
27,900	28,000	1,437	34,400	34,500	1,814	40,900	41,000	2,191	47,400	47,500	2,568
28,000	28,100	1,443	34,500	34,600	1,820	41,000	41,100	2,197	47,500	47,600	2,574
28,100	28,200	1,449	34,600	34,700	1,826	41,100	41,200	2,203	47,600	47,700	2,580
28,200	28,300	1,455	34,700	34,800	1,832	41,200	41,300	2,209	47,700	47,800	2,586
28,300	28,400	1,460	34,800	34,900	1,837	41,300	41,400	2,214	47,800	47,900	2,591
28,400	28,500	1,466	34,900	35,000	1,843	41,400	41,500	2,220	47,900	48,000	2,597
28,500	28,600	1,472	35,000	35,100	1,849	41,500	41,600	2,226	48,000	48,100	2,603
28,600	28,700	1,478	35,100	35,200	1,855	41,600	41,700	2,232	48,100	48,200	2,609
28,700	28,800	1,484	35,200	35,300	1,861	41,700	41,800	2,238	48,200	48,300	2,615
28,800	28,900	1,489	35,300	35,400	1,866	41,800	41,900	2,243	48,300	48,400	2,620
28,900	29,000	1,495	35,400	35,500	1,872	41,900	42,000	2,249	48,400	48,500	2,626
29,000	29,100	1,501	35,500	35,600	1,878	42,000	42,100	2,255	48,500	48,600	2,632
29,100	29,200	1,507	35,600	35,700	1,884	42,100	42,200	2,261	48,600	48,700	2,638
29,200	29,300	1,513	35,700	35,800	1,890	42,200	42,300	2,267	48,700	48,800	2,644
29,300	29,400	1,518	35,800	35,900	1,895	42,300	42,400	2,272	48,800	48,900	2,649
29,400	29,500	1,524	35,900	36,000	1,901	42,400	42,500	2,278	48,900	49,000	2,655
29,500	29,600	1,530	36,000	36,100	1,907	42,500	42,600	2,284	49,000	49,100	2,661
29,600	29,700	1,536	36,100	36,200	1,913	42,600	42,700	2,290	49,100	49,200	2,667
29,700	29,800	1,542	36,200	36,300	1,919	42,700	42,800	2,296	49,200	49,300	2,673
29,800	29,900	1,547	36,300	36,400	1,924	42,800	42,900	2,301	49,300	49,400	2,678
29,900	30,000	1,553	36,400	36,500	1,930	42,900	43,000	2,307	49,400	49,500	2,684
30,000	30,100	1,559	36,500	36,600	1,936	43,000	43,100	2,313	49,500	49,600	2,690
30,100	30,200	1,565	36,600	36,700	1,942	43,100	43,200	2,319	49,600	49,700	2,696
30,200	30,300	1,571	36,700	36,800	1,948	43,200	43,300	2,325	49,700	49,800	2,702
30,300	30,400	1,576	36,800	36,900	1,953	43,300	43,400	2,330	49,800	49,900	2,707
30,400	30,500	1,582	36,900	37,000	1,959	43,400	43,500	2,336	49,900	50,000	2,713
30,500	30,600	1,588	37,000	37,100	1,965	43,500	43,600	2,342	50,000	50,100	2,719
30,600	30,700	1,594	37,100	37,200	1,971	43,600	43,700	2,348	50,100	50,200	2,725
30,700	30,800	1,600	37,200	37,300	1,977	43,700	43,800	2,354	50,200	50,300	2,731
30,800	30,900	1,605	37,300	37,400	1,982	43,800	43,900	2,359	50,300	50,400	2,736
30,900	31,000	1,611	37,400	37,500	1,988	43,900	44,000	2,365	50,400	50,500	2,742
31,000	31,100	1,617	37,500	37,600	1,994	44,000	44,100	2,371	50,500	50,600	2,748
31,100	31,200	1,623	37,600	37,700	2,000	44,100	44,200	2,377	50,600	50,700	2,754
31,200	31,300	1,629	37,700	37,800	2,006	44,200	44,300	2,383	50,700	50,800	2,760
31,300	31,400	1,634	37,800	37,900	2,011	44,300	44,400	2,388	50,800	50,900	2,765
31,400	31,500	1,640	37,900	38,000	2,017	44,400	44,500	2,394	50,900	51,000	2,771
31,500	31,600	1,646	38,000	38,100	2,023	44,500	44,600	2,400	51,000	51,100	2,777
31,600	31,700	1,652	38,100	38,200	2,029	44,600	44,700	2,406	51,100	51,200	2,783
31,700	31,800	1,658	38,200	38,300	2,035	44,700	44,800	2,412	51,200	51,300	2,789
31,800	31,900	1,663	38,300	38,400	2,040	44,800	44,900	2,417	51,300	51,400	2,794
31,900	32,000	1,669	38,400	38,500	2,046	44,900	45,000	2,423	51,400	51,500	2,800
32,000	32,100	1,675	38,500	38,600	2,052	45,000	45,100	2,429	51,500	51,600	2,806
32,100	32,200	1,681	38,600	38,700	2,058	45,100	45,200	2,435	51,600	51,700	2,812
32,200	32,300	1,687	38,700	38,800	2,064	45,200	45,300	2,441	51,700	51,800	2,818
32,300	32,400	1,692	38,800	38,900	2,069	45,300	45,400	2,446	51,800	51,900	2,823
32,400	32,500	1,698	38,900	39,000	2,075	45,400	45,500	2,452	51,900	52,000	2,829

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If Taxable Income			If Taxable Income			If Taxable Income			If Taxable Income		
Is Over	But Not Over	Tax	Is Over	But Not Over	Tax	Is Over	But Not Over	Tax	Is Over	But Not Over	Tax
\$52,000	\$52,100	\$2,835	\$58,500	\$58,600	\$3,212	\$65,000	\$65,100	\$3,589	\$71,500	\$71,600	\$3,966
52,100	52,200	2,841	58,600	58,700	3,218	65,100	65,200	3,595	71,600	71,700	3,972
52,200	52,300	2,847	58,700	58,800	3,224	65,200	65,300	3,601	71,700	71,800	3,978
52,300	52,400	2,852	58,800	58,900	3,229	65,300	65,400	3,606	71,800	71,900	3,983
52,400	52,500	2,858	58,900	59,000	3,235	65,400	65,500	3,612	71,900	72,000	3,989
52,500	52,600	2,864	59,000	59,100	3,241	65,500	65,600	3,618	72,000	72,100	3,995
52,600	52,700	2,870	59,100	59,200	3,247	65,600	65,700	3,624	72,100	72,200	4,001
52,700	52,800	2,876	59,200	59,300	3,253	65,700	65,800	3,630	72,200	72,300	4,007
52,800	52,900	2,881	59,300	59,400	3,258	65,800	65,900	3,635	72,300	72,400	4,012
52,900	53,000	2,887	59,400	59,500	3,264	65,900	66,000	3,641	72,400	72,500	4,018
53,000	53,100	2,893	59,500	59,600	3,270	66,000	66,100	3,647	72,500	72,600	4,024
53,100	53,200	2,899	59,600	59,700	3,276	66,100	66,200	3,653	72,600	72,700	4,030
53,200	53,300	2,905	59,700	59,800	3,282	66,200	66,300	3,659	72,700	72,800	4,036
53,300	53,400	2,910	59,800	59,900	3,287	66,300	66,400	3,664	72,800	72,900	4,041
53,400	53,500	2,916	59,900	60,000	3,293	66,400	66,500	3,670	72,900	73,000	4,047
53,500	53,600	2,922	60,000	60,100	3,299	66,500	66,600	3,676	73,000	73,100	4,053
53,600	53,700	2,928	60,100	60,200	3,305	66,600	66,700	3,682	73,100	73,200	4,059
53,700	53,800	2,934	60,200	60,300	3,311	66,700	66,800	3,688	73,200	73,300	4,065
53,800	53,900	2,939	60,300	60,400	3,316	66,800	66,900	3,693	73,300	73,400	4,070
53,900	54,000	2,945	60,400	60,500	3,322	66,900	67,000	3,699	73,400	73,500	4,076
54,000	54,100	2,951	60,500	60,600	3,328	67,000	67,100	3,705	73,500	73,600	4,082
54,100	54,200	2,957	60,600	60,700	3,334	67,100	67,200	3,711	73,600	73,700	4,088
54,200	54,300	2,963	60,700	60,800	3,340	67,200	67,300	3,717	73,700	73,800	4,094
54,300	54,400	2,968	60,800	60,900	3,345	67,300	67,400	3,722	73,800	73,900	4,099
54,400	54,500	2,974	60,900	61,000	3,351	67,400	67,500	3,728	73,900	74,000	4,105
54,500	54,600	2,980	61,000	61,100	3,357	67,500	67,600	3,734	74,000	74,100	4,111
54,600	54,700	2,986	61,100	61,200	3,363	67,600	67,700	3,740	74,100	74,200	4,117
54,700	54,800	2,992	61,200	61,300	3,369	67,700	67,800	3,746	74,200	74,300	4,123
54,800	54,900	2,997	61,300	61,400	3,374	67,800	67,900	3,751	74,300	74,400	4,128
54,900	55,000	3,003	61,400	61,500	3,380	67,900	68,000	3,757	74,400	74,500	4,134
55,000	55,100	3,009	61,500	61,600	3,386	68,000	68,100	3,763	74,500	74,600	4,140
55,100	55,200	3,015	61,600	61,700	3,392	68,100	68,200	3,769	74,600	74,700	4,146
55,200	55,300	3,021	61,700	61,800	3,398	68,200	68,300	3,775	74,700	74,800	4,152
55,300	55,400	3,026	61,800	61,900	3,403	68,300	68,400	3,780	74,800	74,900	4,157
55,400	55,500	3,032	61,900	62,000	3,409	68,400	68,500	3,786	74,900	75,000	4,163
55,500	55,600	3,038	62,000	62,100	3,415	68,500	68,600	3,792	75,000	75,100	4,169
55,600	55,700	3,044	62,100	62,200	3,421	68,600	68,700	3,798	75,100	75,200	4,175
55,700	55,800	3,050	62,200	62,300	3,427	68,700	68,800	3,804	75,200	75,300	4,181
55,800	55,900	3,055	62,300	62,400	3,432	68,800	68,900	3,809	75,300	75,400	4,187
55,900	56,000	3,061	62,400	62,500	3,438	68,900	69,000	3,815	75,400	75,500	4,193
56,000	56,100	3,067	62,500	62,600	3,444	69,000	69,100	3,821	75,500	75,600	4,199
56,100	56,200	3,073	62,600	62,700	3,450	69,100	69,200	3,827	75,600	75,700	4,205
56,200	56,300	3,079	62,700	62,800	3,456	69,200	69,300	3,833	75,700	75,800	4,211
56,300	56,400	3,084	62,800	62,900	3,461	69,300	69,400	3,838	75,800	75,900	4,217
56,400	56,500	3,090	62,900	63,000	3,467	69,400	69,500	3,844	75,900	76,000	4,223
56,500	56,600	3,096	63,000	63,100	3,473	69,500	69,600	3,850	76,000	76,100	4,229
56,600	56,700	3,102	63,100	63,200	3,479	69,600	69,700	3,856	76,100	76,200	4,235
56,700	56,800	3,108	63,200	63,300	3,485	69,700	69,800	3,862	76,200	76,300	4,241
56,800	56,900	3,113	63,300	63,400	3,490	69,800	69,900	3,867	76,300	76,400	4,247
56,900	57,000	3,119	63,400	63,500	3,496	69,900	70,000	3,873	76,400	76,500	4,253
57,000	57,100	3,125	63,500	63,600	3,502	70,000	70,100	3,879	76,500	76,600	4,259
57,100	57,200	3,131	63,600	63,700	3,508	70,100	70,200	3,885	76,600	76,700	4,265
57,200	57,300	3,137	63,700	63,800	3,514	70,200	70,300	3,891	76,700	76,800	4,271
57,300	57,400	3,142	63,800	63,900	3,519	70,300	70,400	3,896	76,800	76,900	4,277
57,400	57,500	3,148	63,900	64,000	3,525	70,400	70,500	3,902	76,900	77,000	4,283
57,500	57,600	3,154	64,000	64,100	3,531	70,500	70,600	3,908	77,000	77,100	4,289
57,600	57,700	3,160	64,100	64,200	3,537	70,600	70,700	3,914	77,100	77,200	4,295
57,700	57,800	3,166	64,200	64,300	3,543	70,700	70,800	3,920	77,200	77,300	4,301
57,800	57,900	3,171	64,300	64,400	3,548	70,800	70,900	3,925	77,300	77,400	4,307
57,900	58,000	3,177	64,400	64,500	3,554	70,900	71,000	3,931	77,400	77,500	4,313
58,000	58,100	3,183	64,500	64,600	3,560	71,000	71,100	3,937	77,500	77,600	4,319
58,100	58,200	3,189	64,600	64,700	3,566	71,100	71,200	3,943	77,600	77,700	4,325
58,200	58,300	3,195	64,700	64,800	3,572	71,200	71,300	3,949	77,700	77,800	4,331
58,300	58,400	3,200	64,800	64,900	3,577	71,300	71,400	3,954	77,800	77,900	4,337
58,400	58,500	3,206	64,900	65,000	3,583	71,400	71,500	3,960	77,900	78,000	4,343

TAX TABLE—2011 KENTUCKY INDIVIDUAL INCOME TAX

Read down the taxable income columns below until you find the bracket for the Taxable Income entered on Form 740-EZ, Line 3; Form 740, Line 11; or Form 740-NP, Line 13. Enter the tax on Form 740-EZ, Line 4; Form 740, Line 12, Column A and/or B; or Form 740-NP, Line 14.

If Taxable Income Is Over But Not Over Tax			If Taxable Income Is Over But Not Over Tax			If Taxable Income Is Over But Not Over Tax			If Taxable Income Is Over But Not Over Tax		
\$78,000	\$78,100	\$4,349	\$84,500	\$84,600	\$4,739	\$91,000	\$91,100	\$5,129	\$97,500	\$ 97,600	\$5,519
78,100	78,200	4,355	84,600	84,700	4,745	91,100	91,200	5,135	97,600	97,700	5,525
78,200	78,300	4,361	84,700	84,800	4,751	91,200	91,300	5,141	97,700	97,800	5,531
78,300	78,400	4,367	84,800	84,900	4,757	91,300	91,400	5,147	97,800	97,900	5,537
78,400	78,500	4,373	84,900	85,000	4,763	91,400	91,500	5,153	97,900	98,000	5,543
78,500	78,600	4,379	85,000	85,100	4,769	91,500	91,600	5,159	98,000	98,100	5,549
78,600	78,700	4,385	85,100	85,200	4,775	91,600	91,700	5,165	98,100	98,200	5,555
78,700	78,800	4,391	85,200	85,300	4,781	91,700	91,800	5,171	98,200	98,300	5,561
78,800	78,900	4,397	85,300	85,400	4,787	91,800	91,900	5,177	98,300	98,400	5,567
78,900	79,000	4,403	85,400	85,500	4,793	91,900	92,000	5,183	98,400	98,500	5,573
79,000	79,100	4,409	85,500	85,600	4,799	92,000	92,100	5,189	98,500	98,600	5,579
79,100	79,200	4,415	85,600	85,700	4,805	92,100	92,200	5,195	98,600	98,700	5,585
79,200	79,300	4,421	85,700	85,800	4,811	92,200	92,300	5,201	98,700	98,800	5,591
79,300	79,400	4,427	85,800	85,900	4,817	92,300	92,400	5,207	98,800	98,900	5,597
79,400	79,500	4,433	85,900	86,000	4,823	92,400	92,500	5,213	98,900	99,000	5,603
79,500	79,600	4,439	86,000	86,100	4,829	92,500	92,600	5,219	99,000	99,100	5,609
79,600	79,700	4,445	86,100	86,200	4,835	92,600	92,700	5,225	99,100	99,200	5,615
79,700	79,800	4,451	86,200	86,300	4,841	92,700	92,800	5,231	99,200	99,300	5,621
79,800	79,900	4,457	86,300	86,400	4,847	92,800	92,900	5,237	99,300	99,400	5,627
79,900	80,000	4,463	86,400	86,500	4,853	92,900	93,000	5,243	99,400	99,500	5,633
80,000	80,100	4,469	86,500	86,600	4,859	93,000	93,100	5,249	99,500	99,600	5,639
80,100	80,200	4,475	86,600	86,700	4,865	93,100	93,200	5,255	99,600	99,700	5,645
80,200	80,300	4,481	86,700	86,800	4,871	93,200	93,300	5,261	99,700	99,800	5,651
80,300	80,400	4,487	86,800	86,900	4,877	93,300	93,400	5,267	99,800	99,900	5,657
80,400	80,500	4,493	86,900	87,000	4,883	93,400	93,500	5,273	99,900	100,000	5,663
80,500	80,600	4,499	87,000	87,100	4,889	93,500	93,600	5,279			
80,600	80,700	4,505	87,100	87,200	4,895	93,600	93,700	5,285			
80,700	80,800	4,511	87,200	87,300	4,901	93,700	93,800	5,291	Over	100,000	5,666
80,800	80,900	4,517	87,300	87,400	4,907	93,800	93,900	5,297	Plus	6% of all over 100,000	
80,900	81,000	4,523	87,400	87,500	4,913	93,900	94,000	5,303			
81,000	81,100	4,529	87,500	87,600	4,919	94,000	94,100	5,309			
81,100	81,200	4,535	87,600	87,700	4,925	94,100	94,200	5,315			
81,200	81,300	4,541	87,700	87,800	4,931	94,200	94,300	5,321			
81,300	81,400	4,547	87,800	87,900	4,937	94,300	94,400	5,327			
81,400	81,500	4,553	87,900	88,000	4,943	94,400	94,500	5,333			
81,500	81,600	4,559	88,000	88,100	4,949	94,500	94,600	5,339			
81,600	81,700	4,565	88,100	88,200	4,955	94,600	94,700	5,345			
81,700	81,800	4,571	88,200	88,300	4,961	94,700	94,800	5,351			
81,800	81,900	4,577	88,300	88,400	4,967	94,800	94,900	5,357			
81,900	82,000	4,583	88,400	88,500	4,973	94,900	95,000	5,363			
82,000	82,100	4,589	88,500	88,600	4,979	95,000	95,100	5,369			
82,100	82,200	4,595	88,600	88,700	4,985	95,100	95,200	5,375			
82,200	82,300	4,601	88,700	88,800	4,991	95,200	95,300	5,381			
82,300	82,400	4,607	88,800	88,900	4,997	95,300	95,400	5,387			
82,400	82,500	4,613	88,900	89,000	5,003	95,400	95,500	5,393			
82,500	82,600	4,619	89,000	89,100	5,009	95,500	95,600	5,399			
82,600	82,700	4,625	89,100	89,200	5,015	95,600	95,700	5,405			
82,700	82,800	4,631	89,200	89,300	5,021	95,700	95,800	5,411			
82,800	82,900	4,637	89,300	89,400	5,027	95,800	95,900	5,417			
82,900	83,000	4,643	89,400	89,500	5,033	95,900	96,000	5,423			
83,000	83,100	4,649	89,500	89,600	5,039	96,000	96,100	5,429			
83,100	83,200	4,655	89,600	89,700	5,045	96,100	96,200	5,435			
83,200	83,300	4,661	89,700	89,800	5,051	96,200	96,300	5,441			
83,300	83,400	4,667	89,800	89,900	5,057	96,300	96,400	5,447			
83,400	83,500	4,673	89,900	90,000	5,063	96,400	96,500	5,453			
83,500	83,600	4,679	90,000	90,100	5,069	96,500	96,600	5,459			
83,600	83,700	4,685	90,100	90,200	5,075	96,600	96,700	5,465			
83,700	83,800	4,691	90,200	90,300	5,081	96,700	96,800	5,471			
83,800	83,900	4,697	90,300	90,400	5,087	96,800	96,900	5,477			
83,900	84,000	4,703	90,400	90,500	5,093	96,900	97,000	5,483			
84,000	84,100	4,709	90,500	90,600	5,099	97,000	97,100	5,489			
84,100	84,200	4,715	90,600	90,700	5,105	97,100	97,200	5,495			
84,200	84,300	4,721	90,700	90,800	5,111	97,200	97,300	5,501			
84,300	84,400	4,727	90,800	90,900	5,117	97,300	97,400	5,507			
84,400	84,500	4,733	90,900	91,000	5,123	97,400	97,500	5,513			

