41A720-S29 KJDA (PKG) (10-24)

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT

2024

KJDA

KENTUCKY JOBS DEVELOPMENT ACT

- **Only use this package if you have received approval for the KJDA credit per KRS 154.24-010 to 160 by the Cabinet for Economic Development.**
- **See instructions.**
- **Attach to form 720, 720U, PTE, or 725.**

TEAM
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Purpose of Package – Use this package to report KJDA tax incentives for which your business entity has been approved per KRS 154.24–010 to 160. You must have received preliminary or final approval in accordance with KRS 154.24 on or before June 26, 2009 to determine the credit allowed. Schedule KJDA-T is used by the company which has entered into a service and technology agreement for a Kentucky Jobs Development Act (KJDA) project to maintain a record of the approved costs, wage assessments, and tax credits, including local wage assessment credit claimed.

General Instructions – Only include one incentive project per Package KJDA. If your business entity files a form 720 or 720U with the state of Kentucky, you must complete Schedule KJDA (Page 3) and Schedule KJDA-T (Page 7). If your business entity files form PTE or 725, you must complete Schedule KJDA-SP (Page 5) and Schedule KJDA-T (Page 7).

First and Last Year Prorations—Tax incentives are only available to be claimed during the term of the incentive agreement. Tax incentives claimed during the first and last years of an incentive agreement must be prorated accordingly. Separate period accounting is recommended, but a proration factor may be used if separate period accounting is not available.

To determine the proration factor in the first year of the incentive agreement, divide the number of days from the activation date until the end of your taxable year by the total number of days in your taxable year. Multiply the total income by the proration factor to determine the project income when separate period accounting is not available.

To determine the proration factor in the last year of the incentive agreement, divide the number of days from the first day of your taxable year through the end of the incentive agreement term by the total number of days in your taxable year. Multiply the total income by the proration factor to determine the project income when separate period accounting is not available.

2402470003

TAX CREDIT COMPUTATION SCHEDULE (FOR A KJDA PROJECT OF A CORPORATION)

2024

Taxable Year Ending
__ __ / __ __
Mo. Yr.

Name of Corporation	Federal Identification Number	Kentucky Corporation/LLET Account Number
Location of Project City County	Activation Date of KJDA Incentive Agreement __ __ / __ __ / __ __ Mo. Day Yr.	Economic Development Project Number

PART I—Computation of LLET Excluding KJDA Project

1	LLET from Form 720, Part II, line 1 or Form 720U, Schedule U8, Section E, line 1	1		00
2	LLET on KJDA project from Schedule L–ECON (see instructions)	2		00
3	LLET excluding LLET on KJDA project (line 1 less line 2)	3		00

PART II—Computation of Taxable Net Income Excluding Net Income from KJDA Project and KJDA Tax Credit

Section A–Computation of Corporation Tax

1	Enter income tax from Form 720, Part III, line 1 or Form 720U, Schedule U5, Section D, line 8	1		00
2	LLET of corporation (Part I, line 1)	2		00
3	Nonrefundable LLET credit allowed per KRS 141.0401(3) (line 2 less $175, but not more than line 1)	3		00
4	Total corporation tax (lines 1 and 2 less line 3)	4		00

Section B–Computation of Tax Excluding KJDA Project

1	Enter taxable net income from Form 720, Part I, line 43 or Form 720U, Schedule U5, Section D, line 7	1		00
2	Enter net income from KJDA project; if loss, enter -0-	2		00
3	Taxable net income excluding net income from KJDA project (line 1 less line 2). If line 2 is greater than line 1, enter -0-	3		00
4	Income tax liability excluding KJDA project (line 3 multiplied by the tax rate of 5%)	4		00
5	LLET excluding LLET on KJDA project (Part I, line 3)	5		00
6	Enter LLET from line 5 less $175, but not more than line 4	6		00
7	Total tax excluding KJDA project (lines 4 and 5 less line 6)	7		00
8	Total tax attributable to KJDA project (Section A, line 4 less Section B, line 7) Continue to Part III and enter this amount on Part III, line 1	8		00

PART III—Limitation

1	Enter tax liability attributable to KJDA project from Part II, Section B, line 8	1		00
2	Enter limitation from Schedule KJDA-T, Column G	2		00
3	Allowable KJDA tax credit (lesser of line 1 or line 2) Enter allowable credit on Schedule TCS, Part I, Column E and Column F	3		00

The KJDA tax credit is applied against 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 against each tax can be different; however, for tracking purposes, the maximum amount of credit used against either tax is the amount that is used for the tax year.

PURPOSE OF SCHEDULE—This schedule is used by a corporation to determine the credit allowed against the Kentucky corporation income tax and/or LLET attributable to the project per KRS 141.407.

GENERAL INSTRUCTIONS

Part I—Computation of LLET Excluding KJDA Project

Line 2—Use Schedule L–ECON to compute a separate LLET of the KJDA project using only the Kentucky gross receipts and Kentucky gross profits of the project and attach it to the return when filed. If approved for multiple projects, attach a separate Schedule L–ECON for each project's LLET computation. In the first and last years of each project, only calculate Kentucky gross receipts and gross profits received during the term of the incentive agreement.

If the corporation has operations other than the KJDA project, it must attach schedules reflecting the computation of Kentucky gross profits and Kentucky gross receipts from the KJDA project per KRS 141.407(6)(b)** or KRS 141.407(7)(b).****

Part II—Computation of Taxable Net Income Excluding Net Income from KJDA Project and KJDA Tax Credit

Section B

Line 2—Enter net income for KJDA project. If the corporation's only operation in Kentucky is the KJDA project, the amount entered on Line 1 must also be entered on Line 2. If the corporation has operations other than the KJDA project, it must attach schedules reflecting the computation of the net income from the KJDA project per KRS 141.407(6)(a)* or KRS 141.407(7)(a).*** In the first and last years of each project, only calculate Kentucky net income received during the term of the incentive agreement.

See form for computation.

Part III—Limitation

Calculate KJDA tax credit based on the corporation's tax liability, tax liability attributable to KJDA project, and credit limitation from Schedule KJDA-T. Enter credit on Schedule TCS, Part I, Column E and Column F.

A corporation with more than one economic development project must separately compute the tax credit derived from each project. Complete the applicable tax computation schedules (KREDA, KIDA, KJRA, KIRA, KJDA, KBI, KRA, or IEBA) for each project. A corporation approved for the Skills Training Investment Credit Act (STICA) or Metropolitan College Consortium Tax Credit (MCC) must attach a copy of the certification(s) from the Bluegrass State Skills Corporation. A corporation approved for the Kentucky Small Business Tax Credit Program (KSBTC) or Kentucky Selling Farmer Tax Credit (KSFTC) must attach a copy of the certification from the Kentucky Economic Development Finance Authority.

Alternative Methods—Per KRS 141.407(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 separate accounting to determine net income, Kentucky gross receipts, or Kentucky gross profits from the facility where the project is located, the approved company must determine net income, Kentucky gross receipts, or Kentucky gross profits attributable to the project using an alternative method approved by the Department of Revenue. Thus, if any method other than separate accounting is used, **a copy of the letter from the Department of Revenue approving the alternative method must be attached to this schedule.**

Separate Facility

* Per KRS 141.407(6)(a), if the project is a totally separate facility, net income attributable to the project shall be determined by the separate accounting method.

** Per KRS 141.407(6)(b), if the project is a totally separate facility, Kentucky gross receipts or Kentucky gross profits attributable to the project shall be determined under the separate accounting method reflecting only the Kentucky gross receipts or Kentucky gross profits directly attributable to the facility.

Expansion of Existing Facility

*** Per KRS 141.407(7)(a), if the KJDA project is an expansion to a previously existing facility, net income attributable to the entire facility shall be determined under the separate accounting method and the net income attributable to the KJDA project shall be determined by apportioning the separate accounting net income of the entire facility to the KJDA project income using 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 this schedule.**

**** Per KRS 141.407(7)(b), if the KJDA project is an expansion to a previously existing facility, Kentucky gross receipts or Kentucky gross profits attributable to the entire facility shall be determined under the separate accounting method and the Kentucky gross receipts or Kentucky gross profits attributable to the KJDA project shall be determined by apportioning the separate accounting Kentucky gross receipts or Kentucky gross profits of the entire facility to the KJDA project Kentucky gross receipts or Kentucky gross profits using 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 this schedule.**

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

2024

Taxable Year Ending

___ / ___
Mo. Yr.

Name of Pass-through Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number
Location of Project City County	Activation Date of KJDA Incentive Agreement __ __ / __ __ / __ __ Mo. Day Yr.	Economic Development Project Number

PART I—Computation of KJDA Tax Credit and Tax Due

1	Kentucky taxable income on KJDA project (see instructions)	1		00
2	Net operating loss deduction on KJDA project	2	( )	00
3	Kentucky taxable income on KJDA project after net operating loss deduction (line 1 less line 2)	3		00
4	Income tax liability of KJDA project (line 3 multiplied by the tax rate of 5%)	4		00
5	LLET on KJDA project from Schedule L–ECON (see instructions). **Not applicable for general partnerships**	5		00
6	Nonrefundable LLET credit allowed per KRS 141.0401(3) (line 5 less $175, but not more than line 4). **Not applicable for general partnerships**	6		00
7	Total tax on KJDA project (lines 4 and 5 less line 6)	7		00
8	Limitation (Column G from Schedule KJDA-T)	8		00
9	Enter the lesser of line 7 or line 8 as either:			
	(a) KJDA tax credit	9(a)		00
	or			
	(b) Estimated tax payment and complete election in Part II	9(b)		00
10	**Tax Due on the Project—**If line 7 is larger than line 9(a) or 9(b), enter the difference here as a **liability** of the pass-through entity and add to the tax due on Form PTE, Part II, line 16 or Form 725, Part II, line 15	10		00

PART II—Estimated Tax Election

In accordance with KRS 141.407(4)(b), ______________________________
Name of Pass-through Entity

elects for the taxable year ended ____________________ , in lieu of the KJDA tax credit, to have an amount equal to the lesser of line 7 or line 8 above applied as an estimated tax payment.

➤ ______________________________

Signature of Shareholder, Partner, or Member Print Name Date

PURPOSE OF SCHEDULE—This schedule is used by a pass-through entity to determine the credit allowed against the Kentucky income tax and/or LLET attributable to the project per KRS 141.407.

NOTE: These credits do not pass through to members, partners, or shareholders of pass-through entities.

Pass-through entities should first complete Form PTE to determine net income (loss), deductions, etc., from the entire operations of the pass-through entity. The pass-through entity should then complete Schedule KJDA-SP to determine the KJDA tax credit and the tax due, if any, from the KJDA project. A pass-through entity is subject to tax per KRS 141.020 and KRS 141.0401 on the net income and the Kentucky gross receipts or Kentucky gross profits from the KJDA project and the KJDA credit is applied against the tax of the KJDA project. Consequently, the pass-through entity must use Form PTE(K) to exclude the net income from the KJDA project from the partners', members', or shareholders' distributive share income.

Multiple Projects—A pass-through entity with multiple economic development projects must complete the applicable schedules (KREDA-SP, KIDA-SP, KJRA-SP, KIRA-SP, KJDA-SP, KBI-SP, KRA-SP, or IEBA-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 KJDA project, the amount entered on Line 1 is the net income (loss) from Form PTE. If the pass-through entity has operations other than the KJDA project, a schedule must be attached reflecting the computation of the net income (loss) from the KJDA project in accordance with the following instructions and enter on Line 1. In the first and last years of each project, only calculate Kentucky taxable income received during the term of the incentive agreement.

Separate Facility—Per KRS 141.407(6), if the project is a totally separate facility, net income, Kentucky gross receipts, or Kentucky gross profits attributable to the project must be determined by a separate accounting method.

Expansion of Existing Facility—Per KRS 141.407(7), if the KJDA project is an expansion to a previously existing facility, the net income, Kentucky gross receipts, or Kentucky gross profits must be determined under a separate accounting method reflecting the entire facility and the net income, Kentucky gross receipts, or Kentucky gross profits must be determined by apportioning the net income, Kentucky gross receipts, or 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—Per KRS 141.407(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, or Kentucky gross profits from the facility where the economic development project is located, the approved company must 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 must 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 must 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 must 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 must 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 must 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 KJDA project, if any, being carried forward from previous years.

Note: Just as the income from a KJDA 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 KJDA credit.

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

Line 5—Use Schedule L–ECON to compute a separate LLET of the KJDA project using only the Kentucky gross receipts and Kentucky gross profits of the project and attach it to the return when filed. If approved for multiple projects, attach a separate Schedule L–ECON for each project's LLET computation. In the first and last years of each project, only calculate Kentucky LLET received during the term of the incentive agreement.

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 must be in satisfaction of the tax liability of the partners, members, or shareholders of the pass-through entity and must be paid on behalf of the partners, members, or shareholders. Enter an amount on either (a) or (b), but in no case should there be an entry on both (a) and (b). Per KRS 141.407(5), this estimated tax payment is excluded in determining each partner's, member's, 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.

SCHEDULE **KJDA-T**

Commonwealth of Kentucky
Department of Revenue

2402480003

TRACKING SCHEDULE FOR A KJDA PROJECT

2024

Name of Entity

Entity Type	Federal Identification Number	Kentucky Corporation/LLET Account Number
☐ Corporation ☐ Limited Liability Pass-through Entity ☐ General Partnership ☐ Other ______________	___ ___ ___ ___ ___ ___ ___ ___ ___	___ ___ ___ ___ ___ ___
Location of Project City County	Activation Date of KJDA Incentive Agreement __ __ / __ __ / __ __ Mo. Day Yr.	Economic Development Project Number

A Taxable Year Ended	B Carry Forward Balance (Col. G – Col. H from Prior Year)	C 50 Percent of Approved Annual Rental Payments	D State Wage Assessment Credit Claimed	E Local Wage Assessment Credit Claimed	F In-Lieu-Of Credits Received	G KJDA Tax Credit Limitation	H KJDA Tax Credit Claimed on Return
	+	– (	+	+	) =	–	
	+	– (	+	+	) =	–	
	+	– (	+	+	) =	–	
	+	– (	+	+	) =	–	
	+	– (	+	+	) =	–	
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PURPOSE OF SCHEDULE—This schedule is used to maintain a record of the approved costs, wage assessments, in-lieu-of credits and tax credits (income tax and LLET) for the duration of the service and technology agreement. This information is necessary for the company to determine the limitation of the tax credit for each year of the service and technology agreement and to allow the Kentucky Department of Revenue to verify that the credit has been properly computed.

GENERAL INSTRUCTIONS

A separate Schedule KJDA-T, Tracking Schedule for a KJDA Project, must be maintained for the duration of each KJDA project. Beginning with the first taxable year of the KJDA service and technology agreement, complete Columns A through H using a separate line for each year of the service and technology agreement. The company must attach a copy of this schedule updated with current year information to the Schedule KJDA or Schedule KJDA-SP which is filed with the Kentucky tax return and attach a copy to the Wage Assessment Report and Annual Reconciliation.

All tax credits are entered on Schedule TCS, Tax Credit Summary Schedule. The total tax credits calculated may exceed the amount that can be used. Credits must be claimed in the order prescribed by KRS 141.0205. Total credits claimed cannot reduce the LLET below the $175 minimum nor the income tax liability below zero.

SPECIFIC INSTRUCTIONS

Column A—Enter on each line the ending date (month and year) of the taxable year for which the information requested in Columns B through H is entered.

Column B—For the taxable year that includes the activation date of the service and technology agreement, enter 50 percent of the total start-up costs as verified by the Kentucky Economic Development Finance Authority. For each year thereafter, if the amount entered in Column G for the prior year exceeds the amount entered in Column H for the prior year, enter the difference. If the amount entered in Column H for the prior year equals the amount entered in Column G for the prior year, enter zero (-0-). If the amount entered in Column H for the prior year is greater than the amount claimed in Column G, you have exceeded the amount of credits eligible to claim.

Column C—Enter 50 percent of rental payments made during the taxable year as set forth in the service and technology agreement.

Column D—Enter the total amount of state wage assessments withheld from the salaries of employees during the taxable year.

Column E—Enter the total amount of local wage assessment credit claimed, if eligible.

Column F—If the local jurisdiction where the project is located elected to provide in-lieu-of credits per KRS 154.24-150(1) and (2), enter the amount of in-lieu-of credits received during the taxable year.

Column G—Enter the result of adding the amounts entered in Columns B and C and subtracting the amounts entered in Columns D, E, and F. Then, enter on Schedule KJDA, Part III, Line 2 or Schedule KJDA-SP, Part I, Line 8, whichever is applicable.

Column H—The tax credit calculated for each tax can be different; however, for tracking purposes, the greater of the credit claimed against LLET **or** income tax is recorded as the amount claimed. Enter the greater of Column E **or** Column F from Schedule TCS for this project, if applicable. Otherwise, enter zero (-0-).