



- See instructions.
- Attach to Form 720, 720U, PTE, 725, 740, 740-NP, or 741.
- KRS 141.390

**Taxable Year Ending**

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

Name of Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number
_____	_____	_____

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

Item	Type of Equipment	Useful Life Per Section 168 of the Internal Revenue Code (Years)	
A		<input type="checkbox"/> Less Than 5	<input type="checkbox"/> 5 or More
B		<input type="checkbox"/> Less Than 5	<input type="checkbox"/> 5 or More
C		<input type="checkbox"/> Less Than 5	<input type="checkbox"/> 5 or More

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

		Equipment						Total
		A	B	C				
1	Date equipment was purchased or installed .....	1	/ /	/ /	/ /			
2	Date equipment was sold, transferred, or disposed .....	2	/ /	/ /	/ /			
3	Number of full years the equipment was held .....	3						
4	Taxable year the Department of Revenue approved the tax credit.....	4	____/____ MO. YR.	____/____ MO. YR.	____/____ MO. YR.			
5	Allowable tax credit percentage from Table.....	5						
6	Amount of tax credit originally approved on Schedule RC, Column G .....	6		00		00		00
7	Multiply Line 6 by the percentage on Line 5.....	7		00		00		00
8	Recycling tax credit used in prior years against LLET .....	8		00		00		00
9	Recycling tax credit used in prior years against income tax .....	9		00		00		00
10	<b>LLET credit balance:</b> if Line 7 of the Total column is greater than Line 8 of the Total column, enter the difference.....	10						00
11	<b>Income tax credit balance:</b> if Line 7 of the Total column is greater than Line 9 of the Total column, enter the difference.....	11						00
12	<b>LLET credit recapture:</b> if Line 8 of the Total column is greater than Line 7 of the Total column, enter the difference.....	12						00
13	<b>Income tax credit recapture:</b> if Line 9 of the Total column is greater than Line 7 of the Total column, enter the difference.....	13						00
14	<b>Tax credit reduction:</b> enter Line 6 of the Total column less Line 7 of the Total column.....	14						00

Table — Allowable Tax Credit Percentage		
Property	Less Than 5 Years	5 Years or More
1 Year or Less	0%	0%
Between 1 and 2 Years	33%	20%
Between 2 and 3 Years	67%	40%
Between 3 and 4 Years	N/A	60%
Between 4 and 5 Years	N/A	80%

**Purpose of Schedule**—Per KRS 141.390(4), the Recycling/ Composting Equipment Tax Credit per KRS 141.390 must 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 must be recaptured on the tax return for the tax year in which the sale, transfer, or disposition occurred. If the total tax credit taken in prior tax years does not exceed the recomputed tax credit, the unused portion of the tax credit will 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 per KRS 141.390(2), for the taxable year in which the sale, transfer, or disposition occurs. Any tax credit balance not used in the taxable year in which the sale, transfer, or disposition occurs cannot be carried forward to another taxable year.

**General Instructions**—If recycling or composting equipment is sold, transferred, or disposed of before the end of its useful life per IRC §168, see the Table—Allowable Tax Credit Percentage on Schedule RC–R (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 per 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 II, line 2. 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 must 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 must 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. The taxpayer is entitled to use the difference to reduce their liability for the taxable year in which the sale, transfer, or disposition occurs.

**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. The taxpayer is entitled to use the difference to reduce their liability for the taxable year in which the sale, transfer, or disposition occurs.

**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, adding to the taxpayer's tax liability in the taxable year in which the sale, transfer, or disposition occurs.

**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, adding to the taxpayer's tax liability in the taxable year in which the sale, transfer, or disposition occurs.

**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. The difference increases the taxpayer's tax liability in the taxable year in which the sale, transfer, or disposition occurs.

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

**Form 720**—Enter on Form 720, Part II, Line 2.

**Form 720U**—Enter on Form 720U, Schedule U9, Section A, Line 2.

**Form PTE**—Enter on Form PTE, Part II, Line 2.

**Form 725**—Enter on Form 725, 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 III, Line 2.

**Form 720U**—Enter on Form 720U, Schedule U9, Section B, 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 recycling or composting equipment tax credit balances for LLET and income tax on Schedule RC, Part III or Part VI shall be reduced as follows: (i) for LLET by the total of Lines 10 and 14 less Line 12, and (ii) for income tax by the total of Lines 11 and 14 less Line 13.

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

Each partner, member, shareholder, or beneficiary must prepare a Schedule RC–R to be attached to the partner's, member's, shareholder's, or beneficiary's tax return. A partner, member, shareholder, or beneficiary must 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, shareholder's, or beneficiary's Schedule RC–R. The remaining Lines 8 through 13 of Schedule RC–R must be computed by the partner, member, shareholder, or beneficiary. A partner, member, shareholder, or beneficiary must reduce the recycling or composting equipment tax credit balances for LLET and income tax on Schedule RC, Part III or Part VI as follows: (i) for LLET by the total of Lines 10 and 14 less Line 12, and (ii) for income tax by the total of Lines 11 and 14 less Line 13.

**Note:** If the redetermined credit exceeds the total credit already taken in prior taxable years, the taxpayer is entitled to use the difference to reduce their tax liability in the year in which the sale, transfer, or disposition occurs.