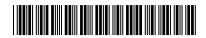
SCHEDULE RR-I

41A720RR–I (10-16) Commonwealth of Kentucky **DEPARTMENT OF REVENUE**



Taxable Year Ending

> See instructions.

RAILROAD MAINTENANCE AND IMPROVEMENT TAX CREDIT

➤ Attach to Form 720, 720S, 725, 740, 740-NP, 741, 765 or 765-GP.			KRS 141.38	KRS 141.385 and 141.387	
Name of Entity		Federal Identification Number	Kentucky Corporation/LLET Account Number (if applicable)		
Mailing Address		 			
		Taxed as: Corporation Limited Liability Pass-t	hrough Entity		
Location Address		☐ General Partnership☐ Individual☐ Other			
Part I—Qualifications					
 on January 1, 2008, b Was a tax credit clain "qualified expenditur Was a tax credit clain taxpayer on the same If you answered "yes" to 	by a Class II or Class III railroaned under the provisions of kers"?ned under the provisions of kers and under the kers and under t	KRS 141.385 or 141.386 by another STOP; you do not qualify for this credi		No	
Part II—Computation of t		,			
-	ualified expenditures paid or				
3. Enter the number of n	niles of railroad track in Kent	ucky owned or			
leased by the taxpayer at the close of the taxable year					
	3 and 4				
6. Multiply line 5 by \$3,500			6		
7. Enter the lesser of line 2 or line 6			7		
Part III — Railroad Mainten	nance and Improvement Cred	lit Used By Taxpayer			
LLET Credit — Enter on Schedule TCS, Part II, Column E			1		
2. Corporation Income Tax Credit—Enter on Schedule TCS, Part II, Column F			2		
3. Individual Income Tax	Credit—Enter on Form 740, 7	740–NP or 741	3		
	No	Carryforward Allowed			

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

INSTRUCTIONS FOR SCHEDULE RR-I

The railroad maintenance and improvement credit provided by KRS 141.385 is a nonrefundable credit that can be applied against the taxes imposed by KRS 141.020 or 141.040, and KRS 141.0401. The tax credit shall be used in the tax year of the qualified expenditures which generated the tax credit and cannot be carried forward to a return for any other period. If a qualified expenditure qualifies for both the railroad maintenance and improvement credit as provided by KRS 141.385 and the railroad expansion tax credit as provided by KRS 141.386, the taxpayer must claim either the credit provided by KRS 141.385 or the credit provided by KRS 141.386, but not both.

Purpose of Schedule — This schedule is used to compute the railroad maintenance and improvement credit. An eligible taxpayer means: (i) the owner of any Class II railroad or Class III railroad located in Kentucky; or (ii) any person who transports property using the rail facilities of a Class II railroad or Class III railroad located in Kentucky or furnishes railroad—related property or services to a Class II railroad or Class III railroad located in Kentucky, but only with respect to miles of railroad track assigned to the person by a Class II railroad or Class III railroad for purposes of the tax credit.

Class II railroad means a railroad company classified as a Class II carrier by the federal Surface Transportation Board.

Class III railroad means a railroad company classified as a Class III carrier by the federal Surface Transportation Board.

Qualified expenditures means expenditures, whether or not otherwise chargeable to a capital account, that are made to maintain or improve railroads located in Kentucky, including roadbeds, bridges, and related structures, that are owned or leased as of January 1, 2008, by a Class II or Class III railroad.

The railroad maintenance and improvement tax credit is an amount equal to 50% of the qualified expenditures paid or incurred by the taxpayer during the tax year, but shall not exceed the product of \$3,500 multiplied by the sum of: (i) the number of miles of railroad track in Kentucky owned or leased by the eligible taxpayer as of the close of the taxable year; and (ii) the number of miles of railroad track in Kentucky assigned for purposes of KRS 141.385 to the eligible taxpayer by a Class II railroad or Class III railroad which owns or leases the railroad track as of the close of the taxable year.

If a credit is taken as provided by KRS 141.385(2), the basis of the track shall be reduced by the amount of credit taken.

Part I—Qualifications

Qualified expenditures must be made on property that was owned or leased on January 1, 2008, by a Class II or Class III railroad. If you have taken the railroad expansion tax credit permitted by KRS 141.386 on the same qualified expenditures, you do not qualify for this credit. If a tax credit was claimed under the provisions of KRS 141.385 or 141.386 by another

taxpayer on the same qualified expenditures, you do not qualify for this credit.

Part II—Computation of the Credit

Line 1—Enter the amount of qualified expenditures paid or incurred by the taxpayer during the tax year.

Line 2-Enter fifty percent (50%) of Line 1.

Line 3—Enter the number of miles of railroad track in Kentucky owned or leased by the eligible taxpayer as of the close of the taxable year.

Line 4—Enter the number of miles of railroad track in Kentucky assigned for purposes of the tax credit provided by KRS 141.385 to the eligible taxpayer by a Class II railroad or Class III railroad which owns or leases the railroad track as of the close of the taxable year.

Line 5—Enter total of Lines 3 and 4.

Line 6—Enter the amount on Line 5 multiplied by \$3,500.

Line 7—Enter the lesser of Line 2 or Line 6.

Part III—Railroad Maintenance and Improvement Credit Used by Taxpayer

Line 1—Enter the amount of the 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 the credit claimed for the taxable year against the corporation income tax on Schedule TCS, Part II, Column F.

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

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.

Attach Schedule RR-I to the tax return claiming the credit.