



▶ Attach to Form 720, 720U, PTE, 725, 740, 740-NP, or 741.

KRS 141.408

Name of Taxpayer	Federal Identification Number _____	Kentucky Corporation/LLET Account Number (if applicable) _____
Mailing Address	Taxed as: <input type="checkbox"/> Corporation <span style="float:right;"><input type="checkbox"/> General Partnership</span> <input type="checkbox"/> Limited Liability Pass-through Entity <span style="float:right;"><input type="checkbox"/> Individual</span> <input type="checkbox"/> Other _____	

**PART I—Qualifications**

- Did you timely pay ad valorem (inventory) tax to a taxing jurisdiction within Kentucky on or before December 31, 2024? **Note:** The credit can only be claimed on timely paid tax .....  **Yes**  **No**  
If you answered “No”, **STOP!** You do not qualify for the credit. If you answered “Yes”, proceed to Part II.

**PART II—Amount of Credit (see instructions)**



Please see instructions.

Check here if including a Centrally Assessed or Public Service Company

**Section A—Enter only timely paid INVENTORY amounts displayed on local tax bills**

**Section B1/B2—Enter only timely paid INVENTORY amounts NOT reported in Section A**

	Section A	Section B1	Section B2
Inventory Tax Paid per Local Bill(s)	Inventory Valuation NOT reported in Section A	Tax Timely Paid on Inventory NOT reported in Section A	
1 Timely Inventory Tax Paid (per local bills) .....	1	1	
2 Line 31, Merchants Inventory .....	2	2	
3 Line 32, Manufacturing Finished Goods .....	3	3	
4 Line 33, Manufacturers Raw Materials/Goods in Process .....	4	4	
5 Line 34, Various Reported Items (see instructions) .....	5	5	
6 Line 35, Goods Stored in Warehouse/Distribution Center .....	6	6	
7 Line 36, Inventory In-Transit .....	7	7	
8 Total Inventory Tax (add lines 1 through 7) .....	8	8	
9 Total Inventory Tax (add Section A, Line 8 and Section B2, Line 8) .....		9	
10 Allowable Percentage .....		10	100%
11 <b>Allowable Inventory Tax Credit (Line 9 multiplied by Line 10)</b>	▶ 11		<b>00</b>

**PART III—Pass-through Entities ONLY**

- 1 Total Allowable Inventory Tax Credit (from Line 11) .....
- 2 Enter each partner, member, shareholder, or beneficiary’s distributive share of the amount on Line 1 (attach supporting schedule(s) if needed). These amounts should also be reported on Kentucky Schedules K-1.

Partner/Member/Shareholder/Beneficiary Name	FEIN/SSN	Distributive Share (%)	Distributive Share of Allowable Inventory Tax Credit

The inventory tax credit is a nonrefundable and nontransferable credit that may be applied (with the ordering of the credits as provided in KRS 141.0205) against income taxes imposed by KRS141.020 (individual income tax) or KRS 141.040 (corporation income tax) and the limited liability entity tax (LLET) imposed by KRS 141.0401 for any taxpayer that, on or after January 1, 2018, timely pays ad valorem (tangible personal property) taxes to the Commonwealth or any political subdivision for inventory properties subject to the provisions of KRS 132.020(1)(e) and/or KRS 132.099. 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 partners, members, shareholders, or beneficiaries in the same proportion as the distributive share of income or loss is passed through.

**Purpose of Schedule INV**—This schedule is used to:

- 1) Report the inventory valuation, on which inventory taxes were timely paid as reported on Kentucky Property Tax Forms 61A500, 61A200, 61A800, 62A500, or 61A508;
- 2) Report the amount of timely-paid ad valorem tax on the inventory;
- 3) Calculate the total amount of allowable inventory tax credit; and,
- 4) Report distributive share of the inventory tax credit to the taxpayer’s partners, members, shareholders, or beneficiaries (if applicable).

The credit allowed is phased-in over four years. The following table shows the allowable percentage for each year.

Tax Year	Allowable Credit %
2018	25%
2019	50%
2020	75%
2021-forward	100%

**2025 Inventory Tax Credit Calculator:** The inventory tax credit calculator will become available after the first quarter of 2025 once all counties have provided state and local tax rates to the department. The Inventory Tax Credit Calculator is an excel-based workbook that will be available for download once all rates have been compiled. Once finalized, the workbook will be available for download at <https://revenue.ky.gov/Business/Pages/Inventory-Tax-Credit.aspx> to assist taxpayers in calculating the amount of inventory tax credit. The workbook contains easy-to-follow instructions and allows taxpayers to input inventory values for multiple locations. The worksheet automatically computes the tax on each category of inventory for each taxing jurisdiction. It also generates the Schedule INV and supporting documentation that can be printed and attached to a taxpayer’s income tax return, as required. Supporting detail

for taxpayers claiming the inventory tax credit must be attached to the income tax return.

**Note: There are multiple online inventory tax credit calculators available for download. Ensure you are utilizing the correct year’s calculator as the rates and credit vary each year.**

**Centrally Assessed and Public Service Companies (Kentucky Property Tax Forms 61A200 and 61A800)**—Taxpayers reporting timely paid inventory tax for inventories reported on Property Tax Forms 61A200 or 61A800 must check the box on Schedule INV, Part II, and report the timely paid inventory tax on Part II, Section A. Sections B1 and B2 may be used to report timely paid inventory tax for inventories that were declared on other qualifying property tax forms (as listed under Purpose of the Schedule INV above).

**Communications/Multichannel Video Programming Service Providers (Kentucky Tangible Personal Property Tax Form 61A500)**—Taxpayers filing Tangible Personal Property Tax Form 61A500 should report inventory by the appropriate type listed (i.e., Merchant’s Inventory, Goods Stored in Warehouse, etc.) when completing Part II, lines 2 through 7. Report valuations and tax paid by the proper inventory type. Attach 8.5” x 11” photocopies of the front and back of the property tax bills to the Schedule INV as supporting statements.

**Centrally Assessed Distilled Spirits in Bonded Warehouses (Kentucky Property Tax Form 61A508)**—Taxpayers filing Kentucky Property Tax Form 61A508 should only complete Part II, lines 8 through 11, unless also claiming credit for inventory amounts reported on other acceptable personal property tax forms. All values reported on Kentucky Property Tax Form 61A508 are inventory; therefore, all ad valorem (tangible personal property) taxes timely paid on such inventory are eligible for the inventory tax credit. Attach 8.5” x 11” photocopies of the front and back of the property tax bills to the Schedule INV as supporting statements.

**Contact Us:** If you have a question about the inventory tax credit, call the dedicated phone line at 502–564–1555 or via email at [DORTaxCredits@ky.gov](mailto:DORTaxCredits@ky.gov) .

**SPECIFIC INSTRUCTIONS FOR SCHEDULE INV**

**General Instructions**—Check the appropriate entity type. If the entity type is not listed, check the “Other” box and list the entity type.

**Federal Identification Number**—For an individual, enter the Social Security number (SSN); for all other entities, enter the FEIN. Taxpayers can visit <https://revenue.ky.gov/Business/Pages/Inventory-Tax-Credit.aspx> to obtain the downloadable 2025 Inventory Tax Credit Calculator (when available) if assistance is needed in calculating the inventory tax credit and preparing the Schedule INV.

**PART I—Qualifications**

Answer the qualification question by checking the appropriate “Yes” or “No” box. If you answer “No”, **STOP!** You do not qualify for the credit. If you answer “Yes”, go to Part II.

**PART II—Amount of Credit**

Centrally Assessed and Public Service Companies that are claiming credit for inventories reported from Property Tax Forms 61A200 or 61A800 must check the box provided in Part II header. All other taxpayers should leave this box blank.

**Section A**—Inventory Tax Timely Paid as displayed on Local Tax Bill(s)

**Line 1**—Enter the Kentucky inventory tax timely paid that is separately displayed on the local personal property tax bill(s). If your bill does not separately state this amount, do not use this line. “Local Tax Bills” include both city and county bills. Some taxing jurisdictions throughout the state bill the city & county taxes separately. The Inventory Tax Credit Calculator combines (where applicable) the city, county, and state tax rates to arrive at total inventory tax paid on the inventory at a specific location. Timely-paid separately stated amounts should be entered on Section A, Line 1. However, instead of completing Section A, the taxpayer may choose to report these locations in Sections B1 and B2. Amounts reported in Section A should not be duplicated in Sections B1 and B2. If an amount is reported on Section A, line 1, 8.5” x 11” photocopies of the front and back of the property tax bills are required to be attached to the Schedule INV as supporting statements.

**Sections B1 and B2**—Inventory Valuation and Timely-Paid Inventory Tax Not Reported in Section A

**Section B1**—Enter the total valuation of inventory reported

on the Kentucky personal property tax returns for all locations on the lines which correspond to each category of inventory in Section B1. Do not enter valuations for any inventory included in Section A.

**Section B2**—Enter the total tax timely paid for all locations on the lines which correspond to each category of inventory in Section B2. Do not enter tax for any inventory tax included in Section A.

**Note:** Part II, Lines 2 through 7, correspond to Lines 31 through 36 of the Kentucky Personal Property Tax Form 62A500.

**Lines 2 through 7**—Enter the inventory valuations and timely-paid Kentucky inventory tax for locations not reported in Section A.

**Line 8**—Enter the amount from Section A, Line 1, on Section A, Line 8. Enter the total amount from Section B2, Lines 2 through 7, on Section B2, Line 8.

**Line 9**—Add Section A, Line 8, and Section B2, Line 8. Enter the result here.

**Line 10**—One-hundred percent (100%) is the allowable percentage for 2024.

**Line 11**—Multiply Line 9 by Line 10. Enter the result here and on Schedule TCS, Part II, Line 21 or Schedule ITC, Section A, Line 23. This is the allowable inventory tax credit.

**PART III—Pass-Through Entities Only**

**Line 1**—Enter the total Allowable Inventory Tax Credit from Part II, Line 11.

**Line 2**—Enter the names, federal identification numbers, distributive share percentages, and each partner/member/shareholder or beneficiary’s distributive share of the inventory tax credit. If there are more than five (5) partners, members, shareholders, or beneficiaries, attach supporting schedules in the same order and format of the chart in Part III.

Additional information may be requested by the Department during our review, KRS 141.050(2). Additional information includes, but is not limited to, Tangible Property Tax Returns claiming inventory, property tax bills, and copies of checks for each property tax bill. Failure to furnish requested documents will result in the denial of any unverified inventory tax credits claimed on the return.