SCHEDULE KREDA-SP

41A720-S18 (10-12)



For taxable year ended

Commonwealth of Kentucky **DEPARTMENT OF REVENUE**

➤ See instructions.

TAX COMPUTATION SCHEDULE (FOR A KREDA PROJECT OF A PASS-THROUGH ENTITY)

➤ Attach to Form 720S, 7		KRS 154.22-010 to 102						
Name of Pass-through Entity	Federal I	Federal Identification Number			Kentucky Corporation/LLET Account Number			
Location of Project		Activation Date of KREDA Incentive Agreement			Economic Development Project Number			
City	County			_ /				
PART I—Computation of						4		I 00
 Kentucky taxable inco Net operating loss dec 						2 (1	00
3. Kentucky taxable inco		fter net operating l	oss dedu	uction		3	I	00
4. Income tax on amoun	t from line 3:							
	Taxable	e Net Income		Rate	Tax			
(a) First \$3,000			_ x	2%		00		
				3%		00		
(c) Next \$1,000			_ X	4%		00		
	······			5%		00		
	\$75,000.			5.8%		00		
(f) Over \$75,000	·····		_ X	6%		00		Т
(g) Total income tax liability of KREDA project (add lines 4(a) through 4(f))						4(g)		00
5. LLET on KREDA project (see instructions). Not applicable for Form 765-GP						5		00
6. LLET credit allowed (I	ine 5 less \$175, but not r	_	-	-		6		00
						7		00
7. Total tax on KREDA project (lines 4(g) and 5 less line 6)						8		00
9. Enter the lesser of line		,						"
						9(a)		00
or								
(b) Estimated tax pay	ment and complete elec	ction in Part II				9(b)		00
10. If line 7 is larger than	line 9(a) or 9(b), enter di	fference here as a	liability	of the				
pass-through entity. (A	Any pass-through entity	reflecting a tax lia	bility, co	mplete				
	ry below and remit payn	nent.)				10		00
PART II—Estimated Tax								
In accordance with KRS	141.347(4)(b),							
elects for the taxable ye	ar ended	, in li	Nam eu of th	e of Pass-throu ne KREDA ta	gh Entity x credit, 1	o have a	ın amount e	qual
to the lesser of line 7 or	line 8 above applied a	as an estimated t	ax payr	ment.				
			. ,					
Signature of Shareholder, Partn	er or Member						Date	
TAX PAYMENT SUMMAR		o Kentucky State	Treasure	er.)			2410	-
Tax		•			то	TAL		

INSTRUCTIONS - SCHEDULE KREDA-SP

Commonwealth of Kentucky **DEPARTMENT OF REVENUE**

PURPOSE OF SCHEDULE—This schedule is used by a pass-through entity which has entered into a tax incentive agreement for a Kentucky Rural Economic Development Act (KREDA) project that received preliminary or final approval under KRS Chapter 154.22 on or before June 26, 2009, to determine the credit allowed against the Kentucky income tax and LLET attributable to the project in accordance with KRS 141.347.

Pass-through entities should first complete Form 720S, 765 or 765-GP to determine net income (loss), deductions, etc., from the entire operations of the pass-through entity. The pass-through entity should then complete Schedule KREDA-SP to determine the KREDA tax credit and the tax due, if any, from the KREDA project. A pass-through entity is subject to tax as provided by KRS 141.020 and KRS 141.0401 on the net income and the Kentucky gross receipts or Kentucky gross profits from the project and the KREDA credit is applied against the tax of the KREDA project. Consequently, the pass-through entity must use Form 720S(K), Form 765(K) or Form 765-GP(K) in lieu of Schedule K (Form 720S), Schedule K (Form 765) or Schedule K (Form 765-GP) in order to exclude the net income from the KREDA project from the partners, members or shareholders' distributive share income, and Schedule LLET(K) in lieu of Schedule LLET in order to exclude the Kentucky gross receipts or the Kentucky gross profits of the KREDA project from the LLET at the entity level.

Multiple Projects—A pass-through entity with multiple economic development projects must complete an applicable schedule (Schedule KREDA-SP, Schedule KIDA-SP, Schedule KEOZ-SP, Schedule KJRA-SP, Schedule KIRA-SP, Schedule KJDA-SP, Schedule KBI-SP, Schedule KRA-SP or Schedule IEIA-SP) to determine the credit and net tax liability, if any, for each project.

Line 1—If the pass-through entity's only operation is the KREDA project, the amount entered on Line 1 is the net income (loss) from Form 720S, 765 or 765-GP. If the pass-through entity has operations other than the KREDA project, a schedule must be attached reflecting the computation of the net income (loss) from the KREDA project in accordance with the following instructions, and such amount entered on Line 1.

Separate Facility—In accordance with KRS 141.347(6), if the project is a totally separate facility, net income, Kentucky gross receipts, and Kentucky gross profits attributable to the project shall be determined by a separate accounting method.

Expansion of Existing Facility—In accordance with KRS 141.347(7), if the KREDA project is an expansion to a previously existing facility, the net income, Kentucky gross receipts and Kentucky gross profits shall be determined under a separate accounting method reflecting the entire facility, and the net income, Kentucky gross receipts and Kentucky gross profits shall be determined by apportioning the net income, Kentucky gross receipts and Kentucky gross profits of the entire facility to the economic development project by a formula approved by the Department of Revenue. A copy of the letter from the Department of Revenue approving the percentage must be attached to the schedule.

Alternative Methods—In accordance with KRS 141.347(8), if the approved company can show that the nature of the operations and activities of the approved company are

such that it is not practical to use a separate accounting method to determine the net income, Kentucky gross receipts and Kentucky gross profits from the facility at which the economic development project is located, the approved company shall use an alternative method approved by the Department of Revenue. A copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.

Separate Accounting—If the economic development project is a totally separate facility, net income shall reflect only the gross income, deductions, expenses, gains and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and Kentucky gross receipts or Kentucky gross profits shall reflect only Kentucky gross receipts or Kentucky gross profits directly attributable to the facility.

If the economic development project is an expansion to a previously existing facility, net income of the entire facility shall reflect only the gross income, deductions, expenses, gains and losses allowed under this chapter directly attributable to the facility and overhead expenses apportioned to the facility; and Kentucky gross receipts and Kentucky gross profits shall reflect only Kentucky gross receipts and Kentucky gross profits directly attributable to the facility. Net income, Kentucky gross receipts and Kentucky gross profits of the entire facility attributable to the economic development project shall be determined by apportioning the net income, Kentucky gross receipts and Kentucky gross profits by a formula approved by the Department of Revenue.

Line 2—Enter the net operating loss from the KREDA project, if any, being carried forward from previous years.

Note: Just as the income from a KREDA project does not flow through to partners, members or shareholders, neither do the losses. The project's net operating loss from prior years must be subtracted from the project income before calculating the KREDA credit.

General Partnership—Lines 5 and 6 of this schedule shall not be completed by a general partnership as a general partnership is not subject to LLET.

Line 5—Using Schedule LLET, create a new Schedule LLET to compute the LLET of the KREDA project using only the Kentucky gross receipts and Kentucky gross profits of the project. Enter "KREDA" at the top center of the Schedule LLET and attach it to the tax return.

Line 9—In lieu of the tax credit, the approved company may elect, on an annual basis, to apply as an estimated tax payment an amount equal to the allowable tax credit. Any estimated tax payment shall be in satisfaction of the tax liability of the partners, members or shareholders of the pass-through entity, and shall be paid on behalf of the partners, members or shareholders. Enter an amount on either (a) or (b), but in no case shall there be an entry on both (a) and (b). In accordance with KRS 141.347(5), this estimated tax payment is excluded in determining each partner, member or shareholder's distributive share income or credit from a pass-through entity. Accordingly, the partners, members or shareholders are not entitled to claim any portion of this estimated tax payment against their Kentucky income tax liability.