

SCHEDULE BIO

41A720BIO (10-16)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



2016

APPLICATION AND CREDIT CERTIFICATE OF INCOME TAX/LLET CREDIT
BIODIESEL

See instructions.

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

KRS 141.422 to 141.425
103 KAR 15:140

Name of Entity, Mailing Address, Location Address, Federal Identification Number, Kentucky Corporation/LLET Account Number, Taxed as: Corporation, Limited Liability Pass-through Entity, General Partnership, Individual, Other

Kentucky Special Fuels Dealer's License Account Number

At anytime during this calendar year, did your biodiesel or renewable diesel fail to meet the ASTM standard? Yes No
If yes, list dates

Part I - Gallons Produced and/or Blended in Kentucky During the Calendar Year

Table with 4 rows: 1. Number of gallons of B100 biodiesel produced meeting ASTM standard, 2. Number of gallons of B100 biodiesel blended with diesel, 3. Number of gallons of renewable diesel produced meeting ASTM standard, 4. Total biodiesel produced and/or blended and renewable diesel produced

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

Signature, Title, Date, Contact Name, Email Address, Telephone Number, Fax Number



Department of Revenue Use Only

Part II - Biodiesel Gallons Approved

1. Biodiesel gallons approved by Department of Revenue

Part III - Biodiesel Approved Credit Certificate

1. (a) Approved credit for biodiesel producer and/or blender (numerator), (b) Total approved credit for biodiesel producer and/or blender (denominator), Approved Credit

By: Date:

TAXPAYER USE ONLY

Part IV - Biodiesel Credit Used By Taxpayer

Table with 3 rows: 1. LLET Credit, 2. Corporation Income Tax Credit, 3. Individual Income Tax Credit

No Carryforward Allowed

**INSTRUCTIONS FOR SCHEDULE BIO**

The biodiesel tax credit is applied against the individual income tax imposed by KRS 141.020, the corporation income tax imposed by KRS 141.040 and/or the limited liability entity tax (LLET) imposed by KRS 141.0401. The amount of tax credit claimed against the corporation income tax and LLET can be different.

**Purpose of Schedule**—The application and credit certification schedule is to report the number of gallons of biodiesel produced and/or B100 blended and renewable diesel produced in this state meeting the current ASTM standards. Re-blending of blended biodiesel does not qualify for this credit. The Department of Revenue will certify the amount of biodiesel credit for each taxpayer. It is effective for biodiesel produced and/or blended and renewable diesel produced on or after January 1, 2008. The taxpayer is not entitled to the credit for biodiesel produced and/or blended and renewable diesel produced in another state.

The credit rate is \$1 per gallon with a total cap for all taxpayers not to exceed \$10,000,000 annually. There is no carryforward for any unused credit.

To ensure proper processing, fax or email Schedule BIO to the Department of Revenue no later than January 15 following the close of the preceding calendar year. Schedules postmarked or sent after January 15 are void. Credit certification cannot be guaranteed for schedules sent through regular mail.

**Fax number:** (502) 564-0058

**Email address:**  
KRC.WEBResponseEconomicDevelopmentCredits@ky.gov

The Department of Revenue will confirm the receipt of the application. If you do not receive confirmation within two weeks of submitting the application, contact the Division of Corporation Tax at (502) 564-8139.

The Department of Revenue will issue the credit certificate, listing the amount of credit available, by April 15 following the close of the preceding calendar year. Attach the credit certificate to the tax return claiming the credit.

**General Instructions**—For the calendar year, enter the applicable year.

Check the appropriate entity type. If taxed as an entity type other than corporation, limited liability pass-through entity, general partnership or individual, check the "Other" box and list the entity type.

**Federal Identification Number**—For an individual, enter the Social Security number; for all other entities, enter the FEIN.

**Testing**—The regulation 103 KAR 15:140 provides that a copy of the laboratory results for July 1 and December 31 of each calendar year shall be attached to the application, Schedule BIO, submitted to the Department of Revenue. Failure to provide proof of meeting the ASTM standard on July 1 and December 31 of each calendar year with the application shall result in the denial of the credit for gallons of biodiesel or renewable diesel back to the previous testing date of July 1 or December 31.

**Part I—Gallons Produced and/or Blended in Kentucky During the Calendar Year**

**Line 1**—Enter the number of gallons of B100 biodiesel produced in this state for the calendar year.

**Line 2**—Enter the number of gallons of B100 biodiesel used in the blended biodiesel produced in this state for the calendar year. Re-blending of blended biodiesel does not qualify for this credit.

**Line 3**—Enter the number of gallons of renewable diesel produced in this state for the calendar year.

**Part II and Part III**

These parts are completed by the Department of Revenue to determine the biodiesel credit for each taxpayer. Part III is used if the total amount of approved credit for all biodiesel producers and blenders and renewable diesel producers exceeds the annual biodiesel tax credit cap.

**Part II—Biodiesel Gallons Approved**

**Line 1**—This is the amount of biodiesel and renewable diesel gallons approved by the Department of Revenue for credit. If the approved credit exceeds the biodiesel tax credit cap, then the credit is determined by the department in Part III. It is a nonrefundable credit.

A pass-through entity shall include on each Schedule K-1 the partner's, member's, shareholder's or beneficiary's pro rata share of the approved credit. In addition, a pass-through entity shall notify the department electronically of all partners, members, shareholders or beneficiaries who may claim any amount of the approved credit. Failure to provide information to the department in the following manner may constitute the forfeiture of available credits to all partners, members, shareholders or beneficiaries in the pass-through entity.

**Email address:**  
KRC.WEBResponseEconomicDevelopmentCredits@ky.gov

The electronic mail shall contain a separate attachment in plain format text or plain ASCII format that includes each partner's, member's, shareholder's or beneficiary's: (a) Name; (b) Address; (c) Telephone number; (d) Identification number; and (e) Distributive share of the tax credit.

**Part III—Biodiesel Approved Credit Certificate**

The Department of Revenue determines the total approved credit. If it exceeds the biodiesel tax credit cap of \$10,000,000, the department will compute each taxpayer's approved credit based upon a fraction the numerator (Line 1(a)) being the credit approved for the taxpayer and the denominator (Line 1(b)) being the total credit approved for all taxpayers. The biodiesel tax credit cap is multiplied by this fraction to determine each producer's and/or blender's approved credit.

**Part IV—Biodiesel Credit Used By Taxpayer**

**Line 1**—Enter the amount of credit claimed for the taxable year against the LLET on Schedule TCS, Part II, Column E. The credit amount cannot reduce the LLET below the \$175 minimum.

**Line 2**—Enter the amount of credit claimed for the taxable year against the corporation income tax on Schedule TCS, Part II, Column F.

**Line 3**—Enter the amount of credit claimed for the taxable year on Form 740, 740-NP or 741.