

720  
41A720



Department of Revenue



A

Kentucky Corporation/LLET Account Number

See instructions.

Taxable period beginning \_\_\_\_\_, 201\_\_\_\_, and ending \_\_\_\_\_, 201\_\_\_\_.

KENTUCKY CORPORATION  
INCOME TAX AND LLET RETURN

2014

**B Check applicable box(es):**

**LLET**  
Receipts Method  
 Gross Receipts  
 Gross Profits  
 \$175 minimum

**Nonfiling Status Code**  
**Enter Code** \_\_\_\_\_

**D** Federal Identification Number \_\_\_\_\_

**Taxable Year Ending** \_\_\_\_/\_\_\_\_/\_\_\_\_  
Mo. / Yr.

Name of Corporation \_\_\_\_\_

Number and Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_ Telephone Number \_\_\_\_\_

Kentucky Secretary of State Organization Number \_\_\_\_\_

State and Date of Incorporation \_\_\_\_\_

**C Income Tax Return**  
 Separate  
 Mandatory NEXUS  
**Nonfiling Status Code**  
**Enter Code** \_\_\_\_\_

**E** Name of Common Parent \_\_\_\_\_ Kentucky Corporation/LLET Account Number \_\_\_\_\_

**F** Check if applicable:  Initial return  Final return (Complete Part IV)  
 Short-period return (Complete Part IV)  Change of name  Change of address  
 Change of accounting period

**G** Check if applicable:  Amended return  Amended return-RAR  
Provide explanation of changes in Part V—Explanation of Amended Return Changes.

Principal Business Activity in KY \_\_\_\_\_

NAICS Code Number (Relating to Kentucky Activity) (See [www.census.gov](http://www.census.gov)) \_\_\_\_\_

**DRAFT**  
7/24/14

PART I—LLET COMPUTATION			PART II—INCOME TAX COMPUTATION		
1. Schedule LLET, Section D, line 1.....	1	00	1. Income tax (see instructions).....	1	00
2. Tax credit recapture.....	2	00	2. Tax credit recapture.....	2	00
3. Total (add lines 1 and 2).....	3	00	3. Tax installment on LIFO recapture ...	3	00
4. Nonrefundable LLET credit from Kentucky Schedule(s) K-1.....	4	00	4. Total (add lines 1 through 3).....	4	00
5. Nonrefundable tax credits (attach Schedule TCS).....	5	00	5. Nonrefundable LLET credit from the Corporation LLET Credit Worksheet(s) (see instructions).....	5	00
6. LLET liability (greater of line 3 less lines 4 and 5 or \$175 minimum).....	6	00	6. Nonrefundable LLET credit (Part I, line 6 less \$175).....	6	00
7. Withholding tax (Form PTE-WH).....	7	00	7. Nonrefundable tax credits (attach Schedule TCS).....	7	00
8. Estimated tax payments.....	8	00	8. Net income tax liability (line 4 less lines 5 through 7, but not less than zero).....	8	00
9. Certified rehabilitation tax credit.....	9	00	9. Estimated tax payments <input type="checkbox"/> Check if Form 2220-K attached.....	9	00
10. Film industry tax credit.....	10	00	10. Extension payment.....	10	00
11. Extension payment.....	11	00	11. Prior year's tax credit.....	11	00
12. Prior year's tax credit.....	12	00	12. LLET overpayment from Part I, line 18.....	12	00
13. Income tax overpayment from Part II, line 17.....	13	00	13. Corporation income tax paid on original return.....	13	00
14. LLET paid on original return.....	14	00	14. Corporation income tax overpayment on original return.....	14	00
15. LLET overpayment on original return.....	15	00	15. Income tax due (lines 8 and 14 less lines 9 through 13).....	15	00
16. LLET due (lines 6 and 15 less lines 7 through 14).....	16	00	16. Income tax overpayment (lines 9 through 13 less lines 8 and 14).....	16	00
17. LLET overpayment (lines 7 through 14 less lines 6 and 15).....	17	00	17. Credited to 2014 LLET.....	17	00
18. Credited to 2014 income tax.....	18	00	18. Credited to 2014 interest.....	18	00
19. Credited to 2014 interest.....	19	00	19. Credited to 2014 penalty.....	19	00
20. Credited to 2014 penalty.....	20	00	20. Credited to 2015 corporation income tax.....	20	00
21. Credited to 2015 LLET.....	21	00	21. Amount to be refunded.....	21	00
22. Amount to be refunded.....	22	00			

TAX PAYMENT SUMMARY (Round to nearest dollar)		OFFICIAL USE ONLY	
<b>LLET</b>	<b>INCOME</b>	PW 20 04	VAL #
1. LLET due (Part I, Line 16) \$ .00	1. Income tax due (Part II, Line 15) \$ .00		
2. Interest \$ .00	2. Interest \$ .00		
3. Penalty \$ .00	3. Penalty \$ .00		
4. Subtotal \$ .00	4. Subtotal \$ .00		
TOTAL PAYMENT (Add Subtotals) > \$ .00			

Federal Form 1120, all pages and any supporting schedules must be attached.

Make check payable to:  
Kentucky State Treasurer

Mail return with payment to:  
Kentucky Dept. of Revenue  
Frankfort, Kentucky 40620



**DRAFT**  
7/24/14

**PART III – TAXABLE INCOME COMPUTATION**

1. Federal taxable income (Form 1120, line 28) .....	1	00	14. Federal work opportunity credit .....	14	00
<b>ADDITIONS:</b>			15. Depreciation adjustment.....	15	00
2. Interest income (state and local obligations) .....	2	00	16. Other (attach Schedule O-720).....	16	00
3. State taxes based on net/gross income .....	3	00	17. Revenue Agent Report (RAR).....	17	00
4. Depreciation adjustment.....	4	00	18. <b>Net income</b> (line 11 less lines 12 through 17).....	18	00
5. Deductions attributable to nontaxable income .....	5	00	19. Current net operating loss adjustment (mandatory nexus only)..	19	00
6. Related party expenses (attach Schedule RPC).....	6	00	20. <b>Kentucky net income</b> (add lines 18 and 19) .....	20	00
7. Dividend paid deduction (REIT).....	7	00	21. <b>Taxable net income</b> (attach Schedule A if applicable) .....	21	00
8. Domestic production activities deduction.....	8	00	22. Net operating loss deduction (NOLD).....	22	00
9. Other (attach Schedule O-720).....	9	00	23. <b>Taxable net income</b> after NOLD (line 21 less line 22) .....	23	00
10. Revenue Agent Report (RAR).....	10	00	24. Kentucky domestic production activities deduction (KDPAD) .....	24	00
11. <b>Total</b> (add lines 1 through 10).....	11	00	25. <b>Taxable net income after KDPAD</b> (line 23 less line 24) .....	25	00
<b>SUBTRACTIONS:</b>					
12. Interest income (U.S. obligations)....	12	00			
13. Dividend income.....	13	00			

**PART IV – EXPLANATION OF FINAL RETURN AND/OR SHORT-PERIOD RETURN**

- |   |  |
|---|--|
| <input type="checkbox"/> Ceased operations in Kentucky  | <input type="checkbox"/> Change in filing status |
| <input type="checkbox"/> Change of ownership            | <input type="checkbox"/> Merger                  |
| <input type="checkbox"/> Successor to previous business | <input type="checkbox"/> Other _____             |

**PART V – EXPLANATION OF AMENDED RETURN CHANGES**

**OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)**

Attach a schedule listing the name, home address and Social Security number of the vice president, secretary and treasurer.

Has the attached officer information changed from the last return filed?  Yes  No

President's Name \_\_\_\_\_ President's Home Address \_\_\_\_\_

President's Social Security Number \_\_\_\_\_

Date Became President \_\_\_\_ / \_\_\_\_ / \_\_\_\_

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



\_\_\_\_\_  
Signature of principal officer or chief accounting officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of person or firm preparing return

\_\_\_\_\_  
SSN, PTIN or FEIN

**May the DOR discuss this return with the preparer?**

Yes  No

Email Address:

Telephone No.:



**DRAFT**  
7/21/14

**SCHEDULE Q—KENTUCKY CORPORATION/LLET QUESTIONNAIRE**

**IMPORTANT:** Questions 4—15 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. **Failure to do so may result in a request for a delinquent return.**

1. Indicate whether: (a)  new business; (b)  successor to previously existing business which was organized as: (1)  corporation; (2)  partnership; (3)  sole proprietorship; or (4)  other \_\_\_\_\_  
If successor to previously existing business, give name, address and federal I.D. number of the previous business organization. \_\_\_\_\_

2. List the following **Kentucky** account numbers. Enter N/A for any number not applicable.  
Employer Withholding \_\_\_\_\_  
Sales and Use Tax Permit \_\_\_\_\_  
Consumer Use Tax \_\_\_\_\_  
Unemployment Insurance \_\_\_\_\_  
Coal Severance and/or Processing Tax \_\_\_\_\_

3. If a foreign corporation, enter the date qualified to do business in Kentucky. \_\_\_ / \_\_\_ / \_\_\_

4. The corporation's books are in care of: (name and address)  
\_\_\_\_\_  
\_\_\_\_\_

5. Are disregarded entities included in this return?  
 Yes  No. If yes, list name, address and federal I.D. number of each entity. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. (a) Was the corporation a partner or member in a pass-through entity doing business in Kentucky?  Yes  No. If yes, list name and federal I.D. number of the pass-through entity(ies).  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(b) Was the corporation doing business in Kentucky other than through its interest held in a pass-through entity doing business in Kentucky?  Yes  No

7. Are related party costs as defined in KRS 141.205(1)(l) included in this return?  Yes  No. If yes, attach Schedule RPC, Related Party Costs Disclosure Statement, and enter any related party cost additions on Part III, Line 6.

8. Did the corporation at any time during the taxable year do business in Kentucky and own 80 percent or more of the voting stock of another corporation doing business in Kentucky?  
 Yes  No. If yes, list name, address and federal I.D. number of each entity. \_\_\_\_\_  
\_\_\_\_\_

9. Was 80 percent or more of the corporation's voting stock owned by any corporation doing business in Kentucky at any time of the year?  Yes  No. If yes, list name, address and federal I.D. number of each entity. \_\_\_\_\_  
\_\_\_\_\_

10. The federal tax return attached to this Kentucky tax return is:  
 a pro forma federal tax return  a copy of the federal tax return filed with the Internal Revenue Service

11. Is the entity filing this Kentucky tax return or any entity included in the tax return organized as a limited cooperative association as provided by KRS Chapter 272A?  Yes  No. If yes, and this is a nexus consolidated return, enter each limited cooperative association's name, address and federal I.D. number included in the return: \_\_\_\_\_  
\_\_\_\_\_

12. Is the entity filing this Kentucky tax return or any entity included in this tax return organized as a statutory trust or a series statutory trust as provided by KRS Chapter 386A?  Yes  No  
If yes, is the entity filing this Kentucky tax return or any entity included in this tax return a series within a statutory trust?  
 Yes  No  
If yes, for each series within a statutory trust, enter the name, address and federal I.D. number of the statutory trust registered with the Kentucky Secretary of State: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. Was this return prepared on: (a)  cash basis, (b)  accrual basis, (c)  other \_\_\_\_\_

14. Did the corporation file a Kentucky tangible personal property tax return for January 1, 2015?  Yes  No  
If yes, list name and federal I.D. number of entity(ies) filing return(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. Is the corporation currently under audit by the Internal Revenue Service?  Yes  No  
If yes, enter years under audit \_\_\_\_\_  
If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to the department, check here  and file an amended return. See 2014 Kentucky Corporation Income Tax and LLET Return instructions for information regarding amended returns. Attach a copy of the final determination to each amended return.

**SCHEDULE LLET**

41A720LLET (10-14)

Commonwealth of Kentucky  
DEPARTMENT OF REVENUE



**DRAFT**  
6/27/14

Taxable Year Ending

\_\_\_ / \_\_\_  
Mo. Yr.

**LIMITED LIABILITY ENTITY TAX**  
KRS 141.0401

Member of a Combined Group

Reason Code

➤ See instructions.

➤ Attach to Form 720, 720S, 725 or 765.

Name of Corporation or Limited Liability Pass-through Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number
_____	_____	_____

Check this box and complete Schedule LLET-C, Limited Liability Entity Tax—Continuation Sheet, if the corporation or limited liability pass-through entity filing this tax return is a partner or member of a limited liability pass-through entity or general partnership (organized or formed as a general partnership after January 1, 2006) doing business in Kentucky. Enter the total amounts from Schedule LLET-C in Section A of this schedule.

**Section A—Computation of Gross Receipts and Gross Profits**

	Column A Kentucky	Column B Total
1. Gross receipts .....	00	00
2. Returns and allowances .....	00	00
3. Gross receipts after returns and allowances (line 1 less line 2 or amount from Schedule LLET-C) .....	00	00
4. Cost of goods sold (attach Schedule COGS) .....	00	00
5. Gross profits (line 3 less line 4 or amount from Schedule LLET-C) .....	00	00

**Section B—Computation of Gross Receipts LLET**

1. If gross receipts from all sources (Column B, line 3) are \$3,000,000 or less, <b>STOP</b> and enter \$175 on Section D, line 1 .....	1		
2. If gross receipts from all sources (Column B, line 3) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 3 x 0.00095) - $\left[ \frac{\$2,850 \times (\$6,000,000 - \text{Column A, line 3})}{\$3,000,000} \right]$ but in no case shall the result be less than zero .....	2	00	
3. If gross receipts from all sources (Column B, line 3) are \$6,000,000 or greater, enter the following: Column A, line 3 x 0.00095 .....	3	00	
4. Enter the amount from line 2 or line 3 .....	4	00	

**Section C—Computation of Gross Profits LLET**

1. If gross profits from all sources (Column B, line 5) are \$3,000,000 or less, <b>STOP</b> and enter \$175 on Section D, line 1 .....	1		
2. If gross profits from all sources (Column B, line 5) are greater than \$3,000,000 but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) - $\left[ \frac{\$22,500 \times (\$6,000,000 - \text{Column A, line 5})}{\$3,000,000} \right]$ but in no case shall the result be less than zero .....	2	00	
3. If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075 .....	3	00	
4. Enter the amount from line 2 or line 3 .....	4	00	

**Section D—Computation of LLET**

1. Enter the lesser of Section B, line 4 or Section C, line 4, or a minimum of \$175 on this line and on Form 720 or 720S, Part I, line 1; or Form 725 or 765, Part II, line 1 .....	1	00	
--	---	----	--



Mark the applicable Receipts Method box on Form 720, 720S, 725 or 765, page 1, Item B.

**SCHEDULE COGS**

41A720COGS (10-14)  
Commonwealth of Kentucky  
DEPARTMENT OF REVENUE



Taxable Year Ending

\_\_\_\_ / \_\_\_\_  
Mo. Yr.

**LIMITED LIABILITY ENTITY TAX  
COST OF GOODS SOLD**

➤ See instructions.

➤ Attach to Form 720, 720S, 725 or 765.

**KRS 141.0401(1)**

Name of Entity		Federal Identification Number		Kentucky Corporation/LLET Account Number			
		_____		_____			
		Federal Form 1125-A Cost of Goods Sold	Limited Liability Entity Tax				
			Column A Kentucky Cost of Goods Sold	Column B Total Cost of Goods Sold			
1. Inventory at beginning of year .....	1	00	00	00	00	00	
2. Purchases.....	2	00	00	00	00	00	
3. Cost of labor .....	3	00	00	00	00	00	
4. Additional section 263A costs.....	4	00	00	00	00	00	
5. Other costs .....	5	00	00	00	00	00	
6. Total. Add lines 1 through 5 .....	6	00	00	00	00	00	
7. Inventory at end of year .....	7	00	00	00	00	00	
8. Cost of goods sold. Subtract line 7 from line 6.....	8	00	00	00	00	00	
9. Detail of purchases on line 2:							
(a)	(a)	00	00	00	00	00	
(b)	(b)	00	00	00	00	00	
(c)	(c)	00	00	00	00	00	
(d)	(d)	00	00	00	00	00	
(e)	(e)	00	00	00	00	00	
(f)	(f)	00	00	00	00	00	
(g)	(g)	00	00	00	00	00	
(h)	(h)	00	00	00	00	00	
(i)	(i)	00	00	00	00	00	
(j)	(j)	00	00	00	00	00	
(k)	(k)	00	00	00	00	00	
10. Detail of additional section 263A costs on line 4:							
(a)	(a)	00	00	00	00	00	
(b)	(b)	00	00	00	00	00	
(c)	(c)	00	00	00	00	00	
(d)	(d)	00	00	00	00	00	
(e)	(e)	00	00	00	00	00	
(f)	(f)	00	00	00	00	00	
(g)	(g)	00	00	00	00	00	
(h)	(h)	00	00	00	00	00	
(i)	(i)	00	00	00	00	00	
(j)	(j)	00	00	00	00	00	
(k)	(k)	00	00	00	00	00	
11. Detail of other costs on line 5:							
(a)	(a)	00	00	00	00	00	
(b)	(b)	00	00	00	00	00	
(c)	(c)	00	00	00	00	00	
(d)	(d)	00	00	00	00	00	
(e)	(e)	00	00	00	00	00	
(f)	(f)	00	00	00	00	00	
(g)	(g)	00	00	00	00	00	
(h)	(h)	00	00	00	00	00	
(i)	(i)	00	00	00	00	00	
(j)	(j)	00	00	00	00	00	
(k)	(k)	00	00	00	00	00	

**SCHEDULE O-720**

41A720-O (12-14)  
Commonwealth of Kentucky  
DEPARTMENT OF REVENUE



Taxable Year Ending

\_\_\_\_ / \_\_\_\_  
Mo. Yr.

- See instructions.
- Attach to Form 720.

**OTHER ADDITIONS AND SUBTRACTIONS  
TO/FROM FEDERAL TAXABLE INCOME**

Name of Corporation	Federal Identification Number	Kentucky Corporation/LLET Account Number
_____	____-____	_____

**PART I—ADDITIONS TO FEDERAL TAXABLE INCOME (FORM 720, PART III, LINE 9)**

1. Kentucky capital gain from Kentucky Schedule D, line 18.....	1	00
2. Loss from Form 4797 found on federal Form 1120, line 9.....	2	00
3. Gain from Kentucky Form 4797, line 17.....	3	00
4. Safe harbor lease adjustments.....	4	00
5. Federal allowable depletion from Form 1120, line 21.....	5	00
6. Federal contribution deductions from Form 1120, line 19.....	6	00
7. Terminal Railroad Corporation adjustments.....	7	00
8. Federal allowable passive activity loss.....	8	00
9. Federal taxable loss of all exempt corporations.....	9	00
10. Adjustments for qualified construction allowance(s) for short-term lease(s).....	10	00
11. Enter additions to federal taxable income from Kentucky Schedule(s) K-1.....	11	00
12. Internal Revenue Code amendments made after December 31, 2013.....	12	00
13. Other additions (attach explanation).....	13	00
14. Total of lines 1 through 13 (enter on Form 720, Part III, line 9).....	14	00

**PART II—SUBTRACTIONS FROM FEDERAL TAXABLE INCOME (FORM 720, PART III, LINE 16)**

1. Capital gain from Form 1120, line 8.....	1	00
2. Gain from Form 4797 found on federal Form 1120, line 9.....	2	00
3. Loss from Kentucky Form 4797, line 17.....	3	00
4. Safe harbor lease adjustments.....	4	00
5. 50% of the gross royalty income derived from any disposal of coal with a retained economic interest defined by IRC Section 631(c) and all IRC Section 272 expenses if the corporation elects not to use percentage depletion.....	5	00
6. Kentucky special deduction from Schedule HH.....	6	00
7. Terminal Railroad Corporation adjustments.....	7	00
8. Kentucky allowable passive activity loss.....	8	00
9. Kentucky allowable depletion.....	9	00
10. Kentucky contribution deductions.....	10	00
11. Adjustments for qualified construction allowance(s) for short-term lease(s).....	11	00
12. Federal taxable income of all exempt corporations.....	12	00
13. Amounts received from Tobacco Master Settlement Agreement, Phase II Settlement.....	13	00
14. Amounts received from funds of the Commodity Credit Corporation for the Tobacco Loss Assistance Program.....	14	00
15. Amounts received as a result of a tobacco quota buydown program.....	15	00
16. State Phase II payments received by a producer of tobacco or a tobacco quota owner.....	16	00
17. Enter subtractions from federal taxable income from Kentucky Schedule(s) K-1.....	17	00
18. Internal Revenue Code amendments made after December 31, 2013.....	18	00
19. Other subtractions (attach explanation).....	19	00
20. Total of lines 1 through 19 (enter on Form 720, Part III, line 16).....	20	00

**DRAFT**  
6/10/14

**Depreciation and Amortization**  
**(Including Information on Listed Property)**

Department of the Treasury  
Internal Revenue Service (99)

▶ **Attach to your tax return.**  
▶ **Information about Form 4562 and its separate instructions is at [www.irs.gov/form4562](http://www.irs.gov/form4562).**

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**Part I Election To Expense Certain Property Under Section 179**

**Note:** *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)				<b>1</b>
2	Total cost of section 179 property placed in service (see instructions)				<b>2</b>
3	Threshold cost of section 179 property before reduction in limitation (see instructions)				<b>3</b>
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-				<b>4</b>
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions				<b>5</b>
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost		
7	Listed property. Enter the amount from line 29	<b>7</b>			
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7				<b>8</b>
9	Tentative deduction. Enter the <b>smaller</b> of line 5 or line 8				<b>9</b>
10	Carryover of disallowed deduction from line 13 of your 2013 Form 4562				<b>10</b>
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)				<b>11</b>
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11				<b>12</b>
13	Carryover of disallowed deduction to 2015. Add lines 9 and 10, less line 12 ▶	<b>13</b>			

**Note:** *Do not use Part II or Part III below for listed property. Instead, use Part V.*

**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)** (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)				<b>14</b>
15	Property subject to section 168(f)(1) election				<b>15</b>
16	Other depreciation (including ACRS)				<b>16</b>

**Part III MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2014				<b>17</b>
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ <input type="checkbox"/>				

**Section B—Assets Placed in Service During 2014 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property					
b	5-year property					
c	7-year property					
d	10-year property					
e	15-year property					
f	20-year property					
g	25-year property					
h	Residential rental property					
i	Nonresidential real property					

**Section C—Assets Placed in Service During 2014 Tax Year Using the Alternative Depreciation System**

20a	Class life					
b	12-year					
c	40-year					

**Part IV Summary** (See instructions.)

21	Listed property. Enter amount from line 28				<b>21</b>
22	<b>Total.</b> Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions				<b>22</b>
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	<b>23</b>			

**Part V Listed Property** (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) .						<b>25</b>		
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%			S/L -			
		%			S/L -			
		%			S/L -			
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 .						<b>28</b>		
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1 . . . . .							<b>29</b>	

**Section B—Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
<b>30</b> Total business/investment miles driven during the year ( <b>do not</b> include commuting miles) .												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven . . . . .												
<b>33</b> Total miles driven during the year. Add lines 30 through 32 . . . . .												
<b>34</b> Was the vehicle available for personal use during off-duty hours? . . . . .												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
<b>36</b> Is another vehicle available for personal use?												

**Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions).

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . . . .		
<b>39</b> Do you treat all use of vehicles by employees as personal use? . . . . .		
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? . . . . .		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) . . . . .		

**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2014 tax year (see instructions):					
<b>43</b> Amortization of costs that began before your 2014 tax year . . . . .					<b>43</b>
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report . . . . .					<b>44</b>



Form 1120

Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2014 or tax year beginning 2014, ending 2014

OMB No. 1545-0123

2014

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

A Check if: 1a Consolidated return (attach Form 851) 1b Life/nonlife consolidated return 2 Personal holding co. (attach Sch. PH) 3 Personal service corp. (see instructions) 4 Schedule M-3 attached E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change

Income section table with rows 1a-11 including Gross receipts or sales, Returns and allowances, Balance, Cost of goods sold, Gross profit, Dividends, Interest, Gross rents, Gross royalties, Capital gain net income, Net gain or (loss) from Form 4797, and Other income.

Deductions section table with rows 12-29c including Compensation of officers, Salaries and wages, Repairs and maintenance, Bad debts, Rents, Taxes and licenses, Interest, Charitable contributions, Depreciation, Depletion, Advertising, Pension, profit-sharing, etc., plans, Employee benefit programs, Domestic production activities deduction, and Other deductions.

Tax, Refundable Credits, and Payments section table with rows 30-36 including Taxable income, Total tax, Total payments and refundable credits, Estimated tax penalty, Amount owed, Overpayment, and Enter amount from line 35 you want.

Sign Here section with signature line, date, title, and a box for 'May the IRS discuss this return with the preparer shown below (see instructions)? Yes No'.

Paid Preparer Use Only section with fields for Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, PTIN, Firm's name, Firm's EIN, Firm's address, and Phone no.



**PART III - Declaration of Authorized Representative of Entity (Sign only after Parts I and II are completed.)**

I authorize the Kentucky Department of Revenue and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated above for payment of the state taxes owed on this return. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If this is a balance due return, I understand that if the Department of Revenue does not receive the full and timely payment of the tax liability, the entity will remain liable for the tax liability and all applicable interest and penalties.

I, the undersigned, declare under the penalties of perjury, that I am an officer of the above corporation, partner or member of the above limited liability pass-through entity, or partner of the above general partnership and that I have examined a copy of the corporation's, limited liability pass-through entity's, or general partnership's electronic tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true correct and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the Form 720, 720S, 725, 765 or 765-GP electronic tax return.

Signature of Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Type or Print the Name and Title of the Authorized Representative Signing this Document \_\_\_\_\_

**PART IV - Declaration and Signature of Electronic Return Originator (ERO) and Paid Preparer**

I, the undersigned, declare that I have reviewed the above tax return and that the entries on Part I above are correct and complete. If I am only the ERO, I am not responsible for reviewing the tax return and only declare that this tax return accurately reflects the data on the tax return. The corporate officer of the above corporation, partner or member of the above limited liability pass-through entity, or partner of the above general partnership will have signed this form before I submit the tax return. I will give the corporate officer of the above corporation, partner or member of the above limited liability pass-through entity, or partner of the above general partnership all forms, including accompanying schedules and statements, filed with the Kentucky Department of Revenue. If I am also the paid preparer, I declare under the penalties of perjury that I have examined this tax return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Check  if also a paid preparer.

Check  if self-employed.

ERO's signature \_\_\_\_\_ Date \_\_\_\_\_ I.D. Number of ERO \_\_\_\_\_

Firm's name (or your name if self-employed) \_\_\_\_\_ FEIN \_\_\_\_\_

Address \_\_\_\_\_ ZIP Code \_\_\_\_\_

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

Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ I.D. Number of Preparer \_\_\_\_\_

Firm's name (or your name if self-employed) \_\_\_\_\_ FEIN \_\_\_\_\_

Address \_\_\_\_\_ ZIP Code \_\_\_\_\_

**Draft  
4/8/14**

Statement #1 -  
PropertyDescription - EQUIPMENT RICHARD SMITH  
PropertyCost - 9057  
ElectedCost - 9057

PropertyDescription - TRAILER  
PropertyCost - 720  
ElectedCost - 720

PropertyDescription - 2012 FORD F150  
PropertyCost - 39007  
ElectedCost - 15083

(Rev. December 2012)  
Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B.  
▶ Information about Form 1125-A and its instructions is at [www.irs.gov/form1125a](http://www.irs.gov/form1125a).

Name GRACE EQUIPMENT LEASING Employer identification number 00-0150102-000008

1	Inventory at beginning of year	1	
2	Purchases	2	240915
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5	6	240915
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)	8	240915

- 9a Check all methods used for valuing closing inventory:
- (i)  Cost
  - (ii)  Lower of cost or market
  - (iii)  Other (Specify method used and attach explanation.) ▶
- b Check if there was a writedown of subnormal goods ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter amount of closing inventory computed under LIFO 9d
- e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)?  Yes  No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

Section references are to the Internal Revenue Code unless otherwise noted.

**General Instructions**

**Purpose of Form**

Use Form 1125-A to calculate and deduct cost of goods sold for certain entities.

**Who Must File**

Filers of Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B, must complete and attach Form 1125-A if the applicable entity reports a deduction for cost of goods sold.

**Inventories**

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1. If inventories are required, you generally must use an accrual method of accounting for sales and purchases of inventory items.

**Exception for certain taxpayers.** If you are a qualifying taxpayer or a qualifying small business taxpayer (defined below), you can adopt or change your accounting method to account for inventoriable items in the same manner as materials and supplies that are not incidental.

Under this accounting method, inventory costs for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year you paid for the raw materials or merchandise, if you are also using the cash method).

If you account for inventoriable items in the same manner as materials and supplies that are not incidental, you can currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs. See the instructions for lines 2 and 7.

For additional guidance on this method of accounting, see Pub. 538, Accounting Periods and Methods. For guidance on adopting or changing to this method of accounting, see Form 3115, Application for Change in Accounting Method, and its instructions.

**Qualifying taxpayer.** A qualifying taxpayer is a taxpayer that, (a) for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3 prior tax years and (b) its business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2001-10, 2001-2 I.R.B. 272.

**Qualifying small business taxpayer.** A qualifying small business taxpayer is a taxpayer that, (a) for each prior tax year

ending on or after December 31, 2000, has average annual gross receipts of \$10 million or less for the 3 prior tax years, (b) whose principal business activity is not an ineligible activity, and (c) whose business is not a tax shelter (as defined in section 448(d)(3)). See Rev. Proc. 2002-28, 2002-18 I.R.B. 815.

**Uniform capitalization rules.** The uniform capitalization rules of section 263A generally require you to capitalize, or include in inventory, certain costs incurred in connection with the following.

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property by a corporation for use in its trade or business or in an activity engaged in for profit.

See the discussion on section 263A uniform capitalization rules in the instructions for your tax return before completing Form 1125-A. Also see Regulations sections 1.263A-1 through 1.263A-3. See Regulations section 1.263A-4 for rules for property produced in a farming business.