

SCHEDULE DS

41A720DS (10-15)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



Taxable Year Ending

___ / ___ / ___
Mo. / Yr.

➤ See instructions.

DISTILLED SPIRITS TAX CREDIT

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

KRS 141.389

Name of Entity	Federal Identification Number _____	Kentucky Corporation/LLET Account Number (if applicable) _____
Location Address of Capital Improvements	Taxed as: <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Pass-through Entity <input type="checkbox"/> General Partnership <input type="checkbox"/> Individual <input type="checkbox"/> Other _____	

Part I—Capital Improvements

1. Construction, replacement or remodeling of warehouses or facilities.....	1		00
2. Purchase of barrels and pallets used for the storage and aging of distilled spirits in maturing warehouses	2		00
3. Acquisition, construction or installation of equipment for the use in the manufacture, bottling or shipment of distilled spirits.....	3		00
4. Addition or replacement of access roads or parking facilities.....	4		00
5. Construction, replacement or remodeling of facilities to market or promote tourism, including but not limited to a visitor’s center.....	5		00
6. Total Capital Improvements (Add lines 1 through 5).....	6		00

Part II—Computation of the Credit

For all years of accumulated ad valorem tax list: 1) ad valorem taxable year ending, 2) date the ad valorem tax was assessed, 3) date the ad valorem tax was paid, 4) amount of ad valorem tax paid, and 5) allowable percentage (see chart below). Enter the total of line 6 in the Total column.

Ad valorem Taxable Year Ending	1.	___ / ___ / ___	___ / ___ / ___	___ / ___ / ___	___ / ___ / ___		Total
Date ad valorem tax was assessed	2.	___ / ___ / ___	___ / ___ / ___	___ / ___ / ___	___ / ___ / ___		
Date ad valorem tax was paid	3.	___ / ___ / ___	___ / ___ / ___	___ / ___ / ___	___ / ___ / ___		
Amount of ad valorem tax paid	4.		00		00		
Allowable Percentage (see chart)	5.						
Line 4 multiplied by Line 5	6.		00		00		

7. Enter the lesser of Part I, line 6 or Part II, line 6. This is the allowable **distilled spirits tax credit**

	7		00
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Table—Allowable Tax Credit Percentage Based on the Ad Valorem Taxable Year		
Taxable years beginning on or after	<i>and</i> Taxable years beginning before	Percentage
January 1, 2015	December 31, 2015	20%
January 1, 2016	December 31, 2016	40%
January 1, 2017	December 31, 2017	60%
January 1, 2018	December 31, 2018	80%
January 1, 2019	Forward	100%

INSTRUCTIONS FOR SCHEDULE DS

The distilled spirits credit is a nonrefundable and nontransferable credit that may be claimed against income taxes imposed by KRS 141.020 or KRS 141.040 and the limited liability entity tax imposed by KRS 141.0401 by taxpayers that pay Kentucky property tax on distilled spirits pursuant to KRS 132.160. If the taxpayer is a pass-through entity, such as a partnership, S-corporation or limited liability company classified as a pass-through entity for Kentucky income tax purposes, the taxpayer may apply the credit against the LLET, and pass the credit through to its members, partners, or shareholders in the same proportion as the distributive share of income or loss is passed through.

Purpose of Schedule—The schedule shall be used to report the capital improvements for which the credit is claimed, up to the amount of distilled spirits ad valorem tax paid during the period the capital improvements were made. The credit must be claimed on the return filed for the year during which the credits were used, which is the year the capital improvements are completed.

How to File—Schedule DS must be attached to the tax return.

Maintaining Records—The taxpayer must maintain records reflecting the verification of the capital improvements made that are associated with the credit for a period of five years.

SPECIFIC INSTRUCTIONS

General Information—KRS 141.389(3) provides that the distilled spirits credit may be accumulated for multiple taxable years, and shall be claimed on the return of the taxpayer filed for the taxable year during which the credits were used for capital improvements as provided by KRS 141.389(2). If the distilled spirits ad valorem tax is for multiple taxable years, attach a schedule providing the information on Part II of this Schedule for each taxable year.

Part I—Capital Improvements

Lines 1 to 5—Enter the capital improvement amounts at the premises of the distiller licensed pursuant to KRS Chapter 243 for each of the categories provided on Lines 1 through 5 that were completed and specifically associated with the ad valorem tax on Part II, Line 3.

Line 6—Enter the total of Lines 1 through 5.

Part II—Computation of the Credit

Line 1—Enter the ad valorem taxable year ending. Enter the 2-digit month and 2-digit year. Begin with the earliest taxable year ending date.

Line 2—Enter the date the ad valorem tax was assessed pursuant to KRS 132.160.

Line 3—Enter the date the ad valorem tax was paid pursuant to KRS 132.180.

Line 4—Enter the amount of the ad valorem tax that was assessed and paid on the dates entered on Lines 2 and 3, respectively.

Line 5—Enter the applicable percentage for the taxable year as follows:

- For taxable years beginning on or after January 1, 2015, and before December 31, 2015, the credit shall be equal to twenty percent (20%) of the tax assessed under KRS 132.160 and paid under KRS 132.180 on a timely basis.
- For taxable years beginning on or after January 1, 2016, and before December 31, 2016, the credit shall be equal to forty percent (40%) of the tax assessed under KRS 132.160 and paid under KRS 132.180 on a timely basis.
- For taxable years beginning on or after January 1, 2017, and before December 31, 2017, the credit shall be equal to sixty percent (60%) of the tax assessed under KRS 132.160 and paid under KRS 132.180 on a timely basis.
- For taxable years beginning on or after January 1, 2018, and before December 31, 2018, the credit shall be equal to eighty percent (80%) of the tax assessed under KRS 132.160 and paid under KRS 132.180 on a timely basis.
- For taxable years beginning on or after January 1, 2019, the credit shall be equal to one hundred percent (100%) of the tax assessed under KRS 132.160 and paid under KRS 132.180 on a timely basis.

Line 6—Enter the amount on Line 4 multiplied by the percentage on Line 5. Enter the total of line 6 in the Total column.

Line 7—Enter the lesser of Part I, line 6 or Part II, line 6; this is the allowable distilled spirits tax credit.