

SCHEDULE ETH

41A720ETH (10-11)

Commonwealth of Kentucky
DEPARTMENT OF REVENUE



20\_\_
Calendar Year

APPLICATION AND CREDIT CERTIFICATE OF
INCOME TAX/LLET CREDIT
ETHANOL

See instructions.

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

KRS 141.422 to 141.4248
103 KAR 15:110

Name of Entity, Mailing Address, Location Address, Federal Identification Number, Kentucky Corporation/LLET Account Number, Taxed as: Corporation, Limited Liability Pass-through Entity, General Partnership, Individual, Other

Kentucky Special Fuels Dealer's License Account Number

At anytime during this calendar year, did your ethanol fail to meet the ASTM standard? Yes No

If yes, list dates

Part I - Gallons Produced in Kentucky During the Calendar Year

1. Number of gallons of ethanol produced meeting ASTM standard 1

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, Title, Date, Contact Name, Email Address, Telephone Number, Fax Number



Department of Revenue Use Only

Part II - Ethanol Gallons Approved

1. Ethanol gallons approved by Department of Revenue 1

Part III - Ethanol Approved Credit Certificate

1. (a) Approved credit for ethanol producer (numerator) (a) (b) Total approved credit for ethanol producer (denominator) (b) x \*\$ = Approved Credit

\* The annual ethanol tax credit cap of \$5,000,000 will be increased by the unused cap of the cellulosic ethanol tax credit if the total approved applications for the ethanol tax credit exceeds its \$5,000,000 cap.

TAXPAYER USE ONLY

Part IV - Ethanol Credit Used By Taxpayer

1. 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, 740-NP or 741 3

No Carryforward Allowed

**INSTRUCTIONS FOR SCHEDULE ETH**

The ethanol tax credit is applied against individual income tax imposed by KRS 141.020, the corporation income tax imposed by KRS 141.040 and/or the limited liability entity tax (LLET) imposed by KRS 141.0401. The amount of tax credit claimed against the corporation income tax and LLET can be different.

**Purpose of Schedule**—The application and credit certification schedule is to report the number of gallons of ethanol produced in this state meeting the current ASTM standards. The Department of Revenue will certify the amount of ethanol credit for each taxpayer. It is effective for ethanol produced on or after January 1, 2008. The taxpayer is not entitled to the credit for ethanol produced in another state.

The credit rate is \$1 per gallon with a total cap for all taxpayers not to exceed \$5,000,000 annually, except the ethanol tax credit cap shall be increased by the unused cap of the cellulosic ethanol tax credit. See Part III Instructions for further explanation. There is no carryforward for any unused credit.

To ensure proper processing, fax or email Schedule ETH to the Department of Revenue no later than January 15 following the close of the preceding calendar year. Schedules postmarked or sent after January 15 are void. Credit certification cannot be guaranteed for schedules sent through regular mail.

**Fax number:** (502) 564-0058

**Email address:**  
KRC.WEBResponseEconomicDevelopmentCredits@ky.gov

The Department of Revenue will confirm the receipt of the application. If you do not receive confirmation within two weeks of submitting the application, contact the Division of Corporation Tax at (502) 564-8139.

The Department of Revenue will issue the credit certificate, listing the amount of credit available, by April 15 following the close of the preceding calendar year. Attach the credit certificate to the tax return claiming the credit.

**General Instructions**—For the calendar year, enter the applicable year.

Check the appropriate entity type. If taxed as an entity type other than corporation, limited liability pass-through entity, general partnership or individual, check the “Other” box and list the entity type.

**Federal Identification Number**—For an individual, enter the Social Security number; for a general partnership, estate or trust, enter the FEIN.

**Testing**—The regulation 103 KAR 15:110 provides that a copy of the laboratory results for July 1 and December 31 of each calendar year shall be attached to the application, Schedule ETH, submitted to the Department of Revenue. Failure to provide proof of meeting the ASTM standard on July 1 and December 31 of each calendar year with the application shall result in the denial of the credit for gallons of ethanol back to the previous testing date of July 1 or December 31.

**Part I—Gallons Produced in Kentucky During the Calendar Year**

**Line 1**—Enter the number of gallons of ethanol produced in this state for the calendar year.

**Part II and Part III**

These parts are completed by the Department of Revenue to determine the ethanol credit for each taxpayer. Part III is used if the total amount of approved credit for all ethanol producers exceeds the annual ethanol tax credit cap.

**Part II—Ethanol Gallons Approved**

**Line 1**—This is the amount of ethanol gallons approved by the Department of Revenue for credit. If the approved credit exceeds the ethanol tax credit cap, then the credit is determined by the department in Part III. It is a nonrefundable credit.

If the ethanol producer is a pass-through entity, report the pro rata share of the approved credit on Schedule(s) K-1. In the case of an entity that has a fiscal year end, the approved credit shall be claimed on the return filed for the first fiscal year ending after the close of the preceding calendar year.

**Part III—Ethanol Approved Credit Certificate**

The Department of Revenue determines the total approved credit. If it exceeds the ethanol tax credit cap of \$5,000,000, the department will compute each taxpayer’s approved credit based upon a fraction the numerator (Line 1(a)) being the credit approved for the taxpayer and the denominator (Line 1(b)) being the total credit approved for all taxpayers. The ethanol tax credit cap is multiplied by this fraction to determine each producer’s approved credit.

The annual ethanol tax credit cap of \$5,000,000 will be increased by the unused cap of the cellulosic ethanol tax credit if the total approved applications for the ethanol tax credit exceeds its \$5,000,000 cap. The amount of credit cap transferred to the ethanol tax credit shall not exceed the amount necessary for all applicants to receive the one dollar (\$1) per gallon credit provided by KRS 141.4242.

**Part IV—Ethanol Credit Used by Taxpayer**

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

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