

8863-K

42A740-S24

Department of Revenue



2011

► Attach to Form 740 or Form 740-NP.

KENTUCKY  
EDUCATION TUITION TAX CREDIT

Enter name(s) as shown on Form 740 or Form 740-NP, page 1.

Your Social Security Number

If you have a credit carry forward from previous years, see Page 2, Part V.

**Caution:** Requirements for the 2011 Kentucky Education Tuition Tax Credit are different from the federal education requirements. Please review instructions to determine if you meet the qualifications for this credit.**PART I—Qualifications**

	Yes	No
• Are all expenses claimed on this form from an eligible educational institution located within the Commonwealth of Kentucky (Kentucky institution)? .....		
• Are all of the expenses claimed on this form for undergraduate studies? .....		
• Is your Kentucky filing status single; married filing separately on a combined return; or married filing a joint return? .....		

If you answered "No" to any of these questions above, **STOP**, you do not qualify for this credit.

If you answered "Yes" to all questions above, go to Part II.

**PART II—Hope Credit (List only expenses from Kentucky institutions.) See Instructions**

1.	(c) Qualified Expenses (see instructions). <b>Do not</b> enter more than \$2,400 for each student.	(d) Enter the <b>smaller</b> of the amount in column (c) or \$1,200	(e) Add column (c) and column (d)	(f) Enter one-half of the amount in column (e)
(a) <u>Student Name</u> SSN				
-----	\$	\$	\$	\$
(b) Institution Name and Address				
-----				
(a) <u>Student Name</u> SSN				
-----	\$	\$	\$	\$
(b) Institution Name and Address				
-----				

2. **Tentative Hope Credit.** Add the amounts on line 1, column (f). If you are taking the Lifetime Learning Credit for another student, go to Part III; otherwise, go to line 7 ..... 2**PART III—Lifetime Learning Credit**

3.	(a) Student Name	(b) Student SSN	(c) Name and Address of Kentucky Institution	(d) Qualified Expenses (See instructions)
			-----	
			-----	
4.	Add the amounts on line 3, column (d) and enter total here.....			4
5.	Enter the smaller of line 4 or \$10,000 .....			5
6.	<b>Tentative Lifetime Learning Credit.</b> Multiply line 5 by 20% (.20), enter here .....			6
7.	Tentative Kentucky Education Credits. Add lines 2 and 6, enter here and on Page 2, line 8.....			7

**Note:** If you have an unused credit from prior year(s), complete Page 2, Part V to determine your carryforward amount. You must have completed Form 8863-K in prior years to claim any allowable unused credit carryforward.



**PART IV—Allowable Education Credits**

8. Enter tentative Kentucky Education Credits from page 1, line 7 .....	8	
9. Enter: \$122,000 if married filing jointly or married filing separately on a combined return; \$61,000 if single.....	9	
10. Enter the amount from Form 1040, line 37, or Form 1040A, line 21 .....	10	
11. Subtract line 10 from line 9. If zero or less, STOP; you cannot take any education credits for Kentucky.....	11	
12. Enter \$20,000 if married filing jointly or married filing separately on a combined return; \$10,000 if single .....	12	
13. If line 11 is equal to or more than line 12, enter the amount from line 8 on line 14 and go to line 15. If line 11 is less than line 12, divide line 11 by line 12. Enter the result as a decimal (rounded to at least three places).....	13	X .
14. Multiply line 8 by the decimal amount on line 13 and enter here.....	14	
15. Multiply the amount on line 14 by 25% (.25) and enter total here .....	15	
16. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22 .....	16	
17. Enter amount from Part V, line 37. If Part V, line 37 is blank, enter -0- .....	17	
18. Subtract line 17 from line 16 .....	18	
19. Enter the smaller of line 18 or line 15 .....	19	
20. Add lines 17 and 19. Enter here and on Form 740 or Form 740-NP, line 23. This is your allowable 2011 education credit.....	20	
21. If line 18 is smaller than line 15, subtract line 18 from line 15. This is the amount of <b>unused credit carryforward from 2011 to 2012</b> . Enter here and on the 2011 Carryforward Worksheet, Line E, provided below .....	21	

**PART V—Credit Carryforward from Prior Years**

22. Enter tentative tax from Form 740 or Form 740-NP, page 1, line 22 .....	22
23. Enter your credit carryforward from 2006.....	23
24. Enter your credit carryforward from 2007.....	24
25. Enter your credit carryforward from 2008.....	25
26. Enter your credit carryforward from 2009.....	26
27. Enter your credit carryforward from 2010 .....	27
28. Add lines 23 through 27 and enter total here .....	28
29. Subtract line 23 from line 22. If zero or less, enter -0-.....	29
30. <b>Enter 2007 credit carryforward to 2012.</b> Subtract line 29 from line 24. If zero or less, enter -0-....	30
31. Subtract line 24 from line 29. If zero or less, enter -0-.....	31
32. <b>Enter 2008 credit carryforward to 2012.</b> Subtract line 31 from line 25. If zero or less, enter -0-....	32
33. Subtract line 25 from line 31. If zero or less, enter -0- .....	33
34. <b>Enter 2009 credit carryforward to 2012.</b> Subtract line 33 from line 26. If zero or less, enter -0-....	34
35. Subtract line 26 from line 33. If zero or less, enter -0-.....	35
36. <b>Enter 2010 credit carryforward to 2012.</b> Subtract line 35 from line 27. If zero or less, enter -0-....	36
37. Enter the smaller of line 22 or line 28 .....	37

**2011 Carryforward Worksheet**

- A. From Part V, Line 30, 2007 to 2012 \_\_\_\_\_
- B. From Part V, Line 32, 2008 to 2012 \_\_\_\_\_
- C. From Part V, Line 34, 2009 to 2012 \_\_\_\_\_
- D. From Part V, Line 36, 2010 to 2012 \_\_\_\_\_
- E. From Part IV, Line 21, 2011 to 2012 \_\_\_\_\_

**If you have a carryforward of credit, maintain a copy of this worksheet or Form 8863-K for your records.  
This information will be needed to prepare future returns.**

# Instructions for Form 8863-K

**Purpose of Form**—Use Form 8863-K to calculate and claim your education credits. The education credits are: the Hope Credit and the Lifetime Learning Credit. These credits are based on qualified education expenses paid to an eligible postsecondary educational institution located in Kentucky. If you elected to claim the education credit for federal purposes rather than the tuition and fees deduction, you must make that same election for Kentucky purposes.

**Caution:** Requirements for the 2011 Kentucky Education Tuition Tax Credit are different from the federal education requirements due to Kentucky not adopting the American Recovery and Reinvestment Act of 2009.

**Qualified Education Expenses**—Generally, qualified education expenses are amounts paid in 2011 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution. It does not matter whether the expenses were paid in cash, by check, by credit card, or with borrowed funds.

**Eligible Educational Institution located in Kentucky**—An eligible educational institution is generally any accredited public, nonprofit, or private college, university, vocational school, or other postsecondary institution. Also, the institution must be eligible to participate in a student aid program administered by the Department of Education. The institution must also be physically located in Kentucky to qualify.

**Part I, Qualifications**—All questions in Part I must be answered yes to be eligible for the Kentucky Education Tuition Tax Credit.

**Part II, Hope Credit**—You may be able to take a credit of up to 25% of \$1,800 for qualified education expenses paid for each student who qualifies for the Hope Credit. The Hope Credit equals 100% of the first \$1,200 and 50% of the next \$1,200 of qualified expenses paid for each eligible student. For Kentucky, the credit is then limited to 25% for a maximum amount allowed of \$450 for each student who qualified. You can take the Hope Credit for a student if all of the following apply.

- As of the beginning of 2011, the student had not completed the first 2 years of postsecondary education (generally, the freshman and sophomore years of college), as determined by the eligible educational institution. For this purpose, do not include academic credit awarded solely because of the student's performance on proficiency exams.
- The student was enrolled in 2011 in a program that leads to a degree, certificate, or other recognized educational credential.
- The student was taking at least one-half the normal full-time workload for his or her course of study for at least one academic period beginning in 2011.
- The Hope Credit was not claimed for that student's expenses in more than one prior tax year.
- The student has not been convicted of a felony for possessing or distributing a controlled substance.

**Note:** If a student does not meet all of the above qualifications, you may be able to take the Lifetime Learning Credit for part or all of the student's qualified education expenses.

**Line 1, Columns A and B**—Enter student's name, Social Security number and the name and address of qualified Kentucky institution.

**Line 1, Column C**—Enter qualified expenses; do not enter more than \$2,400 for each student.

**Line 1, Column D**—Enter the amount from Column C or \$1,200, whichever is smaller.

**Line 1, Column E**—Add Column C and Column D.

**Line 1, Column F**—Enter one-half of the amount in Column E.

**Line 2**—Add all amounts in Column F for all students to compute your tentative Hope credit. If you have expenses for more than two students, attach a list to Form 8863-K and list the total for all students on Line 2. If you are taking the Lifetime Learning Credit for another student, go to Part III; otherwise go to Part IV.

**Part III—Lifetime Learning Credit**—You may be able to take 25% of the Lifetime Learning Credit that equals 20% of qualified expenses paid, up to a maximum of \$10,000 of qualified expenses per return. The maximum amount of Lifetime Learning Credit you can claim on your tax return for the tax year is \$2,000. For Kentucky, the Lifetime Learning Credit is then limited to 25% of the \$2,000 for a maximum allowed of \$500 per return.

**Line 3, Column A–D**—Enter student's name, Social security number, name and address of qualified Kentucky institution and amount of qualified expenses.

**Line 4**—Add all amounts in Column D for all students.

**Line 5**—Enter the smaller of Line 4 or \$10,000.

**Line 6**—Multiply Line 5 by 20%. Do not enter more than \$2,000. This is your tentative Lifetime Learning Credit.

**Line 7**—Add Line 2 (tentative Hope Credit) and Line 6 (tentative Lifetime Learning Credit) to get your tentative Kentucky Education Credits. Enter the amount on Line 7 and on page 2, Line 8.

**Part IV—Allowable Education Credits**—

**Line 9 – Line 13**—You cannot take any Kentucky Education Credits if your federal adjusted gross income (federal Form 1040, Line 37 or 1040A, Line 21) exceeds \$122,000 if married, filing jointly or married, filing separately on a combined return (\$61,000 if single). **If you are filing a separate return, you do not qualify for this credit.** If your income is greater than \$100,000, you may only be entitled to a portion of the credits, if any. Proceed to Line 14 if your income is less than \$100,000.

**Line 14**—Enter the amount from Line 8 if your credit was not limited based on income. If the credit was limited based on income, multiply the amount on Line 8 by the decimal amount on Line 13.

**Line 15**—Multiply Line 14 by 25% (.25). This is your tentative Kentucky allowable credit.

**Line 16**—Enter the tentative tax from Form 740 or Form 740-NP, page 1, Line 22.

**Line 17**—Enter the amount from page 2, Part V, Line 37. This is the allowable credit carryforward from prior year(s). If there is no carryforward, enter zero.

**Line 18**—Subtract Line 17 from Line 16.

**Line 19**—Enter the smaller of Line 18 or Line 15.

**Line 20**—Add Lines 17 and 19. Enter here and on Form 740 or Form 740-NP, Line 23. This is your allowable 2011 education credit.

**Line 21**—If Line 18 is smaller than Line 15, subtract Line 18 from Line 15. This is the amount of unused credit carryforward from 2011 to 2012. Maintain records for following years.

**Part V, Credit Carryforward from Prior Years**—The Kentucky Education Tuition Tax credit can be carried forward for up to 5 years if unused during the preceding tax year(s). You must have completed Form 8863-K for any prior year in which you are claiming a credit carryforward.