

D Limitations

No credit will be allowed unless you received a certificate from the WCB, which shows that your qualified contribution was approved for acceptance. You must retain the certificate and make it available to the FTB upon request.

S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). The remaining 2/3 must be disregarded and may not be used as a carryover. In addition, S corporations may pass through 100% of the credit to their shareholders under California Revenue and Taxation Code (R&TC) Section 23803(a).

If a C corporation had unused credit carryovers when it elected S corporation status, the carryovers were reduced to 1/3 and transferred to the S corporation. The remaining 2/3 were disregarded. The allowable carryovers may be used to offset the 1.5% tax on net income in accordance with the respective carryover rules. These C corporation carryovers may not be passed through to shareholders. For more information, get Schedule C (100S), S Corporation Tax Credits.

If a taxpayer owns an interest in a disregarded business entity [a single member limited liability company (SMLLC) not recognized by California, and for tax purposes is treated as a sole proprietorship owned by an individual or a branch owned by a corporation] the credit amount received from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity.

For more information on SMLLC, get Form 568, Limited Liability Company Tax Booklet.

If the disregarded entity reports a loss, the taxpayer may not claim the credit this year but can carry over the credit amount received from the disregarded entity to the next succeeding taxable year.

This credit cannot reduce the regular tax below the minimum franchise tax (corporations and S corporations), annual tax (limited partnerships, limited liability partnerships, and LLCs classified as a partnership), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

This credit can reduce regular tax below Tentative Minimum Tax (TMT). Get Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations, for more information.

This credit is in lieu of any other state tax credit or deduction that the taxpayer would otherwise be allowed for the contributed property or interest therein.

This credit is not refundable.

E Assignment of Credits

Assigned Credits to Affiliated Corporations – Credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is an eligible member of the same combined reporting group. A credit assigned may only be claimed by the affiliated corporation against its tax liability. For more information, get form FTB 3544, Election to Assign Credit Within Combined Reporting Group, or form FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee or go to ftb.ca.gov and search for **credit assignment**.

F Carryover

If the available credit exceeds the current year tax liability, the unused credit may be carried over. For credits generated before January 1, 2015, the credit may be carried over for eight years or until the credit is exhausted. For credits generated on or after January 1, 2015, the credit carryover period has been extended to 15 years or until exhausted, whichever occurs first. Apply the carryover to the earliest taxable year possible. This credit cannot be carried back and applied against a prior year's tax.

Instructions

Part I Wildlife Conservation Board (WCB) Qualified Contribution

Enter the following information from the certificate you received from the WCB:

- Name of donor
- Type of property donated
- Date donation was accepted
- Approved fair market value amount
- Project name
- WCB ID #

If you have more than one qualified contribution, figure each contribution on a separate form FTB 3503.

Part II Available Credit

Line 3 – Pass-through natural heritage preservation credit

If you received more than one pass-through credit from S corporations, estates, trusts, partnerships, or LLCs classified as partnerships, add the amounts and enter the total on line 3. Attach a schedule showing the names and identification numbers of the entities from which the credits were passed through to you.

Line 5 – Credit carryover

Enter the carryover amount from your 2016 form FTB 3503.

Line 7a – Credit claimed

Do not include assigned credits claimed on form FTB 3544A.

This amount may be less than the amount on line 6 if your credit is limited by your tax liability. For more information, see General Information D, Limitations, and refer to the credit instructions in your tax booklet. Use credit code **213** when you claim this credit.

Line 7b – Total credit assigned

Corporations that assign credit to other corporations within the same combined reporting group must complete form FTB 3544. Enter the total amount of credit assigned from form FTB 3544, column (g) on this line.