



➤ See instructions.  
➤ Attach to Form 720, 720U, PTE, 725, 740, 740-NP, or 741.

**KRS 141.422 to 141.4231  
KRS 246.700 and 302 KAR 4:010**

Name of Entity	Federal Identification Number	Kentucky Corporation/LLET Account Number (if applicable)
Mailing Address		
Location County	Taxed as: <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Pass-Through Entity <input type="checkbox"/> General Partnership <input type="checkbox"/> Other _____ <input type="checkbox"/> Individual	
Location Address	Manner in which the eligible business first qualified: <input type="checkbox"/> 1. Organizing in KY <input type="checkbox"/> 2. Expanding in KY <input type="checkbox"/> 3. Locating in KY	

<b>STOP DEPARTMENT OF REVENUE USE ONLY</b>		
<b>Part I—Computation of Allowable Tax Credit</b>		
1 Date certified .....	1	/ /
2 Number of pounds in molecular weight of renewable chemicals produced in Kentucky .....	2	
3 Tax credit rate calculation (line 2 multiplied by five cents (\$.05)) .....	3	
<b>Part II—Renewable Chemical Production Tax Credit Preliminary Approval</b>		
1 Renewable chemical production tax credit preliminarily approved by Department of Agriculture .....	1	
<b>Part III—Renewable Chemical Production Approved Credit Certificate</b>		
1 (a) Requested credit for renewable chemical production ( <b>numerator</b> ) .....	(a)	$\left( \frac{\text{(a)}}{\text{(b)}} \right) \times \$10,000,000 =$
(b) Total requested credit for all producers ( <b>denominator</b> ) .....	(b)	
By: _____ Date: _____		Approved Credit
By: _____ Date: _____		

<b>TAXPAYER USE ONLY</b>	
<b>Part IV—Required Reporting Questionnaire</b>	
1) Aggregate gross receipts from sales, by each type of renewable chemical produced in this state	
Type _____	Gross Receipts from Sales \$ _____
Type _____	Gross Receipts from Sales \$ _____
Type _____	Gross Receipts from Sales \$ _____
Type _____	Gross Receipts from Sales \$ _____
2) Number of employees located in Kentucky during the calendar year immediately preceding the calendar year the entity first applied for this tax credit .....	_____
3) Number of employees located in this state during this calendar year .....	_____



The renewable chemical production tax credit is a nonrefundable and nontransferable credit 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.

**Schedule CHEM is due by MARCH 1 following the close of the preceding calendar year.**

**Purpose of Schedule**—The credit certification schedule is used to report the number of pounds in molecular weight of the renewable chemicals produced in Kentucky. The Department of Revenue will certify the amount of renewable chemical production credit for each taxpayer. The tax credit is available for tax years beginning on or after January 1, 2021 with an expiration date of December 31, 2024.

The credit rate is five cents (\$0.05) per molecular pound of weight of renewable chemical. The annual biodiesel, renewable diesel, and renewable chemical production tax credit cap is \$10,000,000 annually. There is a carryforward of three (3) years for any unused credit. Any credit not claimed in three (3) years will be lost.

For proper preliminary approval an application must be submitted to the Department of Agriculture no later than January 15 following the close of the preceding calendar year. The taxpayer must file Schedule CHEM with the Department of Revenue no later than March 1 following the close of the preceding calendar year. The certification of preliminary tax credit issued by the Department of Agriculture must be attached to the Schedule CHEM. Credit certification cannot be guaranteed for schedules sent through regular mail. 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 Tax Credits Section at 502-564-8139.

Fax number: 502-564-0058  
Email address: [DORTaxCredits@ky.gov](mailto:DORTaxCredits@ky.gov)

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. Enter the location county and location address.

**Federal Identification Number**—For an individual, enter the Social Security number; for all other entities, enter the FEIN.

**Eligibility**—Check the appropriate manner in which the eligible business first qualified.

## **DEPARTMENT OF REVENUE USE ONLY**

### **Part I and Part II**

These parts are completed by the Department of Revenue to determine the renewable chemical production tax credit for each taxpayer.

### **Part III—Renewable Chemical Production Approved Credit Certificate**

The Department of Revenue determines the total approved credit. If it exceeds the annual biodiesel, renewable diesel, and renewable chemical production tax credit of \$10,000,000, the department will compute each taxpayer’s approved credit based upon a fraction, the numerator (Line 1(a)) being the credit requested by the taxpayer and the denominator (Line 1(b)) being the total credit requested by all taxpayers. The annual biodiesel, renewable diesel, and renewable chemical production tax credit is multiplied by this fraction to determine each producer’s and/or blender’s approved 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: [DORTaxCredits@ky.gov](mailto:DORTaxCredits@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.

**TAXPAYER USE ONLY**

**Part IV—Required Reporting Questionnaire**

**Lines 1–3**—Enter the required reporting questionnaire information as stated on lines 1-3. If there are insufficient lines to provide all required information, attach a supporting statement with the information.

**Part V—Renewable Chemical Production Tax 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.

**Part VI—Amount of Credit Claimed**

The renewable chemical production tax credit can be carried forward up to three (3) years. Enter the amount of credit claimed on each year's income tax return. Entities subject to the LLET record the amount of approved credit claimed against the LLET in the LLET column for each taxable year. Individuals or entities other than pass-through entities record the amount of approved credit claimed against the income tax in the Income Tax column for each taxable year. Enter the amount of credit claimed for the taxable year against the LLET or income tax on Schedule TCS or Schedule ITC, following the instructions on each schedule.