

Schedule CI



41A720CI (10-16)
Commonwealth of Kentucky
DEPARTMENT OF REVENUE

Taxable Year Ending

Mo. / Yr.

See instructions.

APPLICATION FOR COAL INCENTIVE TAX CREDIT

For Coal Purchased During Calendar Year

KRS 141.0405

Name of Entity, Federal Identification Number, Number and Street, Kentucky Corporation/LLET Account Number, City, State, ZIP Code, Telephone Number

Type of Entity (check applicable box): Corporation, Limited Liability Pass-through Entity, General Partnership, Other

Kentucky Group Notice Code (GNC) Number

PART I - Qualifying Tons of Coal Purchased During the Base Year (Calendar Year 1999)

Table with 4 columns: A (Name of Supplier), B (Name and Kentucky Coal Severance Tax Account Number), C (Qualifying Tons of Coal Purchased), D (For Department of Revenue Use Only Approved Tons Purchased)

11. Total Approved Tons for the Base Year

PART II - Qualifying Tons of Coal Purchased During the Current Calendar Year

Table with 4 columns: A (Name of Supplier), B (Name and Kentucky Coal Severance Tax Account Number), C (Qualifying Tons of Coal Purchased), D (For Department of Revenue Use Only Approved Tons Purchased)

11. Total Approved Tons for the Current Calendar Year

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 of Principal Officer or Chief Accounting Officer

Date

Type or Print Name and Title of Principal Officer or Chief Accounting Officer

The Coal Incentive Tax Credit is applied against the individual income tax imposed by KRS 141.020, the corporation income tax imposed by KRS 141.040, the limited liability entity tax (LLET) imposed by KRS 141.0401 and the public service corporation property tax (state portion only) imposed by KRS 136.120. The amount of credit claimed against the corporation income tax and the LLET can be different.

Purpose of Schedule—This schedule is used by taxpayers to apply for the coal incentive tax credit provided by KRS 141.0405 and by the Department of Revenue to determine the approved tons of coal purchased.

Who is Entitled to the Tax Credit —A taxpayer or a parent company if the taxpayer is a wholly owned subsidiary that:

(a) is an alternative fuel facility as defined in KRS 154.27-010 or a gasification facility as defined in KRS 154.27-010 that has not been approved for incentives under Subchapter 27 of KRS Chapter 154;

(b) remits tax to the Commonwealth under KRS 136.120, 141.020, 141.040 or 141.0401; and

(c) purchases coal subject to the tax imposed by KRS 143.020 that is used as feedstock for an alternative fuel facility as defined in KRS 154.27-010 or a gasification facility as defined in KRS 154.27-010.

Amount of Credit—The credit is equal to \$2 for each incentive ton of coal. Incentive tons of coal are calculated by subtracting the tons of qualifying coal purchased during the base year from the tons of qualifying coal purchased during the prior calendar year. **“Qualifying coal” means coal subject to the coal severance tax imposed by KRS 143.020 which is purchased and used as a feedstock for an alternative fuel facility or a gasification facility as defined in KRS 154.27-010.** For entities existing prior to July 14, 2000, the base year amount of qualifying tons of coal is the qualifying tons of coal purchased in the calendar year 1999. For entities that come into existence after July 14, 2000, the base year amount shall be equal to zero.

Due Date of Schedule—The taxpayer must submit this schedule by March 15 of each year to apply for the credit on coal purchases for the prior calendar year.

Where to Submit Schedule—This schedule should be submitted to:

Kentucky Department of Revenue
Office of Property Valuation
Division of Minerals Taxation and GIS Services
501 High Street, Station 33
Frankfort, Kentucky 40601-2103

SPECIFIC INSTRUCTIONS

General Information—The taxpayer must complete all information in the name and address portion of this schedule. If the entity type is not listed, check “Other” and list the entity type.

Part I—Qualifying Tons of Coal Purchased During the Base Year (Calendar Year 1999)

Company that Came into Existence after July 14, 2000—If the company came into existence after July 14, 2000, enter a statement to that effect in Columns A and B, and enter zero (\$0.00) in Column C. Attach sufficient information to the application to verify the date the company came into existence. A company created on or before July 14, 2000, cannot create an affiliate, subsidiary or another corporation that would qualify for a base year amount of zero (\$0.00).

Company in Existence on July 14, 2000—If the company was in existence on or before July 14, 2000, enter in Column A the name of each supplier from whom the coal was purchased. If the supplier listed in Column A is the person subject to the coal severance tax on the qualifying coal, enter the supplier’s Kentucky Coal Severance Tax Account Number in Column B and the tons of qualifying coal purchased in Column C. If the person subject to the Kentucky coal severance tax on the qualifying coal is not the supplier listed in Column A, enter in Column B the name and

Kentucky Coal Severance Tax Account Number of the person subject to the coal severance tax and the tons of qualifying coal purchased in Column C. If more than one person was subject to the Kentucky coal severance tax on coal purchased from a single supplier, use a separate line for each person subject to the Kentucky coal severance tax and list the supplier in Column A, the name and Kentucky Coal Severance Tax Account Number of the person subject to the coal severance tax in Column B, and the tons of qualifying coal purchased in Column C.

Part II—Qualifying Tons of Coal Purchased During the Current Calendar Year

Company Filing Schedule—Enter in Column A the name of each supplier from whom the coal was purchased. If the supplier listed in Column A is the person subject to the coal severance tax on the qualifying coal, enter the supplier’s Kentucky Coal Severance Tax Account Number in Column B and the tons of qualifying coal purchased in Column C. If the person subject to the Kentucky coal severance tax on the qualifying coal is not the supplier listed in Column A, enter in Column B the name and Kentucky Coal Severance Tax Account Number of the person subject to the coal severance tax and the tons of qualifying coal purchased in Column C. If more than one person was subject to the Kentucky coal severance tax on coal purchased from a single supplier, use a separate line for each person subject to the Kentucky coal severance tax and list the supplier in Column A, the name and Kentucky Coal Severance Tax Account Number of the person subject to the coal severance tax in Column B, and the tons of qualifying coal purchased in Column C.

Subsequent Year Applications—For applications submitted for years after the taxpayer’s initial year of application, it is not necessary to complete Part I. In lieu of completing Part I the taxpayer should attach a copy of the initial year’s application which will be returned to the taxpayer with Column D completed by the Department of Revenue with the Coal Incentive Tax Credit Certificate for the initial year.

Maintaining Records—The taxpayer must maintain records reflecting verification of the tons of coal purchased subject to Kentucky coal severance tax imposed by KRS 143.020, including invoices and proof of payments, for a period of five years.

Taxes to which the Credit Applies—KRS 141.0405 provides that this credit shall first be applied against both the taxes imposed by KRS 141.020 or KRS 141.040 and the tax imposed by KRS 141.0401, with the ordering of credits as provided in KRS 141.0205. Any remaining credit shall be applied against the taxes imposed by KRS 136.120.

The credit shall meet the entirety of the taxpayer’s liability under the first tax listed in consecutive order before applying any remaining credit to the next tax listed in consecutive order. The taxpayer’s total liability under each preceding tax must be fully met before the remaining credit can be applied to the subsequent tax listed in consecutive order.

Claiming Credit—Corporations and limited liability pass-through entities are entitled to take this credit against the LLET. The credit taken against corporation income tax is also allowed against the LLET even though the credit is taken against the income tax. The credit claimed may be different because of limitations.

The credit amount cannot reduce the LLET below the \$175 minimum.

A pass-through entity shall include on each Schedule K-1 the partner’s, member’s or shareholder’s pro rata share of the approved credit.