SCHEDULE KESA-SP

41A720KESA-SP (10-15)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE

Taxable Year Ending

Mo. Yr.

TAX CREDIT COMPUTATION SCHEDULE
(FOR A KESA PROJECT OF A PASS-THROUGH ENTITY)
KRS 154.48-010 to 035

➤ **See instructions.**

➤ **Attach to Form 720S, 725, 765 or 765-GP.**

Name of Pass-through Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number
Location of Project City County	Activation Date of KESA Incentive Agreement Mo. Day Yr.	Environmental Stewardship Project Number

PART I—Base Year Net Tax

1. Compute the tax imposed by KRS 141.020	1		00
2. Compute the tax imposed by KRS 141.0401. **Not applicable for Form 765-GP**	2		00
3. LLET credit permitted by KRS 141.0401(3). **Not applicable for Form 765-GP**	3		00
4. Base year tax (total of lines 1 and 2 less line 3)	4		00
5. Base year net tax (enter 50% of line 4)	5		00

PART II—Current Year Net Tax

1. Compute the tax imposed by KRS 141.020	1		00
2. Compute the tax imposed by KRS 141.0401. **Not applicable for Form 765-GP**	2		00
3. LLET credit permitted by KRS 141.0401(3). **Not applicable for Form 765-GP**	3		00
4. Current year net tax (total of lines 1 and 2 less line 3)	4		00

PART III—KESA Credit

1. Enter credit available: (Part II, Line 4 less Part I, Line 5; if less than -0-, enter -0-)	1		00
2. Enter 25% of total authorized inducement per KESA agreement	2		00
3. Enter the lesser of line 1 or line 2, and enter this amount on Schedule TCS, Part II, Column E and on Schedule K of Form 720S, 765 or 765-GP	3		00

The KESA tax credit is applied against the income tax imposed by KRS 141.020 or KRS 141.040 and the limited liability entity tax (LLET) imposed by KRS 141.0401. The amount of tax credit against each tax can be different.

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INSTRUCTIONS—SCHEDULE KESA-SP

The KESA tax credit is applied against the income tax imposed by KRS 141.020 or KRS 141.040 and the limited liability entity tax (LLET) imposed by KRS 141.0401. The amount of tax credit against each tax can be different.

PURPOSE OF SCHEDULE—For taxable years ending on or after June 4, 2010, this schedule is used by a pass-through entity which has an approved Kentucky Environmental Stewardship Act (KESA) project as provided by KRS 154.48–025 to determine the environmental stewardship tax credit allowed against its LLET attributable to the project in accordance with KRS 141.430 and distributed to its partners, members or shareholders.

KRS 141.430(2) provides that for each taxable year beginning with the year in which the activation date defined in KRS 154.48–010(1) occurs and ending with the year in which the project terminates, a limited liability pass-through entity's environmental stewardship tax credit is determined by subtracting the base year tax from the current year combined individual income tax and LLET; however, the tax credit claimed for any single tax year cannot exceed 25% of the total authorized inducement. The base year tax is the combined individual income tax and LLET for the first taxable year after December 31, 2005, that ends immediately prior to the activation date. If the base year is for a taxable year beginning before January 1, 2007, the LLET will not apply. For taxable years ending on or after June 4, 2010, the base year tax is reduced by fifty percent (50%).

GENERAL INSTRUCTIONS

Part I—Base Year Net Tax

Enter the tax computed before the application of any tax credits.

Line 1—This is the income tax imposed by KRS 141.020 on the taxable net income of the pass-through entity for the base year.

Line 2—This is the LLET imposed by KRS 141.0401 on the limited liability pass-through entity for the base year (not applicable for years beginning before January 1, 2007).

Line 3—This is the LLET credit permitted by KRS 141.0401(3) for the base year (not applicable for years beginning before January 1, 2007).

Part II—Current Year Net Tax

Enter the tax computed before the application of any tax credits.

Line 1—This is the income tax imposed by KRS 141.020 on the taxable net income of the pass-through entity for the current taxable year.

Line 2—This is the LLET imposed by KRS 141.0401 on the limited liability pass-through entity for the current taxable year.

Line 3—This is the LLET credit permitted by KRS 141.0401(3) for the current taxable year.

Part III—KESA Credit

Line 3—This is the lesser of Part III, Line 1 or Line 2.

For this taxable year, enter on Schedule KESA-T, Column C the greater of Part III, Line 3 or the tax credit allowed against the applicable tax.