



**DRAFT**  
6/6/18

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

**KRS 141.422 to 141.4248  
103 KAR 15:120**

Name of Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number (if applicable)
Mailing Address	_____	_____
Location Address	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 _____	

Kentucky Special Fuels Dealer's License Account Number \_\_\_\_\_

At anytime during this calendar year, did your cellulosic 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 cellulosic 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 (if different from signer)	Email Address	
Telephone Number	Fax Number	



**Department of Revenue Use Only**

**Part II—Cellulosic Ethanol Gallons Approved**

1 Cellulosic Ethanol gallons approved by Department of Revenue ..... **1**

**Part III—Cellulosic Ethanol Approved Credit Certificate**

1 (a) Approved credit for cellulosic ethanol producer (**numerator**) ..... (a)  $\left( \frac{(a)}{(b)} \right) \times *\$$  \_\_\_\_\_ = \_\_\_\_\_  
 (b) Total approved credit for cellulosic ethanol producer (**denominator**) ..... (b)

Approved Credit

By: \_\_\_\_\_ Date: \_\_\_\_\_

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

**TAXPAYER USE ONLY**

**Part IV—Cellulosic Ethanol Credit Used By Taxpayer**

1 <b>LLET Credit</b> —Enter on Schedule TCS, Part II, Column E .....	1	00
2 <b>Corporation Income Tax Credit</b> —Enter on Schedule TCS, Part II, Column F .....	2	00
3 <b>Individual Income Tax Credit</b> —Enter on Form 740, 740-NP, or 741 .....	3	00

**No Carryforward Allowed**

The cellulosic ethanol tax credit is applied against the individual income tax imposed by KRS 141.020 or 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 used to report the number of gallons of cellulosic ethanol produced in this state meeting the current ASTM standards. The Department of Revenue will certify the amount of cellulosic ethanol credit for each taxpayer. It is effective for cellulosic ethanol produced on or after January 1, 2008. The taxpayer is not entitled to the credit for cellulosic 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 cellulosic ethanol tax credit cap will be increased by the unused cap of the 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 CELL 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 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**—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; for all other entities, enter the FEIN.

**Testing**—The regulation 103 KAR 15:120 provides that a copy of the laboratory results for July 1 and December 31 of each calendar year must be attached to the application, Schedule CELL, 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 will result in the denial of the credit for gallons of cellulosic 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 cellulosic 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 cellulosic ethanol credit for each taxpayer. Part III is used if the total amount of approved credit for all cellulosic ethanol producers exceeds the annual cellulosic ethanol tax credit cap.

#### Part II—Cellulosic Ethanol Gallons Approved

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

A pass-through entity must include on each Schedule K-1 the partner's, member's, shareholder's, or beneficiary's pro rata share of the approved credit. In addition, a pass-through entity must notify the department electronically of all partners, members, shareholders, or beneficiaries who may claim any amount of the approved credit. Failure to provide information to the department in the following manner will constitute the forfeiture of available credits to all partners, members, shareholders, or beneficiaries in the pass-through entity.

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

The electronic mail must contain a separate attachment in plain format text or plain ASCII format that includes each partner's, member's, shareholder's, or beneficiary's: (a) Name; (b) Address; (c) Telephone number; (d) Identification number; and (e) Distributive share of the tax credit.

#### Part III—Cellulosic Ethanol Approved Credit Certificate

The Department of Revenue determines the total approved credit. If it exceeds the cellulosic 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 cellulosic ethanol tax credit cap is multiplied by this fraction to determine each producer's approved credit.

The annual cellulosic ethanol tax credit cap of \$5,000,000 will be increased by the unused cap of the ethanol tax credit if the total approved applications for the cellulosic ethanol tax credit exceeds its \$5,000,000 cap. The amount of credit cap transferred to the cellulosic ethanol tax credit shall not exceed the amount necessary for all applicants to receive the one dollar (\$1) per gallon credit per KRS 141.4244.

#### Part IV—Cellulosic 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.