### Section A — Recycling or Composting Equipment Disposed of Before the End of the Recapture Period

<table>
<thead>
<tr>
<th>Item</th>
<th>Type of Equipment</th>
<th>Useful Life Per Section 168 of the Internal Revenue Code (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Section B — Computation of Tax Credit Balance or Tax Credit Recapture

1. Date equipment was purchased
2. Date equipment was disposed
3. Number of full years the equipment was held
4. Taxable year the Department of Revenue approved the tax credit
5. Allowable tax credit percentage from Table
6. Amount of tax credit originally approved on Schedule RC, Column G
7. Multiply Line 6 by the percentage on Line 5
8. Recycling tax credit used in prior years against LLET
9. Recycling tax credit used in prior years against income tax
10. LLET credit balance: if Line 7 of the Total column is greater than Line 8 of the Total column, enter the difference
11. Income tax credit balance: if Line 7 of the Total column is greater than Line 9 of the Total column, enter the difference
12. LLET credit recapture: if Line 8 of the Total column is greater than Line 7 of the Total column, enter the difference
13. Income tax credit recapture: if Line 9 of the Total column is greater than Line 7 of the Total column, enter the difference
14. Tax credit reduction: enter Line 6 of the Total column less Line 7 of the Total column

### Table — Allowable Tax Credit Percentage

<table>
<thead>
<tr>
<th>Property</th>
<th>Less Than 5 Years</th>
<th>5 Years or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year or Less</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Between 1 and 2 Years</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>Between 2 and 3 Years</td>
<td>67%</td>
<td>40%</td>
</tr>
<tr>
<td>Between 3 and 4 Years</td>
<td>N/A</td>
<td>60%</td>
</tr>
<tr>
<td>Between 4 and 5 Years</td>
<td>N/A</td>
<td>80%</td>
</tr>
</tbody>
</table>
INSTRUCTIONS – RECYCLING OR COMPOSTING EQUIPMENT TAX CREDIT RECAPTURE

Purpose of Schedule – KRS 141.390(4) provides that the Recycling/Composting Equipment Tax Credit provided by KRS 141.390 shall be recaptured in whole or in part if a taxpayer sells, transfers, or disposes of qualifying recycling or composting equipment before the end of the recapture period. If the total tax credit used in prior tax years exceeds the recomputed tax credit, the difference shall be recaptured on the tax return for the tax year in which the sale, transfer, or disposition occurred. If the total tax credit used in prior tax years does not exceed the recomputed tax credit, the unused portion of the tax credit shall be allowed against the income tax imposed by KRS 141.020 or 141.040 and the limited liability entity tax imposed by KRS 141.0401, subject to the limitations provided by KRS 141.390.

General Instructions – KRS 141.390(5) provides the percentage of the original tax credit allowed if recycling or composting equipment is sold, transferred, or disposed of before the end of its useful life as provided by IRC §168. The Table – Allowable Tax Credit Percentage on Schedule RC-R shows the tax credit percentage allowed for the holding periods provided by KRS 141.390(5).

Section A – Recycling or Composting Equipment Disposed of Before the End of the Recapture Period

For each item of equipment sold, transferred or disposed of before the end of its useful life as provided by IRC §168, enter a description of each item of equipment on Lines A, B and C and check the box to indicate the useful life of the equipment. If the taxpayer disposed of more than three items of equipment during the tax year, attach additional Schedules RC-R as needed.

Section B – Computation of Tax Credit Balance or Tax Credit Recapture

For each item of equipment identified on Lines A, B and C of Section A, enter the following information in Columns A, B and C, respectively:

Line 1 – Enter the date the equipment was purchased or installed.

Line 2 – Enter the date the equipment was sold, transferred or disposed.

Line 3 – Enter the number of full years the equipment was held (difference between the dates on Line 1 and Line 2).

Line 4 – Enter the tax year (month and year) that the tax credit on the equipment was approved by the Department of Revenue.

Line 5 – Enter the allowable tax credit percentage from the Table – Allowable Tax Credit Percentage.

Line 6 – Enter the amount of tax credit originally approved by the Department of Revenue. The amount of the tax credit is the amount originally approved on Schedule RC, Part I, Column G multiplied by fifty percent (50%). Enter in the Total column the total of the amounts on Line 6 of Columns A, B and C.

Line 7 – Enter the amount of Line 6 multiplied by the percentage on Line 5. Enter in the Total column the total of the amounts on Line 7 of Columns A, B and C.

Line 8 – Enter the tax credit used by the taxpayer against LLET (KRS 141.0401) in prior years. If the original tax credit approved was for more than one item of equipment, the tax credit shall be prorated based on the cost of the equipment. Enter in the Total column the total of the amounts on Line 8 of Columns A, B and C.

Line 9 – Enter the tax credit used by the taxpayer against income tax (KRS 141.020 or 141.040) in prior years. If the original tax credit approved was for more than one item of equipment, the tax credit shall be prorated based on the cost of the equipment. Enter in the Total column the total of the amounts on Line 9 of Columns A, B and C.

Line 10 – LLET credit balance: if the amount on Line 7 of the Total column is greater than the amount on Line 8 of the Total column, enter the difference on this line.

Line 11 – Income tax credit balance: if the amount on Line 7 of the Total column is greater than the amount on Line 9 of the Total column, enter the difference on this line.

Line 12 – LLET credit recapture: if the amount on Line 8 of the Total column is greater than the amount on Line 7 of the Total column, enter the difference on this line.

Line 13 – Income tax credit recapture: if the amount on Line 9 of the Total column is greater than the amount on Line 7 of the Total column, enter the difference on this line.

Line 14 – Tax credit reduction: enter the amount on Line 6 of the Total column less the amount on Line 7 of the Total column.

Enter the amount from Line 12 (LLET credit recapture) on the applicable tax return as follows:

Form 720 – Enter on Form 720, Part I, Line 2.

Form 720S – Enter on Form 720S, Part II, Line 2.

Form 725 – Enter on Form 725, Part II, Line 2.

Form 765 – Enter on Form 765, Part II, Line 2.

Enter the amount from Line 13 (Income tax credit recapture) on the applicable tax return as follows:

Form 720 – Enter on Form 720, Part II, Line 2.

Form 740 – Enter on Form 740, page 1, Line 13.

Form 740-NP – Enter on Form 740-NP, page 1, Line 14 (combine with income tax amount).

Form 741 – Enter on Form 741, Line 17.

Enter the amount from Line 14 as follows:

Schedule RC – The amount on Line 14 will reduce the portion of the recycling or composting equipment tax credit balance for LLET and Income Tax on Schedule RC, Part III or Part VI applicable to the disposed equipment. Accordingly, the balances of the recycling or composting equipment tax credit on Schedule RC, Part III or Part VI must be reduced as follows: (i) for LLET by the amount on Line 14 less the amount on Line 12 and (ii) for income tax by the amount on Line 14 less the amount on Line 13. Schedule RC-R and Schedule RC (showing the original recycling or composting equipment tax credit) shall be attached to the Kentucky tax return each year that any portion of a remaining recycling or composting equipment tax credit is claimed.

Pass-Through Entities – A pass-through entity shall attach a copy of Schedule RC-R to each partner’s, member’s or shareholder’s Kentucky Schedule K-1.

Each partner, member or shareholder shall prepare a Schedule RC-R to be attached to the partner’s, member’s or shareholder’s tax return. A partner, member or shareholder shall include its pro rata share of the items of equipment amounts from the pass-through entity’s Schedule RC-R, Lines 1 through 7 and Line 14 when preparing the partner’s, member’s or shareholder’s Schedule RC-R. The remaining Lines 8 though 13 of Schedule RC-R shall be computed by the partner, member or shareholder. Schedule RC-R and Kentucky Schedule K-1 (showing the original recycling or composting equipment tax credit) shall be attached to the Kentucky tax return each year that any portion of a remaining recycling or composting equipment tax credit is claimed.