

# CALIFORNIA 540

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Forms & Instructions

## 2017 Personal Income Tax Booklet

Members of the Franchise Tax Board

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STATE OF CALIFORNIA  
Franchise Tax Board

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## Important Dates

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

April 17, 2018**	Last day to file and pay the 2017 amount you owe to avoid penalties and interest.* See form FTB 3519 for more information. * If you are living or traveling outside the United States on April 17, 2018, the dates for filing your tax return and paying your tax are different. See form FTB 3519 for more information. **Due to the federal Emancipation Day holiday on April 16, 2018, tax returns filed and payments mailed or submitted on April 17, 2018, will be considered timely.
October 15, 2018	Last day to file or e-file your 2017 tax return to avoid a late filing penalty and interest computed from the original due date of April 15, 2018.
April 17, 2018* June 15, 2018 September 17, 2018 January 15, 2019	The dates for 2018 estimated tax payments. Generally, you do not have to make estimated tax payments if your California withholding in each payment period totals 90% of your required annual payment. Also, you do not have to make estimated tax payments if you will pay enough through withholding to keep the amount you owe with your tax return under \$500 (\$250 if married/registered domestic partner (RDP) filing separately). However, if you do not pay enough tax either through withholding or by making estimated tax payments, you may have an underpayment penalty. See Form 540-ES instructions for more information. *Due to the federal Emancipation Day holiday on April 16, 2018, tax returns filed and payments mailed or submitted on April 17, 2018, will be considered timely.

## \$\$\$ for You

### Earned Income Tax Credit

- **Federal Earned Income Tax Credit (EIC)** – EIC reduces your federal tax obligation, or allows a refund if no federal tax is due. You may qualify if you earned less than \$48,340 (\$53,930 if married filing jointly) and have qualifying children or you have no qualifying children and you earned less than \$15,010 (\$20,600 if married filing jointly). Call the Internal Revenue Service (IRS) at 800.829.4477 and when instructed enter topic **601**, see the federal income tax booklet, or go to the IRS website at [irs.gov](http://irs.gov) and search for **eitc assistant**.
- **California Earned Income Tax Credit (EITC)** – EITC reduces your California tax obligation, or allows a refund if no California tax is due. You may qualify if you have wage income earned in California and/or net earnings from self-employment of less than \$22,323. You do not need a child to qualify. For more information go to [ftb.ca.gov](http://ftb.ca.gov) and search for **EITC** or get form FTB 3514 – California Earned Income Tax Credit.

**Refund of Excess State Disability Insurance (SDI)** – If you worked for at least two employers during 2017 who together paid you more than \$110,902 in wages, you may qualify for a refund of excess SDI. See the instructions on page 14.

### Common Errors and How to Prevent Them

Help us process your tax return quickly and accurately. When we find an error, it requires us to stop to verify the information on the tax return, which slows processing. The most common errors consist of:

- Claiming the wrong amount of estimated tax payments.
- Claiming the wrong amount of standard deduction or itemized deductions.
- Claiming a dependent already claimed on another return.
- The amount of refund or payments made on an original return does not match our records when amending your tax return.
- Claiming the wrong amount of withholding by incorrectly totaling or transferring the amounts from your W-2.
- Claiming the wrong amount of real estate withholding.

- Claiming the wrong amount of State Disability Insurance (SDI).
- Claiming the wrong amount of exemption credits.

To avoid errors and help process your tax return faster, use these helpful hints when preparing your tax return.

### Claiming estimated tax payments:

- Verify the amount of estimated tax payments claimed on your tax return matches what you sent to the Franchise Tax Board (FTB) for that year. Go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB to view your total estimated tax payments before you file your tax return.
- Verify the overpayment amount from your 2016 tax return you requested to be applied to your 2017 estimated tax.

### Claiming state disability insurance:

- Verify the amount of State Disability Insurance (SDI) used to figure the amount of excess SDI claimed on Form 540, line 74, matches amounts from your W-2's.

### Claiming standard deduction or itemized deductions:

- See Form 540, line 18 instructions and worksheets for the amount of standard deduction or itemized deductions you can claim.

### Claiming withholding amounts:

- Go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB to verify withheld amount or see instructions for line 71 of Form 540 or line 81 of Form 540NR. Confirm only California income tax withheld is claimed.
- Verify real estate or other withholding amount from Form 592-B and Form 593. See instructions for line 73 of Form 540 or line 83 for Form 540NR.

### Claiming refund or payments made on an original return when amending your tax return:

- Go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB to check tax return records for refund or payments made.
- Verify the amount from your original return line 115 of Form 540 or line 125 of Form 540NR and include any adjustment by FTB.

### Use e-file:

- By using e-file, you can eliminate many common errors. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **efile options**.

# Do I Have to File?

## Steps to Determine Filing Requirement

**Step 1:** Is your gross income (all income received from all sources in the form of money, goods, property, and services that are not exempt from tax) more than the amount shown in the California Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 2.

**Step 2:** Is your adjusted gross income (federal adjusted gross income from all sources reduced or increased by all California income adjustments) more than the amount shown in the California Adjusted Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 3.

**Step 3:** If your income is less than the amounts on the chart you may still have a filing requirement. See "Requirements for Children with Investment Income" and "Other Situations When You Must File." Do those instructions apply to you? If yes, you have a filing requirement. If no, go to Step 4.

**Step 4:** Are you married/registered domestic partner (RDP) filing separately with separate property income? If no, you do not have a filing requirement. If yes, prepare a tax return. If you owe tax, you have a filing requirement.

On 12/31/17, my filing status was:	and on 12/31/17, my age was: (If your 65th birthday is on January 1, 2018, you are considered to be age 65 on December 31, 2017)	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household	Under 65	17,029	28,796	37,621	13,623	25,390	34,215
	65 or older	22,729	31,554	38,614	19,323	28,148	35,208
Married/RDP filing jointly Married/RDP filing separately (The income of both spouses/RDPs must be combined; both spouses/RDPs may be required to file a tax return even if only one spouse/RDP had income over the amounts listed.)	Under 65 (both spouses/RDPs)	34,060	45,827	54,652	27,249	39,016	47,841
	65 or older (one spouse/RDP)	39,760	48,585	55,645	32,949	41,774	48,834
	65 or older (both spouses/RDPs)	45,460	54,285	61,345	38,649	47,474	54,534
Qualifying widow(er)	Under 65		28,796	37,621		25,390	34,215
	65 or older		31,554	38,614		28,148	35,208
Dependent of another person Any filing status	Any age	More than your standard deduction (Use the California Standard Deduction Worksheet for Dependents on page 11 to figure your standard deduction.)					

## Requirements for Children with Investment Income

California law conforms to federal law which allows parents' election to report a child's interest and dividend income from children under age 19 or a student under age 24 on the parent's tax return. For each child under age 19 or student under age 24 who received more than \$2,100 of investment income in 2017, complete Form 540 and form FTB 3800, Tax Computation for Certain Children with Investment Income, to figure the tax on a separate Form 540 for your child.

If you qualify, you may elect to report your child's income of \$10,500 or less (but not less than \$1,050) on your tax return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. To make this election, your child's income must be **only** from interest and/or dividends. To get forms FTB 3800 or FTB 3803, see "Order Forms and Publications" or go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms).

## Other Situations When You Must File

If you have a tax liability for 2017 or owe any of the following taxes for 2017, you must file Form 540.

- Tax on a lump-sum distribution.
- Tax on a qualified retirement plan including an Individual Retirement Arrangement (IRA) or an Archer Medical Savings Account (MSA).
- Tax for children under age 19 or student under age 24 who have investment income greater than \$2,100 (see paragraph above).
- Alternative minimum tax.
- Recapture taxes.
- Deferred tax on certain installment obligations.
- Tax on an accumulation distribution from a trust.

## Filing Status

Use the same filing status for California that you used for your federal income tax return, unless you are a registered domestic partnership (RDP). If you are an RDP and file single for federal, you must file married/RDP filing jointly or married/RDP filing separately for California. If you are an RDP and file head of household for federal purposes, you may file head of household for California purposes only if you meet the requirements to be considered unmarried or considered not in a domestic partnership.

**Exception:** If you file a joint tax return for federal purposes, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2017.

- A nonresident for the entire year and had no income from California sources during 2017.

**Community Property States:** If the spouse earning the California source income is domiciled in a community property state, community income will be split equally between the spouses. Both spouses will have California source income and they will not qualify for the nonresident spouse exception.

If you had no federal filing requirement, use the same filing status for California that you would have used to file a federal income tax return.

If you filed a joint tax return and either you or your spouse/RDP was a nonresident for 2017, file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

### Single

You are single if any of the following was true on December 31, 2017:

- You were not married or an RDP.
- You were divorced under a final decree of divorce, legally separated under a final decree of legal separation, or terminated your registered domestic partnership.
- You were widowed before January 1, 2017, and did not remarry or enter into another registered domestic partnership in 2017.

### Married/RDP Filing Jointly

You may file married/RDP filing jointly if any of the following is true:

- You were married or an RDP as of December 31, 2017, even if you did not live with your spouse/RDP at the end of 2017.
- Your spouse/RDP died in 2017 and you did not remarry or enter into another registered domestic partnership in 2017.
- Your spouse/RDP died in 2018 before you filed a 2017 tax return.

### Married/RDP Filing Separately

- Community property rules apply to the division of income if you use the married/RDP filing separately status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, FTB Pub. 737, Tax Information for Registered Domestic Partners, or FTB Pub. 1032, Tax Information for Military Personnel. To get forms see "Order Forms and Publications" or go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms).
- You cannot claim a personal exemption credit for your spouse/RDP even if your spouse/RDP had no income, is not filing a tax return, and is not claimed as a dependent on another person's tax return.
- You may be able to file as head of household if your child lived with you and you lived apart from your spouse/RDP during the entire last six months of 2017.

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## Head of Household

For the specific requirements that must be met to qualify for head of household (HOH) filing status, get FTB Pub. 1540, California Head of Household Filing Status. In general, head of household filing status is for unmarried individuals and certain married individuals or RDPs living apart who provide a home for a specified relative. You may be entitled to use head of household filing status if **all** of the following apply:

- You were unmarried and not in a registered domestic partnership, or you met the requirements to be considered unmarried or considered not in a registered domestic partnership on December 31, 2017.
- You paid more than one-half the cost of keeping up your home for the year in 2017.
- For more than half the year, your home was the main home for you and one of the specified relatives who by law can qualify you for head of household filing status.
- You were not a nonresident alien at any time during the year.

For a child to qualify as your foster child for head of household purposes, the child must either be placed with you by an authorized placement agency or by order of a court.

California requires taxpayers who use head of household filing status to file form FTB 3532, Head of Household Filing Status Schedule to report how the HOH filing status was determined.

For more information, get FTB Pub. 1540 at [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or see code **934** on page 95 to order FTB Pub.1540 by telephone.

## Qualifying Widow(er) with Dependent Child

Check the box on Form 540, line 5 and use the joint return tax rates for 2017 if **all** five of the following apply:

- Your spouse/RDP died in 2015 or 2016 and you did not remarry or enter into another registered domestic partnership in 2017.
- You have a child, stepchild, or adopted child (not a foster child) whom you can claim as a dependent or could claim as a dependent except that, for 2017:
  - The child had gross income of \$4,050 or more;
  - The child filed a joint return, or
  - You could be claimed as a dependent on someone else's return.
- This child lived in your home for all of 2017. Temporary absences, such as for vacation or school, count as time lived in the home.
- You paid over half the cost of keeping up your home for this child.
- You could have filed a joint tax return with your spouse/RDP the year he or she died, even if you actually did not do so.

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# What's New and Other Important Information for 2017

## Differences between California and Federal Law

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

**Conformity** – For updates regarding federal acts, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**.

## 2017 Tax Law Changes/What's New

**Voluntary Contributions** – You may contribute to the following new funds:

- California YMCA Youth and Government Voluntary Tax Contribution Fund
- Habitat for Humanity Voluntary Tax Contribution Fund
- California Senior Citizen Advocacy Voluntary Tax Contribution Fund
- Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund
- Rape Backlog Kit Voluntary Tax Contribution Fund

**Wrongful Incarceration Exclusion** – California law conforms to federal law excluding from gross income certain amounts received by wrongfully incarcerated individuals for taxable years beginning before, on, or after January 1, 2018. If you included income for wrongful incarceration in a prior taxable year, you can file an amended California personal income tax return for that year. If the normal statute of limitations has expired, you must file a claim by January 1, 2019.

**College Access Tax Credit** – For taxable years beginning on and after January 1, 2017, and before January 1, 2023, the College Access Tax Credit (CATC) is available to entities awarded the credit from the California Educational Facilities Authority (CEFA). The credit is 50% of the amount contributed by the taxpayer for the taxable year to the College Access Tax Credit Fund. The amount of the credit is allocated and certified by the CEFA. For more information go to the CEFA website at [treasurer.ca.gov](http://treasurer.ca.gov) and search for **catc**.

## Schedule X, California Explanation of Amended Return Changes –

For taxable years beginning on or after January 1, 2017, Schedule X has replaced Form 540X, Amended Individual Income Tax Return. For additional information, see "Instructions for Filing a 2017 Amended Return" on page 29.

## Improper Withholding on Severance Paid to Veterans –

The Combat-Injured Veterans Tax Fairness Act of 2016 gives veterans who retired from the Armed Forces for medical reasons additional time to claim a refund if they had taxes improperly withheld from their severance pay. If you filed an amended return with the IRS on this issue, you have two years to file your amended California return.

**New Donated Fresh Fruits or Vegetables Credit** – For taxable years beginning on or after January 1, 2017 and before January 1, 2022, qualified taxpayers may claim the New Donated Fresh Fruits or Vegetables Credit. This tax credit is for donations of fresh fruits or vegetables made to California food banks. The amount of the tax credit is 15% of the qualified value of the donated item, based on weighted average wholesale price. The credit may be claimed only on a timely filed original return. However, any credit not used in the taxable year may be carried forward up to seven years. For more information, get form FTB 3814, New Donated Fresh Fruits or Vegetables Credit.

**California Earned Income Tax Credit** – For taxable years beginning on or after January 1, 2017, California conforms to federal law to include in the definition of earned income net earnings from self employment. Earned income thresholds have also increased. You may now qualify for the refundable EITC if you have earned income of less than \$22,323. Additional information can be found on form FTB 3514, California Earned Income Tax Credit.

## Other Important Information

**Low-Income Housing Credit Allocations to Partners** – For partnerships owning projects that receive a preliminary reservation of the Low-Income Housing Credit (LIHC) before January 1, 2020, the prior law exception that requires a partnership to allocate the credit among partners based upon the partnership agreement is re-enacted.

**Sale of Credit** – For projects that receive a preliminary reservation of the LIHC beginning on or after January 1, 2016, and before January 1, 2020, a taxpayer may make an irrevocable election in its application to the California Tax Credit Allocation Committee to sell all or any portion of the LIHC allowed to one or more unrelated parties for each taxable year in which the credit is allowed. An original purchaser is allowed a one-time resale of that credit to one or more unrelated parties. For more information, get form FTB 3521, Low-Income Housing Credit, or go to the California Tax Credit Allocation Committee website at [treasurer.ca.gov/ctcac](http://treasurer.ca.gov/ctcac).

**California Achieving a Better Life Experience (ABLE) Program** – For taxable years beginning on or after January 1, 2016, the California Qualified ABLE Program was established and California generally conforms to the federal income tax treatment of ABLE accounts.

This program was established to help blind or disabled U.S. residents save money in a tax-favored ABLE account to maintain health, independence, and quality of life. Additional information can be found in the instructions of Form 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.

**New California Motion Picture and Television Production Credit** – For taxable years beginning on or after January 1, 2016, a **new** California motion picture and television production credit will be allowed to a qualified taxpayer. The credit is allocated and certified by the California Film Commission (CFC). The qualified taxpayer can:

- Offset the credit against income tax liability.
- Sell the credit to an unrelated party (independent films only).
- Assign the credit to an affiliated corporation.
- Apply the credit against qualified sales and use taxes.

For more information, get form FTB 3541, California Motion Picture and Television Production Credit, form FTB 3551, Sale of Credit Attributable to an Independent Film, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **motion picture**, or go to the CFC website at [film.ca.gov](http://film.ca.gov) and search for **incentives**.

**Native American Income** – California does not tax reservation sourced income earned or received from the same Indian country in which you live and are an enrolled member. Additional information can be found in the instructions for California Schedule CA (540) and form FTB 3504, Enrolled Tribal Member Certification.

**Electronic Funds Withdrawal (EFW)** – Make extension or estimated tax payments using tax preparation software. Check with your software provider to determine if they support EFW for extension or estimated tax payments.

**Payments and Credits Applied to Use Tax** – For taxable years beginning on or after January 1, 2015, if a taxpayer includes use tax on their personal income tax return, payments and credits will be applied to use tax first, then towards income tax, interest, and penalties. Additional information can be found in the instructions for California Form 540.

**Dependent Social Security Number (SSN)** – For taxable years beginning on or after January 1, 2015, taxpayers claiming an exemption credit must write each dependent's SSN in the spaces provided within Line 10 for the California Form 540 and California Form 540NR (long and short).

**Financial Incentive for Seismic Improvement** – For taxable years beginning on or after January 1, 2015, taxpayers can exclude from gross income any amount received as loan forgiveness, grant, credit, rebate, voucher, or other financial incentive issued by the California Residential Mitigation Program or the California Earthquake Authority to assist a residential property owner or occupant with expenses paid, or obligations incurred, for earthquake loss mitigation. Additional information can be found in the instructions for California Schedule CA (540 and 540NR).

**Natural Heritage Preservation Credit** – For qualified contributions made on or after January 1, 2015, the credit carryover period has been extended to 15 years or until exhausted, whichever occurs first. Any unused credits remaining before January 1, 2015, will remain subject to an eight-year carryover provision. In addition, the period for when a qualified contribution is made, for which a tax credit will be allowed, has been extended to June 30, 2020.

**Disaster Losses** – For taxable years beginning on or after January 1, 2014, and before January 1, 2024, taxpayers may deduct a disaster loss for any loss sustained in any city, county, or city and county in California that is proclaimed by the Governor to be in a state of emergency. For these Governor-only declared disasters, subsequent state legislation is not required to activate the disaster loss provisions. Additional information can be found in the instructions for California form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts.

**Head of Household** – For taxable years beginning on or after January 1, 2015, California requires taxpayers who use head of household (HOH) filing status to file form FTB 3532, Head of Household Filing Status Schedule, to report how the HOH filing status was determined.

**Financial Incentive for Turf Removal** – For taxable years beginning on or after January 1, 2014, and before January 1, 2019, taxpayers can exclude from gross income any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf removal water conservation program. Additional information can be found in the instructions for California Schedule CA (540 and 540NR).

**Penalty Assessed by Professional Sports League** – For taxable years beginning on or after January 1, 2014, an owner of all or part of a professional sports franchise will not be allowed a deduction for the amount of any fine or penalty paid or incurred, that was assessed or imposed by the professional sports league that includes that franchise. Additional information can be found in the instructions for California Schedule CA (540 and 540NR).

**New Employment Credit** – For taxable years beginning on or after January 1, 2014, and before January 1, 2021, the New Employment Credit (NEC) is available to a qualified taxpayer that hires a qualified full-time employee on or after January 1, 2014, and pays or incurs qualified wages attributable to work performed by the qualified full-time employee in a designated census tract or economic development area, and receives a **tentative credit reservation** for that qualified full-time employee. In addition, an **annual certification of employment** is required with respect to each qualified full-time employee hired in a previous taxable year. In order to be allowed a credit, the qualified taxpayer must have a net increase in the total number of full-time employees in California. Any credits not used in the taxable year may be carried forward up to five years. If a qualified employee is terminated within the first 36 months after beginning employment, the employer may be required to recapture previously taken credits. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **nec** or get form FTB 3554, New Employment Credit.

**Repeal of Geographically Targeted Economic Development Area Tax Incentives** – The California legislature repealed and made changes to all of the Geographically Targeted Economic Development Area (G-TEDA) Tax Incentives. Enterprise Zones (EZ) and Local Agency Military Base Recovery Areas (LAMBRA) were repealed on January 1, 2014. The Targeted Tax Areas (TTA) and Manufacturing Enhancement Areas (MEA) both expired on December 31, 2012. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **repeal tax incentives**.

**California Competes Tax Credit** – For taxable years beginning on and after January 1, 2014, and before January 1, 2025, the California Competes Tax Credit is available to businesses that want to come to California or stay and grow in California. Tax credit agreements will be negotiated by the Governor's Office of Business and Economic Development (GO-Biz) and approved by the California Competes Tax Credit Committee. The California Competes Tax Credit only applies to state income or franchise tax. Taxpayers who are awarded a contract by the committee will claim the credit on their income or franchise tax returns using credit code 233. The credit can reduce tax below the tentative minimum tax. Any credits not used in the taxable year may be carried forward up to six years. For more information, go to the GO-Biz website at [business.ca.gov](http://business.ca.gov) or [ftb.ca.gov](http://ftb.ca.gov) and search for **ca competes** or get form FTB 3531, California Competes Tax Credit.

**Like-Kind Exchanges** – For taxable years beginning on or after January 1, 2014, California requires taxpayers who exchange property located in California for like-kind property located outside of California, and meet all of the requirements of the Internal Revenue Code Section 1031, to file an annual information return with the Franchise Tax Board (FTB). For more information, get form FTB 3840, California Like-Kind Exchanges, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **like kind**.

**Cancellation of Debt Income (CODI)** – For taxable years beginning on or after January 1, 2014, and before January 1, 2019, California did not conform to the federal recognition of business debt reacquisition CODI under IRC Section 108(i). If you recognized the CODI for federal tax purposes, then you must deduct the federal CODI amount. See Schedule CA (540) line 12 instructions for more information.

**Net Operating Loss (NOL) Carryback** – NOLs incurred in taxable years beginning on or after January 1, 2013, shall be carried back to each of the preceding two taxable years.

The allowable NOL carryback percentage varies. For an NOL incurred in a taxable year beginning on or after:

- January 1, 2013, and before January 1, 2014, the carryback amount shall not exceed 50% of the NOL.
- January 1, 2014, and before January 1, 2015, the carryback amount shall not exceed 75% of the NOL.
- January 1, 2015, the carryback amount shall be 100% of the NOL.

Individuals, Estates, and Trusts compute the NOL carryback in Part IV of form FTB 3805V. For more information, get form FTB 3805V.

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**Election to Waive Carryback** – Any taxpayer entitled to a carryback period pursuant to Internal Revenue Code (IRC) Section 172(b)(3) may elect to relinquish/waive the entire carryback period with respect to an NOL incurred in the 2013 taxable year. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in the previous two years.

To make the election, check the box in Part I under Section C – Election to Waive Carryback, of form FTB 3805V, and attach form FTB 3805V to the tax return. For more information, get form FTB 3805V.

**Mandatory Electronic Payments** – You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original tax return with a total tax liability over \$80,000. Once you meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals that do not send the payment electronically will be subject to a 1% noncompliance penalty.

You can request a waiver from mandatory e-pay if one or more of the following is true:

- You have not made an estimated tax or extension payment in excess of \$20,000 during the current or previous taxable year.
- Your total tax liability reported for the previous taxable year did not exceed \$80,000.
- The amount you paid is not representative of your total tax liability.

For more information or to obtain the waiver form, go to [ftb.ca.gov/e-pay](http://ftb.ca.gov/e-pay). Electronic payments can be made using Web Pay on FTB's website, electronic funds withdrawal (EFW) as part of the e-file return, or your credit card.

**Estimated Tax Payments** – Taxpayers are required to pay 30% of the required annual payment for the 1st required installment, 40% of the required annual payment for the 2nd required installment, no installment is due for the 3rd required installment, and 30% of the required annual payment for the 4th required installment.

Taxpayers with a tax liability less than \$500 (\$250 for married/RDP filing separately) do not need to make estimated tax payments.

**Mortgage Forgiveness Debt Relief** – California law does not conform to federal law regarding the discharge of indebtedness from the disposition of your principal residence occurring on or after January 1, 2014. For more information, get Schedule CA (540).

**Backup Withholding** – With certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the FTB on income sourced to California. If the payee has backup withholding, the payee must contact the FTB to provide a valid taxpayer identification number, before filing the tax return. Failure to provide a valid taxpayer identification number may result in a denial of the backup withholding credit. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Registered Domestic Partners (RDP)** – Under California law, RDPs must file their California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you entered into a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, you are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

**Direct Deposit Refund** – You can request a direct deposit refund on your tax return whether you e-file or file a paper tax return. Be sure to fill in the routing and account numbers carefully and double-check the numbers for accuracy to avoid it being rejected by your bank.

**Direct Deposit for ScholarShare 529 College Savings Plans** – If you have a ScholarShare 529 College Savings Plan account maintained by the ScholarShare Investment Board, you may have your refund directly deposited to your ScholarShare account.

**California Disclosure Obligations** – If the individual was involved in a reportable transaction, including a listed transaction, the individual may have a disclosure requirement. Attach federal Form 8886, Reportable Transaction Disclosure Statement, to the back of the California tax return along with any other supporting schedules. If this is the first time the reportable transaction is disclosed on the tax return, send a duplicate copy of the federal Form 8886 to the address below. The FTB may impose penalties if the individual fails to file federal Form 8886, or fails to provide any other required information. A material advisor is required to provide a reportable transaction number to all taxpayers and material advisors for whom the material advisor acts as a material advisor.

TAX SHELTER FILING  
ATSU 398 MS F385  
FRANCHISE TAX BOARD  
PO BOX 1673  
SACRAMENTO CA 95812-9900

For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **disclosure obligation**.

# Which Form Should I Use?



e-file and you won't have to decide which form to use! The software will select the correct form for you.

## Were you and your spouse/RDP residents during the entire year 2017?

**Yes.** Check the chart below to see which form to use.

**No.** Use the Long or Short Form 540NR. To download or order the California Nonresident or Part-Year Resident Income Tax Booklet, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or see, "Where to Get Income Tax Forms and Publications."

	<b>Form 540 2EZ</b> Form not included in this booklet. If you qualify to use Form 540 2EZ, see "Where To Get Income Tax Forms and Publications" to download or order this form.	<b>Form 540</b>
<b>Filing Status</b>	Single, married/RDP filing jointly, head of household, qualifying widow(er)	Any filing status
<b>Dependents</b>	0-3 allowed	All dependents you are entitled to claim
<b>Amount of Income</b>	Total income of: <ul style="list-style-type: none"> <li>• \$100,000 or less if single or head of household</li> <li>• \$200,000 or less if married/RDP filing jointly or qualifying widow(er)</li> </ul> You cannot use Form 540 2EZ if you (or your spouse/RDP) can be claimed as a dependent by another taxpayer, and your TOTAL income is less than or equal to \$14,086 if single; \$28,122 if married/RDP filing jointly or qualifying widow(er); or \$19,922 if head of household.	Any amount of income
<b>Sources of Income</b>	Only income from: <ul style="list-style-type: none"> <li>• Wages, salaries, and tips</li> <li>• Taxable interest, dividends, and pensions</li> <li>• Taxable scholarship and fellowship grants (only if reported on Form(s) W-2)</li> <li>• Capital gains from mutual funds (reported on Form 1099-DIV, box 2a only)</li> <li>• Unemployment compensation reported on Form 1099-G</li> <li>• Paid Family Leave Insurance</li> <li>• U.S. social security benefits</li> <li>• Tier 1 and tier 2 railroad retirement payments</li> </ul>	All sources of income
<b>Adjustments to Income</b>	No adjustments to income	All adjustments to income
<b>Standard Deduction</b>	Allowed	Allowed
<b>Itemized Deductions</b>	No itemized deductions	All itemized deductions
<b>Payments</b>	Only withholding shown on Form(s) W-2 and 1099-R	<ul style="list-style-type: none"> <li>• Withholding from all sources</li> <li>• Estimated tax payments</li> <li>• Payments made with extension</li> <li>• Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)</li> </ul>
<b>Tax Credits</b>	<ul style="list-style-type: none"> <li>• California earned income tax credit</li> <li>• Personal exemption credit</li> <li>• Senior exemption credit</li> <li>• Up to three dependent exemption credits</li> <li>• Nonrefundable renter's credit</li> </ul>	All tax credits
<b>Other Taxes</b>	Only tax computed using the 540 2EZ Table	All taxes



If you qualify to use Form 540 2EZ, you may be eligible to use CalFile. Visit [ftb.ca.gov](http://ftb.ca.gov) and search for **calfile**. It's fast, easy, and free.  
 If you don't qualify for CalFile, you qualify for e-file. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **efile options**.

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**Visit our website:**

**[ftb.ca.gov](http://ftb.ca.gov)**



# 2017 Instructions for Form 540 — California Resident Income Tax Return

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 2015, and the California Revenue and Taxation Code (R&TC).

## Before You Begin

Complete your federal income tax return (Form 1040, Form 1040A, or Form 1040EZ) before you begin your Form 540, California Resident Income Tax Return. Use information from your federal income tax return to complete your Form 540. Complete and mail Form 540 by April 17, 2018. Due to the federal Emancipation Day holiday on April 16, 2018, tax returns filed and payments mailed or submitted on April 17, 2018, will be considered timely. If unable to mail your tax return by this date, see page 2.



You may qualify for the federal earned income credit. See page 2 for more information.

**Note:** The lines on Form 540 are numbered with gaps in the line number sequence. For example, lines 20 through 30 do not appear on Form 540, so the line number that follows line 19 on Form 540 is line 31.

**Caution:** Form 540 has five sides. When filing Form 540, you must send all five sides to the Franchise Tax Board (FTB).

If you need to amend your California resident income tax return, check the box at the top of Form 540 indicating AMENDED return and attach Schedule X, California Explanation of Amended Return Changes. For specific instructions, see "Instructions for Filing a 2017 Amended Return" on page 29.

## Filing in Your Tax Return

- Use black or blue ink on the tax return you send to the FTB.
- Enter your social security number(s) or individual taxpayer identification number(s) at the top of Form 540, Side 1.
- Print numbers and CAPITAL LETTERS between the combed lines. Be sure to line up dollar amounts.
- If you do not have an entry for a line, leave it blank unless the instructions for a line specifically tell you to enter -0-. **Do not** enter a dash, or the word "NONE."

## Name(s) and Address

Print your first name, middle initial, last name, and street address in the spaces provided at the top of the form.

### Suffix

Use the Suffix field for generational name suffixes such as "SR", "JR", "III", "IV". Do not enter academic, professional, or honorary suffixes.

### Additional Information

Use the Additional Information field for "In-Care-Of" name and other supplemental address information only.

### Foreign Address

If you have a foreign address, follow the country's practice for entering the city, county, province, state, country, and postal code, as applicable, in the appropriate boxes. **Do not** abbreviate the country name.

### Principal Business Activity (PBA) Code

For federal Schedule C (Form 1040), Profit or Loss From Business (Sole Proprietorship) business filers, enter the numeric PBA code from federal Schedule C (Form 1040), line B.

### Date of Birth (DOB)

Enter your DOBs (mm/dd/yyyy) in the spaces provided. If your filing status is married/RDP filing jointly or married/RDP filing separately, enter the DOBs in the same order as the names.

### Prior Name

If you or your spouse/RDP filed your 2016 tax return under a different last name, write the last name **only** from the 2016 tax return.

## Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

Enter your SSN in the spaces provided. If filing a joint tax return, enter the SSNs in the same order as the names.

If you do not have an SSN because you are a nonresident or resident alien for federal tax purposes, and the Internal Revenue Service (IRS) issued you an ITIN, enter the ITIN in the space for the SSN. An ITIN is a tax processing number issued by the IRS to foreign nationals and others who have a federal tax filing requirement and do not qualify for an SSN. It is a nine-digit number that always starts with the number 9.

## Filing Status

### Line 1 through Line 5 – Filing Status

Check only one box for line 1 through line 5. Enter the required additional information if you checked the box on line 3 or line 5. For filing status requirements, see page 3.

Use the same filing status for California that you used for your federal income tax return.

**Exception:** If you file a joint tax return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2017.
- A nonresident for the entire year and had no income from California sources during 2017.

**Caution – Community Property States:** If the spouse earning the California source income is domiciled in a community property state, community income will be split equally between the spouses. Both spouses will have California source income and they will not qualify for the nonresident spouse exception.

If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

Registered domestic partners (RDPs) who file single for federal **must file** married/RDP filing jointly or married/RDP filing separately for California. If you are an RDP and file head of household for federal purposes, you may file head of household for California purposes only if you meet the requirements to be considered unmarried or considered not in a domestic partnership.

If you filed a joint tax return and either you or your spouse/RDP was a nonresident for 2017, you **must file** the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

## Exemptions

### Line 6 – Can be Claimed as Dependent



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Check the box on line 6 if someone else can claim you or your spouse/RDP as a dependent on their tax return, even if they chose not to.

### Line 7 – Personal Exemptions

Did you check the box on line 6?

**No** Follow the instructions on line 7.

**Yes** Ignore the instructions on line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married/RDP filing separately, enter -0-.
- Head of household, enter -0-.
- Married/RDP filing jointly and both you and your spouse/RDP can be claimed as dependents, enter -0-.
- Married/RDP filing jointly and only one spouse/RDP can be claimed as a dependent, enter 1.

Do not claim this credit if someone else can claim you as a dependent on their tax return.

**Line 8 – Blind Exemptions**

The first year you claim this exemption credit, attach a doctor's statement to the back of Form 540 indicating you or your spouse/RDP are visually impaired. If you e-file, attach any requested forms, schedules and documents according to your software's instructions. Visually impaired means not capable of seeing better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

Do not claim this credit if someone else can claim you as a dependent on their tax return.

**Line 9 – Senior Exemptions**

If you were 65 years of age or older by December 31, 2017,\* you should claim an additional exemption credit on line 9. If you are married/or an RDP, each spouse/RDP 65 years of age or older should claim an additional credit. You may contribute all or part of this credit to the California Seniors Special Fund. See "Voluntary Contribution Fund Descriptions" for more information.

\*If your 65th birthday is on January 1, 2018, you are considered to be age 65 on December 31, 2017.

Do not claim this credit if someone else can claim you as a dependent on their tax return.

**Line 10 – Dependent Exemptions**

To claim an exemption credit for each of your dependents, you must write each dependent's first and last name, SSN and relationship to you in the space provided. If you are claiming more than three dependents, attach a statement with the required dependent information to your tax return. Count the number of dependents listed and enter the total in the box on line 10. Multiply the number you entered by the pre-printed dollar amount and enter the result.

If your dependent child was born and died in 2017 and you do not have an SSN for the child, enter "Died" in the space provided for the SSN and include a copy of the child's birth certificate, death certificate, or hospital records. The document must show the child was born alive. If you e-file, attach any requested forms, schedules and documents according to your software's instructions.

**Line 11 – Exemption Amount**

Add line 7 through line 10 and enter the total dollar amount of all exemptions for personal, blind, senior, and dependent.

**Taxable Income**

Refer to your completed federal income tax return to complete this section.

**Line 12 – State Wages**

Enter the total amount of your state wages from all states from each of your Form(s) W-2, Wage and Tax Statement. This amount appears on Form W-2, box 16.

If you received wages and do not have a Form W-2, see "Attachments to your tax return."

**Line 13 – Federal Adjusted Gross Income (AGI) from Form 1040, line 37; 1040A, line 21; or 1040EZ, line 4**

RDPs who file a California tax return as married/RDP filing jointly and have no RDP adjustments between federal and California, combine their individual AGIs from their federal tax returns filed with the IRS. Enter the combined AGI on line 13.

RDP adjustments include but are not limited to the following:

- Transfer of property between spouses/RDPs
- Capital loss
- Transactions between spouses/RDPs
- Sale of residence
- Dependent care assistance

- Investment interest
- Qualified residence interest acquisition loan & equity loan
- Expense depreciation property limits
- Individual Retirement Account
- Interest education loan
- Rental real estate passive loss
- Rollover of publicly traded securities gain into specialized small business investment companies

RDPs filing as married/RDP filing separately, former RDPs filing separately, and RDPs with RDP adjustments will use the California RDP Adjustments Worksheet in FTB Pub. 737, Tax Information for Registered Domestic Partners, or complete a federal pro forma Form 1040. Transfer the amount from the California RDP Adjustments Worksheet, line 37, column D, or federal pro forma Form 1040, line 37, to Form 540, line 13.

**Line 14 – California Adjustments – Subtractions [from Schedule CA (540), line 37, column B]**

If there are no differences between your federal and California income or deductions, do not file a Schedule CA (540), California Adjustments — Residents.

If there are differences between your federal and California income, i.e. social security, complete Schedule CA (540). Follow the instructions for Schedule CA (540). Enter on line 14 the amount from Schedule CA (540), line 37, column B. If a negative amount, see Schedule CA (540), line 37 instructions.

**Line 15 – Subtotal**

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the result in parentheses. For example: "(12,325)."

**Line 16 – California Adjustments – Additions [from Schedule CA (540), line 37, column C]**

If there are differences between your federal and California deductions, complete Schedule CA (540). Follow the instructions for Schedule CA (540). Enter on line 16 the amount from Schedule CA (540), line 37, column C. If a negative amount, see Schedule CA (540), line 37 instructions.

**Line 18 – California Itemized Deductions or California Standard Deduction**

Decide whether to itemize your charitable contributions, medical expenses, mortgage interest paid, taxes, etc., or take the standard deduction. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions.
- Your California standard deduction.

California itemized deductions may be limited based on federal AGI. To compute limitations, use Schedule CA (540). RDPs use your recalculated federal AGI to figure your itemized deductions.

On federal tax returns, individual taxpayers who claim the standard deduction are allowed an additional deduction for net disaster losses. For California, deductions for disaster losses are only allowed for those individual taxpayers who itemized their deductions.

If married/or an RDP and filing separate tax returns, you and your spouse/RDP must either both itemize your deductions (even if the itemized deductions of one spouse/RDP are less than the standard deduction) or both take the standard deduction.

If someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. To figure your standard deduction, use the Form 540 – California Standard Deduction Worksheet for Dependents.

**Itemized deductions.** Figure your California itemized deductions by completing Schedule CA (540), Part II, line 38 through line 44. Enter the result on Form 540, line 18.

If you did not itemize deductions on your federal income tax return but will itemize deductions for your Form 540, first complete federal Schedule A (Form 1040), Itemized Deductions. Then complete Schedule CA (540), Part II, line 38 through line 44. Attach both the federal Schedule A (Form 1040) and California Schedule CA (540) to the back of your tax return.

**Standard deduction.** Find your standard deduction on the California Standard Deduction Chart for Most People. If you checked the box on Form 540, line 6, use the California Standard Deduction Worksheet for Dependents.

<b>California Standard Deduction Chart for Most People</b>	
Do not use this chart if your parent, or someone else, can claim you (or your spouse/RDP) as a dependent on their tax return.	
<b>Your Filing Status</b>	<b>Enter On Line 18</b>
1 – Single . . . . .	\$4,236
2 – Married/RDP filing jointly . . . . .	\$8,472
3 – Married/RDP filing separately . . . . .	\$4,236
4 – Head of household . . . . .	\$8,472
5 – Qualifying widow(er) . . . . .	\$8,472

The California standard deduction amounts are less than the federal standard deduction amounts.

<b>California Standard Deduction Worksheet for Dependents</b>	
Use this worksheet only if your parent, or someone else, can claim you (or your spouse/RDP) as a dependent on their return.	
<b>Use whole dollars only.</b>	
1. Enter your earned income from: line 1 of the "Standard Deduction Worksheet for Dependents" in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ . . . . .	1 _____
2. Minimum standard deduction . . . . .	2 <b>\$1,050.00</b>
3. Enter the larger of line 1 or line 2 here . . . . .	3 _____
4. Enter the amount shown for your filing status	} 4 _____
• Single or married/RDP filing separately, enter \$4,236 . . . . .	
• Married/RDP filing jointly, head of household, or qualifying widow(er), enter \$8,472 . . . . .	
5. <b>Standard deduction.</b> Enter the <b>smaller</b> of line 3 or line 4 here and on Form 540, line 18 . . .	5 _____

**Line 19 – Taxable Income**

**Capital Construction Fund (CCF).** If you claim a deduction on your federal Form 1040, line 43 for the contribution made to a capital construction fund set up under the Merchant Marine Act of 1936, reduce the amount you would otherwise enter on line 19 by the amount of the deduction. Next to line 19, enter "CCF" and the amount of the deduction. For details, see federal Publication 595, Capital Construction Fund for Commercial Fishermen.

**Tax**

When figuring your tax, use the correct filing status and taxable income amount.

**Line 31 – Tax**

To figure your tax, use one of the following methods and check the matching box on line 31:

- **Tax Table.** If your taxable income on line 19 is \$100,000 or less, use the tax table beginning on page 87. Use the correct filing status column in the tax table.

- **Tax Rate Schedules.** If your taxable income on line 19 is over \$100,000, use the tax rate schedule for your filing status on page 92.
- **FTB 3800.** Generally, use form FTB 3800, Tax Computation for Certain Children with Investment Income, to figure the tax on a separate Form 540 for your child who was 18 and under or a student under age 24 on January 1, 2018, and who had more than \$2,100 of investment income. Attach form FTB 3800 to the child's Form 540.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$10,500 or less (but not less than \$1,050) on your tax return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. File a separate form FTB 3803 for each child whose income you elect to include on your Form 540. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 31. Attach form(s) FTB 3803 to your tax return.

To prevent possible delays in processing your tax return or refund, enter the correct tax amount on this line. To automatically figure your tax or to verify your tax calculation, use our online tax calculator. Go to [ftb.ca.gov/tax-rates](http://ftb.ca.gov/tax-rates).



CalFile or e-file and you won't have to do the math. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **efile**.

**Line 32 – Exemption Credits**

Exemption credits reduce your tax. If your federal adjusted gross income (AGI) on line 13 is more than the amount shown below for your filing status, your credits will be limited.

For purposes of computing limitations based upon AGI, RDPs, recalculate their AGI using a federal pro forma or California RDP Adjustments Worksheet (located in FTB Pub. 737). If your recalculated federal AGI is more than the amount shown below for your filing status, your credits will be limited.

<b>If your filing status is:</b>	<b>Is line 13 more than:</b>
Single or married/RDP filing separately . . . . .	\$187,203
Married/RDP filing jointly or qualifying widow(er) . . . . .	\$374,411
Head of household . . . . .	\$280,808

**Yes** Complete the AGI Limitation Worksheet below.  
**No** Follow the instructions on Form 540, line 32.

<b>AGI Limitation Worksheet</b>	
<b>Use whole dollars only.</b>	
<b>a</b> Enter the amount from line 13 . . . . .	<b>a</b> _____
<b>b</b> Enter the amount for your filing status on line b:	} <b>b</b> _____
• Single or married/RDP filing separately . . . \$187,203	
• Married/RDP filing jointly or qualifying widow(er) . . . . . \$374,411	
• Head of household . . . . . \$280,808	
<b>c</b> Subtract line b from line a . . . . .	<b>c</b> _____
<b>d</b> Divide line c by \$2,500 (\$1,250 if married/RDP filing separately). If the result is not a whole number, round it to the next higher whole number . . . . .	<b>d</b> _____
<b>e</b> Multiply line d by \$6 . . . . .	<b>e</b> _____
<b>f</b> Add the numbers from the boxes on lines 7, 8, and 9 (not the dollar amounts) . . . . .	<b>f</b> _____
<b>g</b> Multiply line e by line f . . . . .	<b>g</b> _____
<b>h</b> Add the total <b>dollar amount</b> from lines 7, 8, and 9 . . . . .	<b>h</b> _____
<b>i</b> Subtract line g from line h. If zero or less, enter -0- . . . . .	<b>i</b> _____
<b>j</b> Enter the number from the box on line 10 (not the dollar amount) . . . . .	<b>j</b> _____
<b>k</b> Multiply line e by line j . . . . .	<b>k</b> _____
<b>l</b> Enter the <b>dollar amount</b> from line 10 . . . . .	<b>l</b> _____
<b>m</b> Subtract line k from line l. If zero or less, enter -0- . . . . .	<b>m</b> _____
<b>n</b> Add line i and line m. Enter the result here and on line 32. <b>n</b>	<b>n</b> _____

**Line 34 – Tax from Schedule G-1 and Form FTB 5870A**

If you received a qualified lump-sum distribution in 2017 and you were born before January 2, 1936, get California Schedule G-1, Tax on Lump-Sum Distributions to figure your tax by special methods that may result in less tax.

If you received accumulation distributions from foreign trusts or from certain domestic trusts, get form FTB 5870A, Tax on Accumulation Distribution of Trusts, to figure the additional tax.

To get these forms, see “Order Forms and Publications.”

**Special Credits and Nonrefundable Credits**

A variety of California tax credits are available to reduce your tax if you qualify. To figure and claim most special credits, you must complete a separate form or schedule and attach it to your Form 540. The Credit Chart on page 25 describes the credits and provides the name, credit code, and number of the required form or schedule. Many credits are limited to a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax (TMT); go to Box A to see if your credits are limited.

If you are not claiming any special credits go to line 40 and line 46 to see if you qualify for the nonrefundable child and dependent care expenses credit or the nonrefundable renter’s credit.

**Box A – Did you complete federal Schedule C, D, E, or F and claim or receive any of the following (Note: If your business gross receipts are less than \$1,000,000 from all trades or businesses, you do not have to report alternative minimum tax (AMT). For more information, see line 61 instructions.):**

- Accelerated depreciation in excess of straight-line
- Intangible drilling costs
- Depletion
- Circulation expenditures
- Research and experimental expenditures
- Mining exploration/development costs
- Amortization of pollution control facilities
- Income/loss from tax shelter farm activities
- Income/loss from passive activities
- Income from long-term contracts using the percentage of completion method
- Pass-through AMT adjustment from an estate or trust reported on Schedule K-1 (541)

**Yes** Complete Schedule P (540). See “Order Forms and Publications.”

**No** Go to Box B.

**Box B – Did you claim or receive any of the following:**

- Investment interest expense **226**
- Income from incentive stock options in excess of the amount reported on your tax return **225**
- Income from installment sales of certain property

**Yes** Complete Schedule P (540). See “Order Forms and Publications.”

**No** Go to Box C.

**Box C – If your filing status is:** Is Form 540, line 17 more than:

Single or head of household . . . . . \$258,168

Married/RDP filing jointly or qualifying widow(er) . . . \$344,225

Married/RDP filing separately . . . . . \$172,110

**Yes** Complete Schedule P (540). See “Order Forms and Publications.”

**No** Your credits are not limited. Go to the instructions for line 40.

**Line 40 – Nonrefundable Child and Dependent Care Expenses Credit**

Claim this credit if you paid someone to care for your qualifying child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse/RDP if physically or mentally incapable of caring for him or herself. The care must be provided in California. To claim this credit, your federal AGI must be \$100,000 or less and you must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

**Line 43 through Line 45 – Additional Special Credits**

A code identifies each credit. To claim only one or two credits, enter the credit name, code, and amount of the credit on line 43 and line 44.

To claim more than two credits, use Schedule P (540), Part III. See Schedule P (540) instructions, “How to Claim Your Credits.”

**Important:** Attach Schedule P (540) and any supporting schedules or statements to your Form 540.

**Carryovers:** If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, carry over any excess credit to future years until the credit is used (unless the carryover period is a fixed number of years). If you claim a credit carryover for an expired credit, use form FTB 3540, Credit Carryover and Recapture Summary, to figure the amount of the credit. Otherwise, enter the amount of the credit on Schedule P (540), Part III, and **do not** attach form FTB 3540.

**Credit for Joint Custody Head of Household — Code 170**

You may **not** claim this credit if you used the married/RDP filing jointly, head of household, or qualifying widow(er) filing status.

Claim the credit if unmarried and not an RDP at the end of 2017 (or if married/or an RDP, you lived apart from your spouse/RDP for all of 2017 and you used the married/RDP filing separately filing status); and if you furnished more than one-half the household expenses for your home that also served as the main home of your child, step-child, or grandchild for at least 146 days but not more than 219 days of the taxable year. If the child is married/or an RDP, you must be entitled to claim a dependent exemption credit for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or legal separation or part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or legal separation has not yet been issued.

Use the worksheet below to figure the Joint Custody Head of Household credit **using whole dollars only**.

1. Enter the amount from Form 540, line 35 . . . . .	1	_____
2. Credit percentage — 30% . . . . .	2	_____ x .30
3. Credit amount. Multiply line 1 by line 2. Enter the result or \$451, whichever is less . . . . .	3	_____

If you qualify for the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, claim only one credit. Select the credit that allows the maximum benefit.

**Credit for Dependent Parent — Code 173**

You may **not** claim the Credit for Dependent Parent if you used the single, head of household, qualifying widow(er), or married/RDP filing jointly filing status.

Claim this credit only if all of the following apply:

- You were married/or an RDP at the end of 2017 and you used the married/RDP filing separately filing status.
- Your spouse/RDP was not a member of your household during the last six months of the year.
- You furnished over one-half the household expenses for your dependent mother’s or father’s home, whether or not she or he lived in your home.

To figure the amount of this credit, use the worksheet for the Credit for Joint Custody Head of Household. If you qualify for the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, claim only one. Select the credit that will allow the maximum benefit.

**Credit for Senior Head of Household — Code 163**

You may claim this credit if you:

- Were 65 years of age or older on December 31, 2017.\*
- Qualified as a head of household in 2015 or 2016 by providing a household for a qualifying individual who died during 2015 or 2016.
- Did not have AGI over \$73,226 for 2017.

\* If your 65th birthday is on January 1, 2018, you are considered to be age 65 on December 31, 2017.

If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2017 in order to claim this credit.

Use this worksheet to figure this credit **using whole dollars only**.

1. Enter the amount from Form 540, line 19 . . . . .	1	_____
2. Credit percentage — 2% . . . . .	2	x .02
3. Credit amount. Multiply line 1 by line 2. Enter the result or \$1,380, whichever is less . . . . .	3	_____

**Credit for Child Adoption Costs — Code 197**

For the year in which an adoption decree or an order of adoption is entered (e.g., adoption is final), claim a credit for 50% of the cost of adopting a child who was **both**:

- A citizen or legal resident of the United States.
- In the **custody** of a California public agency or a California political subdivision.

Treat a prior unsuccessful attempt to adopt a child (even when the costs were incurred in a prior year) and a later successful adoption of a different child as one effort when computing the cost of adopting the child. Include the following costs if directly related to the adoption process:

- Fees for Department of Social Services or a licensed adoption agency.
- Medical expenses not reimbursed by insurance.
- Travel expenses for the adoptive family.

**Note:**

- This credit does not apply when a child is adopted from another country or another state, or was not in the custody of a California public agency or a California political subdivision.
- Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the worksheet below to figure this credit **using whole dollars only**. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 per minor child.

1. Enter qualifying costs for the child . . . . .	1	_____
2. Credit percentage — 50% . . . . .	2	x .50
3. Credit amount. Multiply line 1 by line 2. Do not enter more than \$2,500 . . . . .	3	_____

Your allowable credit is limited to \$2,500 for 2017. Carry over the excess credit to future years until the credit is used.

**Line 46 – Nonrefundable Renter’s Credit**

If you paid rent for at least six months in 2017 on your principal residence located in California you may qualify to claim the nonrefundable renter’s credit which may reduce your tax. Complete the qualification record on page 22.

**Line 48**

Subtract the amount on line 47 from the amount on line 35. Enter the result on line 48. If the amount on line 47 is more than the amount on line 35, enter -0-.

**Other Taxes**

Attach the specific form or statement required for each item below.

**Line 61 – Alternative Minimum Tax (AMT)**

If you claim certain types of deductions, exclusions, and credits, you may owe AMT if your total income is more than:

- \$91,793 married/RDP filing jointly or qualifying widow(er)
- \$68,846 single or head of household
- \$45,895 married/RDP filing separately

A child under age 19 or a student under age 24 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540) and included on the return is more than the sum of \$7,500 and the child’s earned income.

AMT income does not include income, adjustments, and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than \$1,000,000 from **all** trades or businesses.

Get Schedule P (540) for more information. See “Order Forms and Publications.”

**Line 62 – Mental Health Services Tax**

If your taxable income is more than \$1,000,000, compute the Mental Health Services Tax **using whole dollars only**:

1. Taxable income from Form 540, line 19 . . . . .	1	_____
2. Less . . . . .	2	\$(1,000,000)
3. Subtotal . . . . .	3	_____
4. Tax rate – 1% . . . . .	4	x .01
5. Mental Health Services Tax – Multiply line 3 by line 4. Enter this amount here and on line 62. . . . .	5	_____

**Line 63 – Other Taxes and Credit Recapture**

If you received an early distribution of a qualified retirement plan and were required to report additional tax on your federal tax return, you may also be required to report additional tax on your California tax return. Get form FTB 3805P, Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts. If required to report additional tax, report it on line 63 and write “FTB 3805P” to the left of the amount.

California conforms to federal law for income received under IRC Section 409A on a nonqualified deferred compensation (NQDC) plan and discounted stock options and stock appreciation rights. Income received under IRC Section 409A is subject to an additional 5% tax of the amount required to be included in income plus interest. Include the additional tax, if any, on line 63. Write “NQDC” on the dotted line to the left of the amount.

If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 63. Write “IRC Section 453A interest” and the amount on the dotted line to the left of the amount on line 63.

If you used form(s):

- FTB 3540, Credit Carryover and Recapture Summary
- FTB 3554, New Employment Credit
- FTB 3805Z, Enterprise Zone Deduction and Credit Summary
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary
- FTB 3808, Manufacturing Enhancement Area Credit Summary
- FTB 3809, Targeted Tax Area Deduction and Credit Summary

Include the additional tax for credit recapture, if any, on line 63. Write the form number and the amount on the dotted line to the left of the amount on line 63.

## Payments

To avoid a delay in the processing of your tax return, enter the correct amounts on line 71 through line 74.

### Line 71 – California Income Tax Withheld

Enter the total California income tax withheld from your:

- Form(s) W-2, Wage and Tax Statement, box 17
- Form(s) W-2G, Certain Gambling Winnings, box 15
- Form(s) 1099-DIV, Dividends and Distributions, box 14
- Form(s) 1099-INT, Interest Income, box 17
- Form(s) 1099-MISC, Miscellaneous Income, box 16
- Form(s) 1099-OID, Original Issue Discount, box 14
- Form(s) 1099-R, Distributions from Pensions, Annuities, Retirement, or Profit Sharing Plans, IRAs, Insurance Contracts, etc., box 12

Do not include city, local, or county tax withheld, tax withheld by other states, or nonconsenting nonresident (NCR) member's tax from Schedule K-1 (568), line 15e. Do not include withholding from Forms 592-B, Resident and Nonresident Withholding Tax Statement, or Form 593, Real Estate Withholding Tax Statement, on this line. For more details, see instructions for line 73.

Generally, tax should not be withheld on federal Form 1099-MISC. If you want to pre-pay tax on income reported on federal Form 1099-MISC, use Form 540-ES, Estimated Tax for Individuals.

### Line 72 – 2017 CA Estimated Tax and Other Payments

Enter the total of any:

- California estimated tax payments you made using 2017 Form 540-ES, electronic funds withdrawal, Web Pay, or credit card.
- Overpayment from your 2016 California income tax return that you applied to your 2017 estimated tax.
- Payment you sent with form FTB 3519, Payment for Automatic Extension for Individuals.
- California estimated tax payments made on your behalf by an estate, trust, or S corporation on Schedule K-1 (541) or Schedule K-1 (100S).



To view payments made or get your current account balance, go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB.

If you and your spouse/RDP paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or each may claim part of the joint estimated tax payments. If you want the estimated tax payments to be divided, notify the FTB before you file the tax returns so the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court-ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers.

Send statements to:

JOINT ESTIMATED CREDIT ALLOCATION MS F283  
TAXPAYER SERVICES CENTER  
FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO, CA 94240-0040

If you or your spouse/RDP made separate estimated tax payments, but are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540 explaining that payments were made under both SSNs. If you e-file, attach any requested forms, schedules and according to your software's instructions

You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2018 and did not have a California tax liability in 2017.

### Line 73 – Withholding (Form 592-B and/or 593)

Enter the total of California withholding from Form 592-B and Form 593. Attach a copy of Form(s) 592-B and 593 to the lower front of Form 540, Side 1.

If your filing status changed after escrow closed and before filing your California tax return, please contact us at 888.792.4900, prior to filing your California tax return, for instructions on how to claim your withholding credit.

**Caution:** Do not include withholding from federal Form(s) W-2, W-2G, or 1099, or NCR member's tax from Schedule K-1 (568), line 15e on this line.

### Line 74 – Excess California SDI (or VPD) Withheld

You may claim a credit for excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) if you meet **all** of the following conditions:

- You had **two or more** California employers during 2017.
- You received more than \$110,902 in gross wages from California sources.
- The amounts of SDI (or VPD) withheld appear on your Form(s) W-2. Be sure to attach your Form(s) W-2 to the lower front of your Form 540.

If SDI (or VPD) was withheld from your wages by a single employer, at more than 0.9% of your gross wages, you may not claim excess SDI (or VPD) on your Form 540. Contact the employer for a refund.

To determine the amount to enter on line 74, complete the Excess SDI (or VPD) Worksheet below. If married/RDP filing jointly, figure the amount of excess SDI (or VPD) separately for each spouse/RDP.

<b>Excess SDI (or VPD) Worksheet</b> Use whole dollars only.		
Follow the instructions below to figure the amount of excess SDI to enter on Form 540, line 74. If you are married/RDP and file a joint return, you must figure the amount of excess SDI (or VPD) separately for each spouse/RDP.		
	You	Your Spouse/RDP
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here . . . . .	1	
2. 2017 SDI (or VPD) limit . . . . .	2	\$998.12
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total, in <b>whole dollars only</b> on line 74 . . . . .	3	
If zero or less, enter -0- on line 74.		

### Line 75 – Earned Income Tax Credit (EITC)

Enter your Earned Income Tax Credit from form FTB 3514, California Earned Income Tax Credit.

### Line 76

For the Claim of Right credit, follow the reporting instructions in Schedule CA (540), line 41 under the Claim of Right.

**Claim of Right:** If you are claiming the tax credit on your California tax return, include the amount of the credit in the total for this line. Write in "IRC 1341" and the amount of the credit to the left of the amount column.

To determine if you are entitled to this credit, refer to your prior year California Form 540, Form 540NR (Long or Short), or Schedule CA (540 or 540NR) to verify the amount was included in your CA taxable income. If the amount repaid under a "Claim of Right" was not originally taxed by California, you are not entitled to claim the credit.

**Use Tax**

**Line 91 – Use Tax.**

You are required to enter a number on this line. If the amount due is zero, you must check the applicable box to indicate that you either owe no use tax, or you paid your use tax obligation directly to the California Department of Tax and Fee Administration (formerly known as the Board of Equalization).

You may owe use tax if you make purchases from out-of-state retailers (for example, purchases made by telephone, online, by mail, or in person) where California sales or use tax was not paid and you use those items in California.

If you have questions about whether a purchase is taxable, go to the California Department of Tax and Fee Administration's website at **cdtfa.ca.gov**, or call its Customer Service Center at 1.800.400.7115 or (TTY) 711 (for hearing and speech disabilities).

Some taxpayers are required to report business purchases subject to use tax directly to the California Department of Tax and Fee Administration. However, they may report certain personal purchases subject to use tax on the FTB income tax return.

You may not report business purchases subject to use tax on your income tax return if you:

- Have or are required to hold a California seller's permit.
- Receive \$100,000 or more per year in gross receipts from business operations.
- Are otherwise registered or required to be registered with the California Department of Tax and Fee Administration to report use tax.

**Note:** You may not report use tax on your income tax return for certain types of transactions. These types of transactions are described in detail below in the instructions.

The Use Tax Worksheet and Estimated Use Tax Lookup Table will help you determine how much use tax to report. If you owe use tax but you do not report it on your income tax return, you must report and pay the tax to the California Department of Tax and Fee Administration. For information on how to report use tax directly to the California Department of Tax and Fee Administration, go to their website at **cdtfa.ca.gov** and type "**Find Information About Use Tax**" in the search bar.

Failure to report and pay timely may result in the assessment of interest, penalties, and fees.

See page 27 for a general explanation of California use tax.

**Use Tax Worksheet**

You must use the Use Tax Worksheet to calculate your use tax liability, if any of these apply:

- You prefer to calculate the amount of use tax due based upon your actual purchases subject to use tax, rather than based on an estimate.
- You owe use tax on any item purchased for use in a trade or business and you are not registered or required to be registered with the California Department of Tax and Fee Administration to report sales or use tax.
- You owe use tax on purchases of individual items with a purchase price of \$1,000 or more each.

**Example 1:** You purchased a television for \$2,000 from an out-of-state retailer that did not collect tax. You must use the Use Tax Worksheet to calculate the tax due on the price of the television, since the price of the television is \$1,000 or more.

**Example 2:** You purchased a computer monitor for \$300, a rare coin for \$500, and designer clothing for \$250 from out-of-state retailers that did not collect tax. Although the total price of all the items is \$1,050, the price of each item is less than \$1,000. Since none of these individual items are \$1,000 or more, you are not required to use the Use Tax Worksheet and may choose to use the Estimated Use Tax Lookup Table.

If you have a combination of individual non-business items purchased for \$1,000 or more each, and/or items purchased for use in a trade or business in addition to individual, non-business items purchased for less than \$1,000, you may either:

- Use the Use Tax Worksheet to compute use tax due on all purchases, or
- Use the Use Tax Worksheet to compute use tax due on all individual items purchased for \$1,000 or more plus all items purchased for use in a trade or business. Use the Estimated Use Tax Lookup Table to estimate the use tax due on individual, non-business items purchased for less than \$1,000, then add the amounts and report the total use tax on Line 91.

**Example 3:** The total price of the items you purchased from out-of-state retailers that did not collect use tax is \$2,300, which includes a \$1,000 television, a \$900 painting, and a \$400 table for your living room.

- You may choose to calculate the use tax due on the total price of \$2,300 using the Use Tax Worksheet, or
- You may choose to calculate the use tax due on the \$1,000 price of the television using the Use Tax Worksheet and estimate your use tax liability for the painting and table by using the Estimated Use Tax Lookup Table, then add the amounts and report the total use tax on Line 91.

<b>Use Tax Worksheet (See Instructions Below)</b>	
<b>Use whole dollars only</b>	
1. Enter purchases from out-of-state sellers made without payment of California sales/use tax. If you choose to estimate the use tax due on individual, non-business items purchased for less than \$1,000 each, only enter purchases of items with a purchase price of \$1,000 or more plus items purchased for use in a trade or business not registered with the California Department of Tax and Fee Administration .	\$ _____ .00
2. Enter the applicable sales and use tax rate . . . . .	_____
3. Multiply Line 1 by the tax rate on Line 2. Enter result here . . . . .	_____ .00
4. If you choose to estimate the use tax due on individual, non-business items purchased for less than \$1,000 each, enter the use tax amount due from the Estimated Use Tax Lookup Table. If all of your purchases are included in Line 1, enter -0- . . . . .	_____ .00
5. Add Lines 3 and 4. This is your total use tax.	_____ .00
6. Enter any sales or use tax you paid to another state for purchases included on Line 1. See worksheet instructions on the next page . . . . .	_____ .00
7. Subtract Line 6 from Line 5. This is the total use tax due. Enter the amount due on Line 91. If the amount is less than zero, enter -0- . . . . .	_____ .00

**Worksheet, Line 1, Purchases Subject to Use Tax**

Report purchases of items that would have been subject to sales tax if purchased from a California retailer unless your receipt shows that California tax was paid directly to the retailer. For example, generally, you would include purchases of clothing, but not exempt purchases of food products or prescription medicine. For more information on nontaxable and exempt purchases, you may visit the California Department of Tax and Fee Administration’s website at [cdtfa.ca.gov](http://cdtfa.ca.gov).

- Include handling charges.
- Do not include any other state’s sales or use tax paid on the purchases.
- Enter only purchases made during the year that corresponds with the tax return you are filing.
- If you traveled to a foreign country and hand-carried items back to California, generally use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less an \$800 per-person exemption. For the hand carried items, you should report the amount of purchases in excess of the \$800 per-person exemption. This \$800 exemption does not apply to goods sent or shipped to California by mail or other common carrier. For goods sent or shipped, you should report the entire amount of the purchases.
- If your filing status is “married/RDP filing separately,” you may elect to report one-half of the use tax due or the entire amount on your income tax return. If you elect to report one-half, your spouse/RDP may report the remaining half on his or her income tax return or on the individual use tax return available from the California Department of Tax and Fee Administration.

**Note:** You cannot report the following types of purchases on your income tax return.

- Vehicles, vessels, and trailers that must be registered with the Department of Motor Vehicles.
- Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.
- Vessels documented with the U.S. Coast Guard.
- Aircraft.
- Rental receipts from leasing machinery, equipment, vehicles, and other tangible personal property to your customers.
- Cigarettes and tobacco products when the purchaser is registered with the California Department of Tax and Fee Administration as a cigarette and/or tobacco products consumer.

**Worksheet, Line 2, Sales and Use Tax Rate**

Enter the sales and use tax rate applicable to the place in California where the property was used, stored, consumed, or given away. To find your sales and use tax rate, please go to the California Department of Tax and Fee Administration’s website at [cdtfa.ca.gov](http://cdtfa.ca.gov) and type “**City and County Sales and Use Tax Rates**” in the search bar. You may also call their Customer Service Center at 800.400.7115 or (TTY) 711 (for hearing and speech disabilities).

**Worksheet, Line 6, Credit for Tax Paid to Another State**

This is a credit for tax paid to other states on purchases reported on Line 1. You cannot claim a credit for more than the amount of use tax that is imposed on your use of property in this state. For example, if you paid \$8.00 sales tax to another state for a purchase, and would have paid \$6.00 in California, you can claim a credit of only \$6.00 for that purchase.

**Estimated Use Tax Lookup Table**

You may use the Estimated Use Tax Lookup Table to estimate and report the use tax due on individual non-business items you purchased for less than \$1,000 each. This option is only available if you are permitted to report use tax on your income tax return and you are not required to use the Use Tax Worksheet to calculate the use tax owed on all your purchases. Simply include the use tax liability that corresponds to your California Adjusted Gross Income (found on Line 17) and enter it on Line 91. You will not be assessed additional use tax on the individual non business items you purchased for less than \$1,000 each.

You may not use the Estimated Use Tax Lookup Table to estimate and report the use tax due on purchases of items for use in your business or on purchases of individual non-business items you purchased for \$1,000 or more each. See the instructions for the Use Tax Worksheet if you have a combination of purchases of individual non-business items for less than \$1,000 each and purchases of individual non-business items for \$1,000 or more.

Adjusted Gross Income (AGI) Range	Use Tax Liability
Less Than \$10,000	\$2
\$10,000 to \$19,999	\$6
\$20,000 to \$29,999	\$10
\$30,000 to \$39,999	\$14
\$40,000 to \$49,999	\$18
\$50,000 to \$59,999	\$23
\$60,000 to \$69,999	\$27
\$70,000 to \$79,999	\$31
\$80,000 to \$89,999	\$35
\$90,000 to \$99,999	\$39
\$100,000 to \$124,999	\$46
\$125,000 to \$149,999	\$56
\$150,000 to \$174,999	\$67
\$175,000 to \$199,999	\$77
More than \$199,999 – Multiply AGI by 0.041% (x0.00041)	

Enter your use tax liability on Line 4 of the worksheet, or if you are not required to use the worksheet, enter the amount on Line 91 of your income tax return.

**Overpaid Tax or Tax Due**

To avoid delay in processing of your tax return, enter the correct amounts on line 94 through line 97.

If you received a refund for 2016, you may receive a federal Form 1099-G. The refund amount reported on your federal Form 1099-G will be different from the amount shown on your tax return if you claimed the refundable California Earned Income Tax Credit. This is because the credit is not part of the refund from withholding or estimated tax payments.

**Line 94 – Overpaid Tax**

If the amount on line 92 is more than the amount on line 64, your payments and credits are more than your tax. Subtract the amount on line 64 from the amount on line 92. Enter the result on line 94.

**Line 95 – Amount You Want Applied to Your 2018 Estimated Tax**

Apply all or part of the amount on line 94 to your estimated tax for 2018. Enter on line 95 the amount of line 94 that you want applied to your 2018 estimated tax.

An election to apply an overpayment to estimated tax is binding. Once the election is made, the overpayment cannot be applied to a deficiency after the due date of the tax return.



**Line 96 – Overpaid Tax Available This Year**

If you entered an amount on line 95, subtract it from the amount on line 94. Enter the result on line 96. Choose to have this entire amount refunded to you or make voluntary contributions from this amount. See “Voluntary Contribution Fund Descriptions” for more information.

**Line 97 – Tax Due**

If the amount on line 92 is less than the amount on line 64, subtract the amount on line 92 from the amount on line 64. Enter the result on line 97. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 97 is \$500 or more (\$250 or more if married/RDP filing separately).
- The amount of state income tax withheld on line 71 is less than 90% of the amount of your total tax on line 64.

If this applies to you, see instructions on line 113.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete EDD Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. Get this form from your employer or by calling EDD at **888.745.3886**. Download the DE 4 at **edd.ca.gov** or to use the online calculator, go to **ftb.ca.gov** and search for **de 4**.

Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

**Contributions**

You can make voluntary contributions to the funds listed on Side 4. See “Voluntary Contributions Fund Descriptions” for more information.

You may also contribute any amount to the **State Parks Protection Fund/Parks Pass Purchase**. To receive a single annual park pass, your contribution must equal or exceed \$195. When applicable, FTB will forward your name and address from your tax return to the Department of Parks and Recreation (DPR) who will issue a single Vehicle Day Use Annual Pass to you. Only one pass will be provided per tax return. You may contact DPR directly to purchase additional passes. If there is an error on your tax return in the computation of total contributions or if we disallow the contribution you requested because there is no credit available for the tax year, your name and address will **not** be forwarded to DPR. Any contribution less than \$195 will be treated as a voluntary contribution and may be deducted as a charitable contribution. For more information go to **parks.ca.gov/annualpass/** or email **info@parks.ca.gov**.

**Amount You Owe**

Add or subtract correctly to figure the amount you owe.

**Line 111 – Amount You Owe**

If you do not have an amount on line 96, add the amount on line 93, line 97, and line 110, if any. Enter the result on line 111.

If you have an amount on line 96 and the amount on line 110 is more than line 96, subtract line 96 from line 110 and enter the difference on line 111.

To avoid a late filing penalty, file your Form 540 by the extended due date even if you cannot pay the amount you owe.

**Mandatory Electronic Payments.** You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original return with a total tax liability over \$80,000. Once you meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals that do not send the payment electronically will be subject to a 1% noncompliance penalty.

You can request a waiver from mandatory e-pay if one or more of the following is true:

- You have not made an estimated tax or extension payment in excess of \$20,000 during the current or previous taxable year.
- Your total tax liability reported for the previous taxable year did not exceed \$80,000.
- The amount you paid is not representative of your total tax liability.

Electronic payments can be made using Web Pay on FTB's website, electronic funds withdrawal (EFW) as part of the e-file return, or your credit card. For more information or to obtain the waiver form, go to **ftb.ca.gov/e-pay**.

**Payment Options**

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Web Pay** – Pay the amount you owe using our secure online payment service. Go to **ftb.ca.gov/pay** for more information.
- **Credit Card** – Use your Discover, MasterCard, Visa, or American Express card to pay your tax. If you pay by credit card, do not mail form FTB 3519 to us. Call 800.272.9829 or go to the Official Payments Corp. website at **officialpayments.com**, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.
- **Check or Money Order** – Using black or blue ink, make your check or money order payable to the “Franchise Tax Board.” **Do not send cash or other items of value** (such as stamps, lottery tickets, foreign currency, and gift cards). Write your SSN or ITIN and “2017 Form 540” as applicable on the check or money order. Enclose, but **do not** staple, your payment with your tax return.

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution. **Do not** combine your 2017 tax payment and any 2018 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

If you e-filed your tax return, mail your check or money order with form FTB 3582, Payment Voucher for Individual e-filed Returns.

**Do not** mail a copy of your e-filed tax return.

A penalty may be imposed if your check is returned by your bank for insufficient funds.

**Paying by Credit Card** – Whether you e-file or file by mail, use your Discover, MasterCard, Visa, or American Express card to pay your personal income taxes (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). **There is a convenience fee for this service.** This fee is paid directly to Official Payments Corp. based on the amount of your tax payment.

**Convenience Fee**

- 2.30% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

**Example:**

Tax Payment = \$753.56    Convenience Fee = \$17.33

**When will my payments be effective?**

Your payment is effective on the date you charge it.

**What if I change my mind?**

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the FTB for nonpayment or late payment of your tax liability.

**How do I use my credit card to pay my income tax bill?**

Once you have determined the type of payment and how much you owe, have the following ready:

- Your Discover, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse's/RDP's SSN or ITIN
- First 4 letters of your and your spouse's/RDP's last name
- Taxable year
- Home phone number (including area code)
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. online payment center at **officialpayments.com** or call 800.2PAY.TAX or 800.272.9829 and follow the recorded instructions. Official Payments Corp. provides customer assistance at 877.297.7457 Monday through Friday, 5:00 a.m. to 5:00 p.m. PST.

Payment Date: \_\_\_\_\_

Confirmation Number: \_\_\_\_\_

If you cannot pay the full amount or can only make a partial payment for the amount shown on Form 540, line 114, see the information regarding Installment Payments in "Frequently Asked Questions" included in this booklet.

**Interest and Penalties**

If you file your tax return or pay your tax after the due date, you may owe interest and penalties on the tax due.

Do not reduce the amount on line 94 or increase the amount on line 97 by any penalty or interest amounts. Enter on Form 540, line 112 the amount of interest and penalties.

**Line 112 – Interest and Penalties**

**Interest.** Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are not paid within **15** days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year. The FTB website has a chart of interest rates in effect since 1976. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **interest rates**.

**Late Filing of Tax Return.** If you do not file your tax return by October 15, 2018, you will incur a late filing penalty plus interest from the original due date of the tax return. The maximum total penalty is 25% of the tax not paid if the tax return is filed after October 15, 2018. The minimum penalty for filing a tax return more than 60 days late is \$135 or 100% of the balance due, whichever is less.

**Late Payment of Tax.** If you fail to pay your total tax liability by April 17, 2018, you will incur a late payment penalty plus interest. The penalty is 5% of the tax not paid when due plus 1/2% for each month, or part of a month, the tax remains unpaid. We may waive the late payment penalty based on reasonable cause. Reasonable cause is presumed when 90% of the tax shown on the return is paid by the original due date of the return. However, the imposition of interest is mandatory. If, after April 17, 2018, you find that your estimate of tax due was too low, pay the additional tax as soon as possible to avoid or minimize further accumulation of penalties and interest.

**Penalties.** To avoid late payment penalties for use tax, you must report and pay the use tax with a timely filed income tax return, or California Individual Use Tax return.

**Other Penalties.** We may impose other penalties if a payment is returned for insufficient funds. We may also impose penalties for negligence, substantial understatement of tax, and fraud.

**Line 113 – Underpayment of Estimated Tax**

You may be subject to an estimated tax penalty if any of the following is true:

- Your withholding and credits are less than 90% of your current tax year liability.
- Your withholding and credits are less than 100% of your prior year tax liability (110% if AGI is more than \$150,000 or \$75,000 if married/RDP filing separately).
- You did not pay enough through withholding to keep the amount you owe with your tax return under \$500 (\$250 if married/RDP filing separately).
- You did not make the required estimate payments, if you pay an installment after the date it is due, or if you underpay any installment, a penalty may be assessed on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your return, whichever is earlier. Get the 2017 form FTB 5805 for more information.

The FTB can figure the penalty for you when you file your tax return and send you a bill.

Is line 97 less than \$500 (\$250 if married/RDP filing separately)?

**Yes Stop.** You may not be subject to an estimated payment penalty.

**No** Continue. You may be subject to an estimated payment penalty.

Is line 97 less than 10% of the amount on line 48? Form 540 filers: this excludes the tax on lump-sum distributions on Form 540, line 34.

**Yes Stop.** You may not be subject to an estimated payment penalty.

**No** You may be subject to an estimated payment penalty; get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen).

The underpayment of estimated tax penalty shall not apply to the extent the underpayment of an installment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment. To request a waiver of the underpayment of estimated tax penalty, get form FTB 5805 or form FTB 5805F. See "Where To Get Income Tax Forms and Publications."

If you complete one of these forms, attach it to the back of your Form 540. Enter the amount of the penalty on line 113 and check the correct box on line 113. Complete and attach the form if you claim a waiver, use the annualized income installment method, or pay tax according to the schedule for farmers and fishermen, even if you do not owe a penalty.

See "Important Dates" for more information on estimated tax payments and how to avoid the underpayment penalty.

See the instructions for Form 540, line 114 for information about figuring your payment, if any.

**Line 114 – Total Amount Due**

Is there an amount on line 111?

**Yes** Add line 111, line 112, and line 113. Enter the result on line 114.

For payment options, see line 111 instructions.

**No** Go to line 115.

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

## Refund or No Amount Due

### Line 115 – Refund or No Amount Due

Did you report amounts on line 110, line 112, or line 113?

**No** Enter the amount from line 96 on line 115. This is your refund amount. If it is less than \$1, attach a written statement to your Form 540 requesting the refund.

**Yes** Combine the amounts from line 110, line 112, and line 113. If the result is:

- Less than line 96, subtract the sum of line 110, line 112, and line 113 from line 96 and enter on line 115. This is your refund amount.
- More than line 96, subtract line 96 from the sum of line 110, line 112, and line 113 and enter the result on line 114. This is your total amount due. For payment options, see line 111 instructions.

## Direct Deposit (Refund Only)

### Line 116 and Line 117 – Direct Deposit of Refund

Direct deposit is safe and convenient. To have your refund directly deposited into your bank account, fill in the account information on line 116 and line 117. Fill in the routing and account numbers and indicate the account type. Verify routing and account numbers with your financial institution. **Do not** attach a voided check or deposit slip. See the illustration below.

Individual taxpayers may request that their refund be electronically deposited into more than one checking or savings account. This allows more options for managing your refund. For example, you can request part of your refund go to your checking account to use now and the rest to your savings account to save for later.

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens but omit spaces and special symbols. On the sample check, the account number is 202020.

Check the appropriate box for the type of account. Do not check more than one box for each line.

Enter the portion of your refund you want directly deposited into each account. Each deposit must be at least \$1. The total of line 116 and line 117 must equal the total amount of your refund on line 115. If line 116 and line 117 do not equal line 115, the FTB will issue a paper check.

**Caution:** Check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The FTB is not responsible for a lost refund due to incorrect account information entered by you or your representative.

Prior to depositing the refund, FTB may first verify with your financial institution that the name on the account you designated to receive the direct deposit refund matches the name provided on the tax return. Some financial institutions will not allow a joint refund to be deposited to an individual account. If the direct deposit is rejected, the FTB will issue a paper check.

The illustration shows a check from John Doe and Mary Doe at 1234 Main Street, Anytown, CA 99999. The check is payable to the order of \$1234.00. The routing number is 250250025 and the account number is 202020. A note indicates 'Do not include the check number'. The check number is 1234.

**Direct Deposit for ScholarShare 529 College Savings Plans** – If you have a ScholarShare 529 College Savings Plan account maintained by the ScholarShare Investment Board, you may have your refund directly deposited to your ScholarShare account.

Fill in the routing number, account type and account number. To obtain the nine-digit routing number go to [scholarshare.com](http://scholarshare.com) or call 800.544.5248. Check “Checking” as type of account. Enter your complete account number that includes (1) the “CA” prefix, (2) your four-digit investment portfolio number, and (3) your ScholarShare account number (for account numbers less than 11 digits, add leading zeros).

The diagram shows a routing number field with 9 'X' characters and an account number field with 17 characters. The account number is divided into three parts: (1) 'CA' prefix, (2) investment portfolio number, and (3) ScholarShare account number with leading zeros. A 'Type' section has 'Checking' checked and 'Savings' unchecked.

## Sign Your Tax Return

You must sign your tax return in the space provided on Form 540, Side 5. If you file a joint tax return, your spouse/RDP must also sign it.

Include your preferred phone number and email address in case the FTB needs to contact you regarding your tax return. By providing this information the FTB will be able to provide you better customer service.

**Joint Tax Return.** If you file a joint tax return, both you and your spouse/RDP are generally responsible for the tax and any interest or penalties due on the tax return. This means that if one spouse/RDP does not pay the tax due, the other may be liable. See “Innocent Joint Filer Relief.”

**Paid Preparer’s Information.** If you pay a person to prepare your Form 540, that person signs and completes the area at the bottom of Side 5 including an identification number. The IRS requires a paid tax preparer to get and use a preparer tax identification number (PTIN). If the preparer has a federal employer identification number (FEIN), it should be entered only in the space provided. A paid preparer must give you a copy of your tax return to keep for your records.

**Third Party Designee.** If you want to allow your preparer, a friend, family member, or any other person you choose to discuss your 2017 tax return with the FTB, check the “Yes” box in the signature area of your tax return. Also print the designee’s name and telephone number.

If you check the “Yes” box you, and your spouse/RDP, if filing a joint tax return, are authorizing the FTB to call the designee to answer any questions that may arise during the processing of your tax return. You are also authorizing the designee to:

- Give the FTB any information that is missing from your tax return.
- Call the FTB for information about the processing of your tax return or the status of your refund or payments.
- Receive copies of notices or transcripts related to your tax return, upon request.
- Respond to certain FTB notices about math errors, offsets, and tax return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the FTB. If you want to expand or change the designee’s authorization, go to [ftb.ca.gov/poa](http://ftb.ca.gov/poa).

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2018 tax return. This is April 15, 2019, for most people. If you wish to revoke the authorization before it ends, notify us by telephone at 800.852.5711 or by writing to Franchise Tax Board, PO Box 942840, Sacramento, CA 94240-0040, include your name, SSN, and the designee’s name.

**Power of Attorney.** If another person prepared your tax return, he or she is not automatically granted access to your tax information in future dealings with us. At some point, you may wish to designate someone to act on your behalf in matters related or unrelated to this tax return (e.g., an audit examination). To protect your privacy, you must submit to us a legal document called a "Power of Attorney" (POA) authorizing another person to discuss or receive personal information about your income tax records.

For more information, go to [ftb.ca.gov/poa](http://ftb.ca.gov/poa).

## Filing Your Tax Return

### Attachments to your tax return.

Do I need to attach a copy of federal Form 1040?

Other than Schedule A (Form 1040) or Schedule B (Form 1040), did you attach any federal forms or schedules to your federal Form 1040?

If **No**, do not attach a copy of your federal Form 1040 return to Form 540.

If **Yes**, attach a copy of your federal Form 1040 return and all supporting federal forms and schedules to Form 540.

**Exception:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, complete and attach a copy of the federal Schedule A (Form 1040) to Form 540.

**Do not** attach any documents to your tax return unless specifically instructed. This will help us reduce government processing and storage costs.

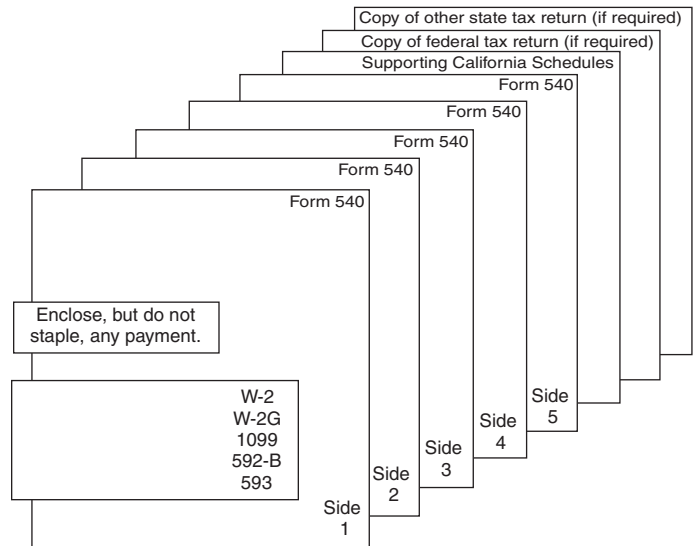
**Federal Form(s) W-2, W-2G, and 1099, and CA Form(s) 592-B and 593.** Attach all the Form(s) W-2 and W-2G you received to the lower front of your tax return. Also, attach any Forms(s) 1099, 592-B, and 593 showing California income tax withheld.

If you do not receive your Form(s) W-2 by January 31, 2018, contact your employer or go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB. Only your employer can issue or correct a Form W-2. If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms and Publications" or go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms).

If you forget to send your Form(s) W-2 or other withholding forms with your income tax return, do not send them separately, or with another copy of your tax return. Wait until the FTB requests them from you.

## Assembling Your Tax Return

Assemble your tax return in the order shown below.



**Caution:** Form 540 has five sides. When filing Form 540, you must send all five sides to the FTB.

## Mailing Your Tax Return

If your tax return has an **amount due**, mail your tax return to the following address:

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0001

If your tax return shows a **refund or no amount due**, mail your tax return to the following address:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0001

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**Visit our website:**

**[ftb.ca.gov](http://ftb.ca.gov)**

# Nonrefundable Renter's Credit Qualification Record



e-file and skip this page! The tax software product you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Go to [ftb.ca.gov](http://ftb.ca.gov) to check your e-file options. You can claim the nonrefundable renter's credit using CalFile.

If you were a resident of California and paid rent on property in California, which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify. For purposes of California income tax, references to a spouse, husband, or wife also refer to a California Registered Domestic Partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737. **Do not mail this record. Keep with your tax records.**

**1. Were you a resident of California for the entire year in 2017?**

Military personnel. If you are not a legal resident of California, you do not qualify for this credit. However, your spouse/RDP may claim this credit if he or she was a resident during 2017, and is otherwise qualified.

**YES.** Go to question 2.

**NO.** Stop. File the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. See "Order Forms and Publications."

**2. Is your California adjusted gross income the amount on line 17:**

- \$40,078 or less if single or married/RDP filing separately; or
- \$80,156 or less if married/RDP filing jointly, head of household, or qualifying widow(er)?

**YES.** Go to question 3.

**NO.** Stop here. You do not qualify for this credit.

**3. Did you pay rent, for at least half of 2017, on property (including a mobile home that you owned on rented land) in California, which was your principal residence?**

**YES.** Go to question 4.

**NO.** Stop here. You do not qualify for this credit.

**4. Can you be claimed as a dependent by a parent, foster parent, legal guardian, or any other person in 2017?**

**NO.** Go to question 6.

**YES.** Go to question 5.

**5. For more than half the year in 2017, did you live in the home of the person who can claim you as a dependent?**

**NO.** Go to question 6.

**YES.** Stop here. You do not qualify for this credit.

**6. Was the property you rented exempt from property tax in 2017?**

You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories, and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

**NO.** Go to question 7.

**YES.** Stop here. You do not qualify for this credit.

**7. Did you claim the homeowner's property tax exemption anytime during 2017?**

You do not qualify for this credit if you or your spouse/RDP received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse/RDP for the entire year and your spouse/RDP received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

**NO.** Go to question 8.

**YES.** If your filing status is single or married/RDP filing separately, stop here, you do not qualify for this credit. If your filing status is married/RDP filing jointly, go to question 9.

**8. Were you single in 2017?**

**YES.** Go to question 11.

**NO.** Go to question 9.

**9. Did your spouse/RDP claim the homeowner's property tax exemption anytime during 2017?**

You do not qualify for this credit if you or your spouse/RDP received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse/RDP for the entire year and your spouse/RDP received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

**NO.** Go to question 11.

**YES.** If both you and your spouse/RDP claimed the homeowner's property tax exemption, stop here, you do not qualify for this credit. Otherwise, go to question 10.

**10. Did you and your spouse/RDP maintain separate residences for the entire year in 2017?**

**YES.** Go to question 11.

**NO.** Stop here. You do not qualify for this credit.

**11. If you are:**

- Single, enter \$60 on line 46.
- Head of household or qualifying widow(er), enter \$120 on line 46.
- Married/RDP filing separately: if you and your spouse/RDP lived in the same rental property and both qualify for this credit, one spouse/RDP may claim the full amount of the credit (\$120), or each spouse/RDP may claim half the amount (\$60 each). If you and your spouse/RDP lived apart for the entire year and you qualify for this credit, you may claim half the amount of the credit (\$60). Enter your credit amount on line 46.
- Married/RDP filing jointly, enter \$120 on line 46. (Exception: If one spouse/RDP claimed the homeowner's tax exemption and you lived apart from your spouse/RDP for the entire year, enter \$60 on line 46.)

Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2017, which qualified you for this credit.

<b>Street Address</b>	<b>City, State, and ZIP Code</b>	<b>Dates Rented in 2017 (From _____ to _____)</b>
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**a** \_\_\_\_\_  
**b** \_\_\_\_\_

Enter the name, address, and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed above.

<b>Name</b>	<b>Street Address</b>	<b>City, State, ZIP Code, and Telephone Number</b>
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**a** \_\_\_\_\_  
**b** \_\_\_\_\_

# Voluntary Contribution Fund Descriptions

Make voluntary contributions of \$1 or more in whole dollar amounts to the funds listed below. To contribute to the California Seniors Special Fund, use the instructions for code 400 below. The amount you contribute either reduces your overpaid tax or increases your tax due. You may contribute only to the funds listed and cannot change the amount you contribute after you file your tax return. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **voluntary contributions**.

**Code 400, California Seniors Special Fund** – If you and/or your spouse/RDP are 65 years of age or older as of January 1, 2018, and claim the Senior Exemption Credit, you may make a combined total contribution of up to \$228 or \$114 per spouse/RDP. Contributions made to this fund will be distributed to the Area Agency on Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.

**Code 401, Alzheimer's Disease/Related Disorders Fund** – Contributions will be used to provide grants to California scientists to study Alzheimer's disease and related disorders. This research includes basic science, diagnosis, treatment, prevention, behavioral problems, and caregiving. With almost 600,000 Californians living with the disease and another 2 million providing care to a loved one with Alzheimer's, our state is in the early stages of a major public health crisis. Your contribution will ensure that Alzheimer's disease receives the attention, research, and resources it deserves. For more information go to [cdph.ca.gov](http://cdph.ca.gov) and search for **Alzheimer**.

**Code 403, Rare and Endangered Species Preservation Voluntary Tax Contribution Program** – Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.

**Code 405, California Breast Cancer Research Voluntary Tax Contribution Fund** – Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctors up-to-date on research progress. For more about the research your contributions support, go to [cbcrp.org](http://cbcrp.org). Your contribution can help make breast cancer a disease of the past.

**Code 406, California Firefighters' Memorial Fund** – Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses/RDPs and children of fallen firefighters.

**Code 407, Emergency Food for Families Voluntary Tax Contribution Fund** – Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.

**Code 408, California Peace Officer Memorial Foundation Fund** – Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officers' Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.

**Code 410, California Sea Otter Fund** – The California Coastal Conservancy and the Department of Fish and Wildlife will each be allocated 50% of the contributions. Contributions allocated to the California Coastal Conservancy will be used for research, science, protection, projects, or programs related to the Federal Sea Otter Recovery Plan or improving the nearshore ocean ecosystem, including, program activities to reduce sea otter mortality. Contributions allocated to the Department of Fish and Wildlife will be used to establish a sea otter fund within the department's index coding system for increased investigation, prevention, and enforcement action.

**Code 413, California Cancer Research Voluntary Tax Contribution Fund** – Contributions will be used to conduct research relating to the causes, detection, and prevention of cancer and to expand community-based education on cancer, and to provide prevention and awareness activities for communities that are disproportionately at risk or afflicted by cancer.

**Code 422, School Supplies for Homeless Children Fund** – Contributions will be used to provide school supplies and health-related products to homeless children.

**Code 423, State Parks Protection Fund/Parks Pass Purchase** – Contributions will be used for the protection and preservation of California's state parks and for the cost of a Vehicle Day Use Annual Pass valid at most park units where day use fees are collected. The pass is not valid at off-highway vehicle units, or for camping, oversized vehicle, extra vehicle, per-person, or supplemental fees. If a taxpayer's contribution equals or exceeds \$195 the taxpayer will receive a single Vehicle Day Use Annual Pass. Amounts contributed in excess of the parks pass cost may be deducted as a charitable contribution for the year in which the voluntary contribution is made. Any contribution less than \$195 will be treated as a voluntary contribution and may be deducted as a charitable contribution. For more information go to [parks.ca.gov/annualpass/](http://parks.ca.gov/annualpass/) or email [info@parks.ca.gov](mailto:info@parks.ca.gov).

**Code 424, Protect Our Coast and Oceans Voluntary Tax Contribution Fund** – Contributions will be used to provide grants to community organizations working to protect, restore, and enhance the California coast and ocean. Contributions will support shoreline cleanups, habitat restoration, coastal access improvements, and ocean education programs.

**Code 425, Keep Arts in Schools Voluntary Tax Contribution Fund** – Contributions will be used by the Arts Council for the allocation of grants to individuals or organizations administering arts programs for children in preschool through 12th grade.

**Code 430, State Children's Trust Fund for the Prevention of Child Abuse** – Contributions will be used to support child abuse prevention programs with demonstrated success, public education efforts to change adult behaviors and educate parents, innovative research to identify best practices, and the replication of those practices to prevent child abuse and neglect.

**Code 431, Prevention of Animal Homelessness and Cruelty Fund** – Contributions will be used to provide funding to programs designed to prevent and eliminate animal homelessness and cruelty, research that explores novel approaches to preventing and eliminating pet homelessness and the prevention, investigation, and prosecution of animal cruelty and neglect.

**Code 432, Revive the Salton Sea Fund** – Contributions will be used for the restoration and maintenance of the Salton Sea and to develop a mechanism to provide ongoing public awareness.

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**Code 433, California Domestic Violence Victims Fund** – Contributions will be used for the distribution of funds to active grant recipients under the Comprehensive Statewide Domestic Violence Program within the Office of Emergency Services.

**Code 434, Special Olympics Fund** – Contributions will be used for disbursement to the Special Olympics Northern California and the Special Olympics Southern California for the purpose of funding activities of the Special Olympics in support of children and adults with intellectual disabilities.

**Code 435, Type 1 Diabetes Research Fund** – Contributions will be used for the University of California for distribution of grants to authorized diabetes research organizations.

**Code 436, California YMCA Youth and Government Voluntary Tax Contribution Fund** – Contributions will be used to support civic education programs operated by the YMCA Youth and Government Program, the African American Leaders for Tomorrow Program, the Asian Pacific Youth Leadership Project, and the Chicano Latino Youth Leadership Project.

**Code 437, Habitat for Humanity Voluntary Tax Contribution Fund** – Contributions will be used for disbursement to the Habitat for Humanity of California, Inc. to build affordable housing in California.

**Code 438, California Senior Citizen Advocacy Voluntary Tax Contribution Fund** – Contributions will be used to conduct the sessions of the California Senior Legislature and to support its ongoing activities on behalf of older persons.

**Code 439, Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund** – Contributions will be used to support the recovery and rehabilitation of injured, sick, or orphaned native wildlife, and conservation education.

**Code 440, Rape Backlog Kit Voluntary Tax Contribution Fund** – Contributions will be used for DNA testing in the processing of rape kits.



# CREDIT CHART

Credit Name	Code	Description
California Competes Tax – FTB 3531	233	The credit, which is allocated and certified by the California Competes Tax Credit Committee, is available for businesses that want to come to California or to stay and grow in California. Website: <a href="http://business.ca.gov">business.ca.gov</a>
California Motion Picture and Television Production – FTB 3541	223	For taxable years beginning on or after January 1, 2011, the <b>original</b> credit is allocated and certified by the California Film Commission, and is available for qualified production expenditures attributable to a qualified motion picture, an independent film, or a TV series that relocates to California. Website: <a href="http://film.ca.gov">film.ca.gov</a>
Child Adoption Costs – Worksheet on page 13	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses – FTB 3506 See the instructions on page 67	232	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit.
College Access Tax – FTB 3592	235	The credit, which is allocated and certified by the California Educational Facilities Authority, is available for taxpayers who contribute to the College Access Tax Credit Fund. Website: <a href="http://treasurer.ca.gov/cefa">treasurer.ca.gov/cefa</a>
Dependent Parent – See page 12	173	Must use married/RDP filing separately status and have a dependent parent
Disabled Access for Eligible Small Business – FTB 3548	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Earned Income Tax – FTB 3514	None	This credit is similar to the federal Earned Income Credit (EIC) but with different income limitations.
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California.
Enterprise Zone Hiring – FTB 3805Z	176	Hiring credit for an enterprise zone
Environmental Tax – FTB 3511	218	Five cents (\$.05) for each gallon of ultra low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state
Joint Custody Head of Household – Worksheet on page 12	170	30% of tax up to \$451 for taxpayers who are single or married/RDP filing separately, who have a child and meet the support test
Local Agency Military Base Recovery Area Hiring – FTB 3807	198	Hiring credit for a local agency military base recovery area
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturing Enhancement Area Hiring – FTB 3808	211	Hiring credit for a manufacturing enhancement area
Natural Heritage Preservation – FTB 3503	213	55% of the fair market value of any qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government
New California Motion Picture and Television Production – FTB 3541	237	For taxable years beginning on or after January 1, 2016, the <b>new</b> credit is allocated and certified by the California Film Commission, and is available for qualified production expenditures attributable to a qualified motion picture, an independent film, or a TV series that relocates to California. Website: <a href="http://film.ca.gov">film.ca.gov</a>
New Donated Fresh Fruits or Vegetables – FTB 3814	238	15% of the qualified value of the donated fresh fruits or vegetables made to California food banks, based on weighted average wholesale price
New Employment – FTB 3554	234	The credit is available for a taxpayer that hires a full-time employee and pays or incurs wages in a designated census tract or economic development area, and receives a <b>tentative credit reservation</b> for that full-time employee.
Nonrefundable Renter's – See page 22	None	For California residents who paid rent for their principal residence for at least 6 months in 2017 and whose AGI does not exceed a certain limit
Other State Tax – Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California
Prior Year Alternative Minimum Tax – FTB 3510	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2017
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Senior Head of Household – Worksheet on page 13	163	2% of taxable income up to \$1,380 for seniors who qualified for head of household in 2015 or 2016 and whose qualifying individual died during 2015 or 2016
Targeted Tax Area Hiring – FTB 3809	210	Hiring credit for a targeted tax area

**Repealed Credits:** The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits only if you have an unused carryover available from prior years. If you are not required to complete Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents, get form FTB 3540, Credit Carryover and Recapture Summary to figure your credit carryover to future years. For LAMBRA or TTA credit carryovers, get form FTB 3807 or form FTB 3809. See “Where To Get Income Tax Forms and Publications”.

Agricultural Products . . . . .	175	Energy Conservation . . . . .	182	Rice Straw . . . . .	206
Commercial Solar Electric System . . . . .	196	Enterprise Zone Sales or Use Tax . . . . .	176	Ridesharing . . . . .	171
Commercial Solar Energy . . . . .	181	Farmworker Housing . . . . .	207	Salmon & Steelhead Trout Habitat Restoration . . . . .	200
Community Development Financial Institutions Investment . . . . .	209	Local Agency Military Base Recovery Area Sales or Use Tax . . . . .	198	Solar Energy . . . . .	180
Donated Fresh Fruits or Vegetables . . . . .	224	Low-Emission Vehicles . . . . .	160	Solar Pump . . . . .	179
Employer Childcare Contribution . . . . .	190	New Jobs . . . . .	220	Targeted Tax Area Sales or Use Tax . . . . .	210
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Employee Ridesharing . . . . .	194	Political Contributions . . . . .	184	Young Infant . . . . .	161
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# Frequently Asked Questions

(Go to [ftb.ca.gov](http://ftb.ca.gov) for more frequently asked questions.)

## 1. What if I can't file by April 17, 2018, and I think I owe tax?

You must pay 100% of the amount you owe by April 17, 2018, to avoid interest and penalties. If you cannot file because you have not received all your Form(s) W-2, estimate the amount of tax you owe by completing form FTB 3519, Payment for Automatic Extension for Individuals. Mail it to the FTB with your payment by April 17, 2018 or pay online at [ftb.ca.gov/pay](http://ftb.ca.gov/pay). Then, when you receive all your Form(s) W-2, complete and mail your tax return by October 15, 2018 (you must use Form 540).

## 2. I never received a Form W-2. What should I do?



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If all of your Form(s) W-2 were not received by January 31, 2018, contact your employer. Only an employer issues or corrects a Form W-2. For more information, call 800.338.0505, follow the recorded instructions and enter code **204** when instructed.

If you cannot get a copy of your Form(s) W-2, complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Where To Get Income Tax Forms and Publications." For online wage and withhold information, go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB.

## 3. How can I get help?

Throughout California more than 1,200 sites provide trained volunteers offering free help during the tax filing season to persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **vita** to find a list of participating locations or call the FTB at 800.852.5711 to find a location near you.

## 4. What do I do if I can't pay what I owe with my 2017 tax return?

Pay as much as possible when you file your tax return. If unable to pay your tax in full with your tax return, make a request for monthly payments. However, interest accrues and an underpayment penalty may be charged on the tax not paid by April 17, 2018, even if your request for monthly payments is approved. To make monthly payments, complete form FTB 3567, Installment Agreement Request, online or mail it to the address on the form. Do not mail it with your tax return.

The Installment Agreement Request might not be processed and approved until after your tax return is processed, and you may receive a bill before you receive approval of your request.

To order this form, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or call 800.338.0505, follow the recorded instructions and enter code **949** when instructed.

For information on how to pay by credit card, go to [ftb.ca.gov/pay](http://ftb.ca.gov/pay), or call 800.338.0505, follow the recorded instructions and enter code **610** when instructed.

## 5. Is direct deposit safe?

Direct deposit is safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540, Side 5, line 116 and line 117. Fill in the routing and account numbers and indicate the account type.

## 6. How can I check on the status of my refund?

Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **refund status**. You will need your social security number (SSN) or individual taxpayer identification number (ITIN) and the refund amount from your tax return.

You can also call our automated phone service. See page 95 for more information.

## 7. I discovered an error on my tax return. What should I do?



908

If you discover that you made an error on your California income tax return after you filed it (paper or e-filed), file an amended Form 540 and attach Schedule X, California Explanation of Amended Return Changes, to correct your previously filed tax return. Get Schedule X at [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or call 800.338.0505, follow the recorded instructions and enter code **908** when instructed.

## 8. The Internal Revenue Service (IRS) made changes to my federal tax return. What should I do?

If your federal income tax return is examined and changed by the IRS and you owe additional tax, report these changes to the FTB within six months of the date of the final federal determination. If the changes the IRS made result in a refund due for California, claim a refund within two years of the date of the final federal determination. Either file an amended Form 540 to correct your previously filed income tax return or send a copy of the federal changes to:

ATTN RAR/VOL MS F310  
FRANCHISE TAX BOARD  
PO BOX 1998  
RANCHO CORDOVA CA 95741-1998

or Fax the information to 916.843.2269.

If you have a question **relating to the IRS audit adjustment** call 916.845.4028.

For general tax information or questions, call 800.852.5711.

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information. See "Order Forms and Publications."

File an amended Form 540 only if the change affected your California tax liability.

## 9. How long should I keep my tax information?

Requests for information regarding your California income tax return usually occurs within the California statute of limitations period, which is usually the later of four years from the due date of the tax return or four years from the file date of the tax return. (**Exception:** An extended statute of limitations period applies for California or federal tax returns related or subject to a federal audit.)

Keep a copy of your tax return and the records that verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as needed to figure the basis of the property or records needed to verify carryover items (i.e., net operating losses) or records needed to track deferred gains on a 1031 exchange.

## 10. I will be moving after I file my tax return. How do I notify the FTB of my new address?

Go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB or call 800.852.5711, and follow the recorded instructions to report a change of address. You may also use form FTB 3533, Change of Address. This form is available at [ftb.ca.gov/forms](http://ftb.ca.gov/forms). If you change your address online or by phone, you do not need to file form FTB 3533.

After filing your tax return, report a change of address to us for up to four years, especially if you leave the state and no longer have a requirement to file a California tax return.

## 11. Are all domestic partners required to file joint or separate tax returns?

No, only domestic partners who are registered with the California Secretary of State are required to file using the married/RDP filing jointly or married/RDP filing separately filing status.

**Owe Money?** Web Pay lets you pay **online**, so you can schedule it and forget it! Go to [ftb.ca.gov/pay](http://ftb.ca.gov/pay) for more information.

# Additional Information

## California Use Tax General Information

The use tax has been in effect in California since July 1, 1935. It applies to purchases of merchandise for use in California from out-of-state sellers and is similar to the sales tax paid on purchases you make in California. If you have not already paid all use tax due to the California Department of Tax and Fee Administration, you may be able to report and pay the use tax due on your state income tax return. See the information below and the instructions for Line 91 of your income tax return.

In general, you must pay California use tax on purchases of merchandise for use in California made from out-of-state sellers, for example, by telephone, over the Internet, by mail, or in person.

You must pay California use tax on taxable items if:

- The seller does not collect California sales or use tax, and
- You use, gift, store, or consume the item in this state.

Example: You live in California and purchase a dining table from a company in North Carolina. The company ships the table from North Carolina to your home for your use and does not charge California sales or use tax. You owe use tax on the purchase.

However, not all purchases require you to pay use tax. For example, you would include purchases of clothing, but not exempt purchases of food products or prescription medicine.

For more information on nontaxable and exempt purchases, you may refer to Publication 61, Sales and Use Taxes: Exemptions and Exclusions, on the California Department of Tax and Fee Administration's website at [cdtfa.ca.gov](http://cdtfa.ca.gov).

For information about California use tax, please refer to the California Department of Tax and Fee Administration's website at [cdtfa.ca.gov](http://cdtfa.ca.gov) and type "Find Information About Use Tax" in the search bar.

**Complete the Use Tax Worksheet or use the Use Tax Lookup Table** on page 15 and 16, to calculate the amount due.

**Extensions to File.** If you request an extension to file your income tax return, wait until you file your tax return to report your purchases subject to use tax and make your use tax payment.

**Interest, Penalties and Fees.** Failure to timely report and pay the use tax due may result in the assessment of interest, penalties, and fees.

**Application of Payments.** For purchases made during taxable years starting on or after January 1, 2015, payments and credits reported on an income tax return will be applied first to the use tax liability, instead of income tax liabilities, penalties, and interest.

**Changes in Use Tax Reported.** Do not file an Amended Income Tax Return to revise the use tax previously reported. If you have changes to the amount of use tax previously reported on the original return, contact the California Department of Tax and Fee Administration.

For assistance with your use tax questions, go to the California Department of Tax and Fee Administration's website at [cdtfa.ca.gov](http://cdtfa.ca.gov) or call their Customer Service Center at 800.400.7115 or (TTY) 711 (for hearing and speech disabilities). For California income tax information, contact the Franchise Tax Board at [ftb.ca.gov](http://ftb.ca.gov).

## Collection Fees

The FTB is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

## Deceased Taxpayers

A final return must be filed for a person who died in 2017 if a tax return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the tax return. Print "deceased" and the date of death next to the taxpayer's name at the top of the tax return.

If you are a surviving spouse/RDP and no administrator or executor has been appointed, file a joint tax return if you did not remarry or enter into another registered domestic partnership during 2017. Indicate next to your signature that you are the surviving spouse/RDP.

You may also file a joint tax return with an administrator or executor acting on behalf of the deceased taxpayer.

If you file a tax return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, attach certified copies of the letters of administration or letters testamentary) or that you are entitled to the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a tax return and claim a refund due.

## Innocent Joint Filer Relief

If you file a joint tax return, both you and your spouse/RDP are generally responsible for paying the tax and any interest or penalties due on the tax return. However, you may qualify for relief of payment on all or part of the balance as an innocent joint filer. For more information, get FTB Pub. 705, Innocent Joint Filer - Relief From Paying California Income Taxes, at [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or call 916.845.7072, Monday - Friday between 8 a.m. to 5 p.m. except holidays.

## Military Personnel

If you are a member of the military and need additional information on how to file your tax return, get FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications."

## Requesting a Copy of Your Tax Return

The FTB keeps personal income tax returns for three and one-half years from the original due date. To get a copy of your tax return, write a letter or complete form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, a \$20 fee is charged for each taxable year you request. However, no charge applies for victims of a designated California or federal disaster; or you request copies from a field office that assisted you in completing your tax return. See "Where To Get Tax Forms and Publications" to download or order form FTB 3516.

## Local Benefits

You cannot deduct the amounts you pay for local benefits that apply to property in a limited area (construction of streets, sidewalks, or water and sewer systems). You must look at your real estate tax bill to determine if any nondeductible itemized charges are included in your bill. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **real estate tax** or get federal Publication 17, Your Federal Income Tax-For Individuals, Chapter 22.

## Vehicle License Fees for Federal Schedule A

On your federal Schedule A (Form 1040), you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee, and county fees are not deductible.

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## Voting Is Everybody's Business

You may register to vote if you meet these requirements:

- You are a United States citizen.
- You are a resident of California.
- You will be 18 years old by the date of the next election.
- You are not in prison or on parole for the conviction of a felony.

You need to re-register every time you move, change your name, or wish to change political parties. In order to vote in an election, you must be registered to vote at least 15 days before that election. If you need to get a Voter Registration Card, call the California Secretary of State's voter hotline at 800.345.VOTE or go to [sos.ca.gov](http://sos.ca.gov).

To register to vote in California, you must be:

- A United States citizen and a resident of California,
- 18 years old or older on Election Day,
- Not currently in state or federal prison or on parole for the conviction of a felony, and
- Not currently found mentally incompetent to vote by a court.

Pre-register at 16. Vote at 18. Voter pre-registration is now available for 16 and 17 year olds who otherwise meet the voter registration eligibility requirements. California youth who pre-register to vote will have their registration become active once they turn 18 years old.

If you wish to receive a paper Voter Registration or Pre-Registration Application, call the California Secretary of State's Voter Hotline at **800-345-VOTE** or simply register online at [RegisterToVote.ca.gov](http://RegisterToVote.ca.gov). For more information about how and when to register to vote, visit [sos.ca.gov/elections](http://sos.ca.gov/elections).

### It's Your Right . . . Register and Vote

## If You File Electronically

If you e-file your tax return, make sure all the amounts entered on the paper copy of your California return are correct before you sign form FTB 8453, California e-file Return Authorization for Individuals, or form FTB 8879, California e-file Signature Authorization for Individuals. If you are requesting direct deposit of a refund, make sure your account and routing information is correct. Your tax return can be transmitted to FTB by your preparer or electronic e-file service only after you sign form FTB 8453 or form FTB 8879. The preparer or electronic e-file service must provide you with:

- A copy of forms FTB 8453 or FTB 8879.
- Any original Forms W-2, 592-B, 593, 1099-G, and other Forms 1099 that you provided.
- A paper copy of your California tax return showing the data transmitted to the FTB.

You cannot retransmit an e-filed tax return once we've accepted the original. You can correct an error by filing an amended Form 540 to correct your previously filed tax return.

# Instructions for Filing a 2017 Amended Return

## Important Information

**Protective Claim** – If you are filing a claim for refund for a taxable year where litigation is pending or where a final determination by the IRS is pending, check box a for “Protective claim for refund” on Schedule X, Part II, Line 1. Specify the pending litigation or reference to the federal determination on Part II, line 2 so we can properly process your claim.

**Do not** attach your previously filed return to your amended return.

**Do not** file an amended return to correct your SSN, name, or address, instead, call or write us. See “Contacting the Franchise Tax Board” for more information.

**Use Tax – Do not** amend your return to correct a “use tax” error reported on your original tax return. Enter the amount from your original return. The California Department of Tax and Fee Administration (CDTFA) (formerly known as the Board of Equalization) administers this tax. Refer all questions or requests relating to use tax to the CDTFA at [cdtfa.ca.gov](http://cdtfa.ca.gov) or call **800.400.7115**.

**Amount You Want Applied To Your 2018 Estimated Tax** – Enter zero on Form 540, line 95 and get the instructions for Schedule X for the actual amount you want applied to your 2018 estimated tax.

**Voluntary Contributions** – You cannot amend voluntary contributions. Enter the amount from your original return.

**Direct Deposit** – You cannot use direct deposit on your amended return. You will receive a paper check.

## Purpose

Use Form 540 to amend your original or previously filed California resident income tax return. If the FTB adjusted your return, you should use the amounts as adjusted by the FTB. Check the box at the top of Form 540 indicating AMENDED return and follow the instructions. Attach Schedule X and all required schedules and supporting forms.

## When to File

Generally, if you filed federal Form 1040X, Amended U.S. Individual Income Tax Return, file an amended California tax return within six months unless the changes do not affect your California tax liability. File an amended return only after you have filed your original or previously filed California tax return.

## California Statute of Limitations

**Original tax return was filed on or before April 15th:** If you are making a claim for refund, file an amended tax return within four years from the original due date of the tax return or within one year from the date of overpayment, whichever period expires later.

**Original tax return was filed within the extension period (April 15th – October 15th):** If you are making a claim for refund, file an amended tax return within four years from the date the original tax return was filed or within one year from the date of overpayment, whichever period expires later.

**Original tax return was filed after October 15th:** If you are making a claim for refund, file an amended tax return within four years from the original due date of the tax return (April 15th) or within one year from the date of overpayment, whichever period expires later.

**If you are filing your amended tax return after the normal statute of limitation period** (four years after the due date of the original tax return), attach a statement explaining why the normal statute of limitations does not apply.

**If you are filing your amended return in response to a billing notice you received,** you will continue to receive billing notices until your amended tax return is accepted. You may file an informal claim for refund even though the full amount due including tax, penalty, and interest has not yet been paid. After the full amount due has been paid, you have the right to appeal to the CDTFA or to file suit in court if your claim for refund is disallowed.

To file an informal claim for refund, check box I for “Informal claim” on Schedule X, Part II, Line 1 and mail the claim to:

INFORMAL CLAIMS UNIT, MS F-283  
FRANCHISE TAX BOARD  
PO BOX 1468  
SACRAMENTO CA 95812-1468

## Financially Disabled Taxpayers

The statute of limitations for filing claims for refunds is suspended during periods when a taxpayer is “financially disabled.” You are considered “financially disabled” when you are unable to manage your financial affairs due to a medically determinable physical or mental impairment that is deemed to be either a terminal impairment or is expected to last for a continuous period of not less than 12 months. You **are not** considered “financially disabled” during any period that your spouse/RDP or any other person is legally authorized to act on your behalf on financial matters. For more information, get form FTB 1564, Financially Disabled – Suspension of the Statute of Limitations.

## Federal Notices

If you were notified of an error on your federal income tax return that changed your AGI, you may need to amend your California income tax return for that year.

If the IRS examines and changes your federal income tax return, and you owe additional tax, report these changes to the FTB within six months. You do not need to inform the FTB if the changes do not increase your California tax liability. If the changes made by the IRS result in a refund due, you must file a claim for refund within two years. Use an amended Form 540 to make any changes to your California income tax returns previously filed.

Include a copy of the final federal determination, along with all underlying data and schedules that explain or support the federal adjustment. Note: Most penalties assessed by the IRS also apply under California law. If you are including penalties in a payment with your amended tax return, see Schedule X, line 8a instructions.

## Children With Investment Income

If your child was required to file form FTB 3800, Tax Computation for Certain Children with Investment Income, and your taxable income has changed, review your child’s tax return to see if you need to file an amended tax return. Get form FTB 3800 for more information.

## Contacting the Franchise Tax Board

If you have not received a refund within six months of filing your amended return, **do not** file a duplicate amended return for the same year. For information on the status of your refund, you may write to:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0040

For telephone assistance see General Phone Service on page 95.

## Filing Status

Your filing status for California must be the same as the filing status you used on your federal income tax return, unless you are a same-sex married individual or RDP. If you are a same-sex married individual or an RDP and file single for federal, you must file married/RDP filing jointly or married/RDP filing separately for California. If you entered into a same-sex marriage for taxable year 2013 and going forward, your filing status for California would generally be the same as the filing status that was used for federal. If you are a same-sex married individual or an RDP and file head of household for federal, you may file head of household for California only if you meet the requirements to be considered unmarried or considered not in a registered domestic partnership.

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**Exception for Filing a Separate Tax Return** – A married couple who filed a joint federal tax return may file separate state tax returns if either spouse was:

- An active member of the United States armed forces (or any auxiliary military branch) during the year being amended.
- A nonresident for the entire year and had no income from California sources during the year being amended.

**Changing Your Filing Status** – If you changed your filing status on your federal amended tax return, also change your filing status for California unless you meet one of the exceptions listed above.

**Married/RDP Filing Jointly to Married/RDP Filing Separately** – You cannot change from married/RDP filing jointly to married/RDP filing separately after the due date of the tax return.

**Exception:** For taxable years 2000 and after, a married couple who meets the “Exception for filing a separate tax return” shown above may change from joint to separate tax returns after the due date of the tax return.

**Filing Separate Tax Returns to Married/RDP Filing Jointly** – If you or your spouse/RDP (or both of you) filed a separate tax return, you generally can change to a joint tax return any time within four years from the original due date of the separate tax return(s). To change to a joint tax return, you and your spouse/RDP must have been legally married or an RDP on the last day of the taxable year.

To amend from separate tax returns to a joint tax return, follow the Form 540 instructions to complete only one amended tax return. Both you and your spouse/RDP must sign the amended joint tax return.

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**[ftb.ca.gov](http://ftb.ca.gov)**

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# 2017 Instructions for Schedule CA (540)

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and the California Revenue and Taxation Code (R&TC).

## General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

### Conformity

For updates regarding federal acts, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**.

**Registered Domestic Partners (RDP)** – RDPs will compute their limitations based on the combined federal adjusted gross income (AGI) of each spouse's or partner's individual tax return filed with the Internal Revenue Service (IRS).

For column A, line 7 through line 21, and line 23 through line 35, combine your federal amounts from each spouse's or partner's individual federal tax return. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

The combined federal AGI used to compute limitations is different from the recalculated federal AGI used on Form 540, California Resident Income Tax Return, line 13. In situations where RDPs have no RDP adjustments, these amounts may be the same.

**Military Personnel** – Servicemembers domiciled outside of California, and their spouses/RDPs, may exclude the servicemember's military compensation from gross income when computing the tax rate on nonmilitary income. Requirements for military servicemembers domiciled in California remain unchanged. Military servicemembers domiciled in California must include their military pay in total income. In addition, they must include their military pay as California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. Beginning 2009, the federal Military Spouses Residency Relief Act may affect the California income tax filing requirements for spouses of military personnel. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

**Single Member Limited Liability Company (SMLLC)** – If you are a single member limited liability company, that is organized or doing business in California, or registered with the California Secretary of State (SOS), you are required to file Form 568, Limited Liability Company Return of Income, pay the annual tax and LLC Fee (if applicable), in addition to filing your tax return. Get the Limited Liability Company Tax Booklet for more information.

## Purpose

Use Schedule CA (540), California Adjustments – Residents, to make adjustments to your federal adjusted gross income and to your federal itemized deductions using California law.

## Specific Line Instructions

### Part I Income Adjustment Schedule

#### Column A — Federal Amounts

##### Line 7 through Line 21

Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, U.S. Individual Income Tax Return, line 7 through line 21; Form 1040A, U.S. Individual Income Tax Return, line 7 through line 14b; or Form 1040EZ, Income Tax Return for Single and Joint Filers With No Dependents, line 1, line 2, and line 3.

##### Line 22 – Total

Combine the amounts on line 7 through line 21.

##### Line 23 through Line 30 and Line 32 through Line 35

Enter the same amounts entered on your federal Form 1040, line 23 through line 30 and line 32 through line 35 or Form 1040A, line 16 through line 19.

##### Line 31a and Line 31b

Enter on line 31a the same amount entered on your federal Form 1040, line 31a. Enter on line 31b the social security number (SSN) or individual taxpayer identification number (ITIN) and last name of the person to whom you paid alimony.

##### Line 36

Add line 23 through line 31a and line 32 through line 35. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 36 or if you claimed the foreign housing deduction from federal Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion, enter the amount from Form 1040, line 36 on this line.

##### Line 37 – Total

Subtract line 36 from line 22. This amount should match the amount entered on federal Form 1040, line 37.

#### Column B and Column C — Subtractions and Additions

Use these columns to enter subtractions and additions to the federal amounts in column A that are necessary because of differences between California and federal law. Enter all amounts as positive numbers unless instructed otherwise.

You may need one or more of the following FTB publications to complete column B and column C:

- 1001, Supplemental Guidelines to California Adjustments
- 1005, Pension and Annuity Guidelines
- 1031, Guidelines for Determining Resident Status
- 1032, Tax Information for Military Personnel
- 1100, Taxation of Nonresidents and Individuals Who Change Residency

To get forms and publications, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms).

##### Line 7 – Wages, Salaries, Tips, etc.

Generally, you will not make any adjustments on this line. If you did not receive any of the following types of income, make no entry on this line in either column B or column C.

**Active duty military pay.** Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.

**Sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act.** California excludes this item from income. Enter in column B the amount of these benefits included in the amount in column A.

**Ridesharing fringe benefit differences.** Under federal law, qualified transportation benefits are excluded from gross income. Under the R&TC, there are no monthly limits for the exclusion of these benefits and California's definitions are more expansive. Enter the amount of ridesharing benefits received and included in federal income on line 7, column B.

**Exclusion for compensation from exercising a California Qualified Stock Option (CQSO).** To claim this exclusion:

- Your earned income is \$40,000 or less from the corporation granting the CQSO.
- The market value of the options granted to you must be less than \$100,000.
- The total number of shares must be 1,000 or less.
- The corporation issuing the stock must designate that the stock issued is a CQSO at the time the option is granted.

If you included an amount qualifying for this exclusion in federal income, enter that amount in column B.

**Employer health savings account (HSA) contribution.** Enter the amount of any employer HSA contribution from federal Form W-2, box 12, code W on line 7, column C.

**Income exclusion for In-Home Supportive Services (IHSS) supplementary payments.** If you are an IHSS provider who received IHSS supplementary payments that were included in federal wages, enter the IHSS supplementary payments on line 7, column B. IHSS providers only receive a supplementary payment if they paid a sales tax on the IHSS services they provide. The supplementary payment is equal to the sales tax paid plus any increase in the federal payroll withholding paid due to the supplementary payment.

**Native American Income.** California does not tax income earned by tribal members who live in Indian country affiliated with their tribe and receive earnings from the same tribal source of which they are members. Military compensation is considered income from tribal sources. Enter in column B the earnings included in federal income that are exempt for California. Attach form FTB 3504 to the Form 540. For more information, get form FTB 3504, Enrolled Tribal Member Certification.

#### Line 8 – Taxable Interest

If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C.

Enter in column B the interest you received from:

- U.S. savings bonds (except for interest from series EE U.S. savings bonds issued after 1989 that qualified for the Education Savings Bond Program exclusion).
- U.S. Treasury bills, notes, and bonds.
- Any other bonds or obligations of the United States and its territories.
- Interest from Ottoman Turkish Empire Settlement Payments.
- Interest income from children under age 19 or students under age 24 included on the child's federal tax return and reported on the California tax return by the parent. For more information, get form FTB 3803, Parents' Election to Report Child's Interest and Dividends

Certain mutual funds pay "exempt-interest dividends." If the mutual fund has at least 50% of its assets invested in tax-exempt U.S. obligations and/or in California or its municipal obligations, that amount of dividend is exempt from California tax. The proportion of dividends that are tax-exempt will be shown on your annual statement or statement issued with Form 1099-DIV, Dividends and Distributions.

Enter in column C the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b, **and** which you received from:

- The federally exempt interest dividends from other states, or their municipal obligations and/or from mutual funds that do not meet the 50% rule above.
- Non-California state bonds.
- Non-California municipal bonds issued by a county, city, town, or other local government unit.
- Obligations of the District of Columbia issued after December 27, 1973.
- Non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships, or Limited Liability Companies (LLCs).
- Interest or other earnings earned from a Health Savings Account (HSA) are not treated as taxed deferred. Interest or earnings in a HSA are taxable in the year earned.
- Interest on any bond or other obligation issued by the Government of American Samoa.
- Interest income from children under age 19 or students under age 24 included on the parent's federal tax return and reported on the California tax return by the child.

Make no entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities, or grants paid to low income individuals.

Get FTB Pub. 1001 if you received interest income from the items listed above passed through to you from S corporations, trusts, estates, partnerships, or LLCs.

#### Line 9 – Ordinary Dividends

Generally, no difference exists between the amount of dividends reported in column A and the amount reported using California law. However, California taxes dividends derived from other states and their municipal obligations.

Add dividends received from the following and enter in column B:

- Dividend income from children under age 19 or students under age 24 included on the parent's or child's federal tax return and reported on the California tax return by the opposite taxpayer. For more information, get form FTB 3803.

Add dividends received from the following and enter in column C:

- Controlled foreign corporation (CFC) dividends in the year distributed.
- Regulated investment company (RIC) capital gains in the year distributed.
- Distributions of pre-1987 earnings from an S corporation.
- Dividend income from children under age 19 or students under age 24 excluded on the parent's or child's federal tax return and reported on the California tax return by the opposite taxpayer. For more information, get form FTB 3803.

Get FTB Pub. 1001 if you received dividends from:

- Non-cash patronage dividends from farmers' cooperatives or mutual associations.
- A CFC.
- Distributions of pre-1987 earnings from S corporations.
- Undistributed capital gains for RIC shareholders.

#### Line 10 – Taxable Refunds, Credits, or Offsets of State and Local Income Taxes

California does not tax the state income tax refund. Enter in column B the amount of state tax refund entered in column A.

#### Line 11 – Alimony Received

If you are a nonresident alien and received alimony not included in your federal income, enter the alimony on this line in column C. Otherwise, make no entry on this line.

#### Line 12 – Business Income or (Loss)

Adjustments to federal business income or loss you reported in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis used to figure California depreciation may be different from the amount used for federal purposes.

Adjustments are figured on form FTB 3885A, Depreciation and Amortization Adjustments, and are most commonly necessary because of the following:

- **Before January 1, 1987**, California did not allow depreciation under the federal accelerated cost recovery system. Continue to figure California depreciation for those assets in the same manner as prior years.
- **On or after January 1, 1987**, California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. Refer to the bulleted list below.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss.
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C (Form 1040), Profit or Loss From Business.

Use form FTB 3885A to figure the total adjustment for line 12 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses).
- Passive activities that produce gains.

**Penalty Assessed by Professional Sports League** – For taxable years beginning on or after January 1, 2014, California does not allow a business expense deduction for any fine or penalty paid or incurred by an owner of a professional sports franchise assessed or imposed by the professional sports league that includes that franchise. If the fine or penalty was deducted for federal purposes, enter this amount in column C.

**Cancellation of Debt Income (CODI).** California **did not** conform to the federal election under IRC Section 108(i) to defer the recognition of CODI in connection with the reacquisition of an applicable debt instrument after December 31, 2008, and before January 1, 2011. The deferral period is five taxable years for CODI generated in 2009, or four taxable years for CODI generated in 2010.

For federal tax purposes, at the end of the deferral period the income is reported ratably over the next five years (taxable years beginning on or after January 1, 2014 and before January 1, 2019). If for California purposes, the CODI had been included in income during previous taxable years and you recognized the CODI for federal tax purposes in the current year, enter the federal CODI amount on line 12, column B.

Get FTB Pub. 1001 for more information about:

**Income related to:**

- Business, trade, or profession carried on within California that is an integral part of a unitary business carried on both within and outside California.
- Pro-rata share of income received from a CFC by a U.S. shareholder.

**Basis adjustments related to:**

- Property acquired prior to becoming a California resident.
- Sales or use tax credit for property used in a former EZ, Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or LARZ.
- Reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after January 1, 1992, as a result of phylloxera infestation; or on or after January 1, 1997, as a result of Pierce's disease.
- Expenditures for tertiary injectants.
- Property placed in service on an Indian reservation after January 1, 1994, and before January 1, 2018.
- Amortization of pollution control facilities.
- Discharge of real property business indebtedness.
- Vehicles used in an employer-sponsored ridesharing program.
- An enhanced oil recovery system.
- Joint Strike Fighter property costs.
- The cost of making a business accessible to disabled individuals.
- Property for which you received an energy conservation subsidy from a public utility on or after January 1, 1995, and before January 1, 1997.
- Research and experimental expenditures.
- Reduction of capitalized costs attributable to the Work Opportunity Credit.

**Business deductions related to:**

- Wages paid in a former EZ, LAMBRA, Manufacturing Enhancement Area (MEA), or TTA.
- Certain employer costs for employees who are also enrolled members of Indian tribes.
- Abandonment or tax recoupment fees for open-space easements and timberland preserves.
- Research expense.
- Employer wage expense for the Work Opportunity Credit.
- Pro-rata share of deductions received from a CFC by a U.S. shareholder.
- Interest paid on indebtedness in connection with company-owned life insurance policies.
- Premiums paid on life insurance policies, annuities, or endowment contracts issued after June 8, 1997, where the owner of the business is directly or indirectly a policy beneficiary.
- Commercial Revitalization Deductions for Renewal Communities.
- Small Employer Health Insurance Credit

**Line 13 – Capital Gain or (Loss)**

Generally, no adjustments are made on this line. California taxes long and short term capital gains as regular income. No special rate for long term capital gains exists. However, the California basis of the assets listed below may be different from the federal basis due to differences between California and federal laws. If there are differences, use Schedule D (540), California Capital Gain or Loss Adjustment, to calculate the amount to enter on line 13.

- Gain on sale of qualified small business stock under IRC Section 1045 and IRC Section 1202.
- Basis amounts resulting from differences between California and federal law in prior years.
- Gain or loss on stock and bond transactions.
- Installment sale gain reported on form FTB 3805E, Installment Sale Income.
- Gain on the sale of personal residence where depreciation was allowable.
- Pass-through gain or loss from partnerships, fiduciaries, S corporations, or LLCs.

- Capital loss carryover from your 2016 California Schedule D (540).
- Capital gain from children under age 19 or students under age 24 included on the parent's or child's federal tax return and reported on the California tax return by the opposite taxpayer. For more information, get form FTB 3803.

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987.
- Capital gain exclusion for sale of principal residence by a surviving spouse.
- Gain on sale or disposition of qualified assisted housing development to low-income residents or to specified entities maintaining housing for low-income residents.
- Undistributed capital gain for RIC shareholders.
- Gain or loss on the sale of property inherited before January 1, 1987.
- Capital loss carrybacks.

**Line 14 – Other Gains or (Losses)**

Generally, no adjustments are made on this line. However, the California basis of your other assets may differ from your federal basis due to differences between California and federal law. Therefore, you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property.

**Line 15 – IRA Distributions**

Generally, no adjustments are made on this line. However, there may be significant differences in the taxable amount of a distribution (including a distribution from conversion of a traditional IRA to a Roth IRA), depending on when you made your contributions to the IRA. Differences also occur if your California IRA deductions were different from your federal deductions because of differences between California and federal self-employment income.

If the taxable amount using California law is:

- Less than the amount taxable under federal law, enter the difference in column B.
- More than the amount taxable under federal law, enter the difference in column C.

Get FTB Pub. 1005 for more information and worksheets for figuring the adjustment to enter on line 15, if any.

If you have an IRA basis and were a nonresident in prior years, you may need to restate your California IRA basis. Get FTB Pub. 1100 for more information.

**Coverdell Education Savings Account (ESA) formerly known as Education (ED) IRA** – If column A includes a taxable distribution from an ED IRA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.

**Line 16 – Pensions and Annuities**

Generally, no adjustments are made on this line. However, if you received Tier 2 railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the following adjustments.

If you received a federal Form RRB-1099-R, Annuities or Pensions by the Railroad Retirement Board, for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column B.

If you began receiving a retirement annuity between July 1, 1986, and January 1, 1987, and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

You may have to pay an additional tax if you received a taxable distribution from a qualified retirement plan before reaching age 59½ and the distribution was not rolled over into another qualified plan. Get form FTB 3805P for more information.

**Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, etc.**

Adjustments to federal income or loss you reported in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs.

As a result, the recovery period or basis used to figure California depreciation may be different from the recovery period or amount used for federal. For more information, see the instructions for column B and column C, line 12.

California law does not conform to federal law for material participation in rental real estate activities. Beginning in 1994, and for federal purposes only, rental real estate activities conducted by persons in real property business are not automatically treated as passive activities. Get form FTB 3801 for more information.

Use form FTB 3801 to figure the total adjustment for line 17 if you have:

- One or more passive activities that produce a loss.
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule E (Form 1040), Supplemental Income and Loss.

Use form FTB 3885A to figure the total adjustment for line 17 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses).
- Passive activities that produce gains.

LLCs that are classified as partnerships for California purposes and limited liability partnerships (LLPs) are subject to the same rules as other partnerships. LLCs report distributive items to members on Schedule K-1 (568), Member's Share of Income, Deductions, Credits, etc. LLPs report to partners on Schedule K-1 (565), Partner's Share of Income, Deductions, Credits, etc.

Get FTB Pub. 1001 for more information about accumulation distributions to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent.

#### Line 18 – Farm Income or (Loss)

Adjustments to federal income or loss you report in column A generally are necessary because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the amount used for federal purposes, and you may need to make an adjustment to your farm income or loss. For more information, see the instructions for column B and column C, line 12.

Use form FTB 3801 to figure the total adjustment for line 18 if you have:

- One or more passive activities that produce a loss.
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F (Form 1040), Profit or Loss From Farming.

Use form FTB 3885A to figure the total adjustment for line 18 if you have:

- Only nonpassive activities which produce either gains or losses (or combination of gains and losses).
- Passive activities that produce gains.

#### Line 19 – Unemployment Compensation

California excludes unemployment compensation from taxable income. Enter on line 19, column B the amount of unemployment compensation shown in column A.

**Paid Family Leave Insurance (PFL) benefits, also known as Family Temporary Disability Insurance.** Payments received from the PFL Program are reported on Form 1099-G, Certain Government Payments. Enter on line 19, column B the amount of PFL payments shown in column A. For more information, get FTB Pub. 1001.

#### Line 20 – Social Security Benefits

California excludes U.S. social security benefits or equivalent Tier 1 railroad retirement benefits from taxable income. Enter in column B the amount of taxable U.S. social security benefits or equivalent Tier 1 railroad retirement benefits shown in column A, line 20(b).

#### Line 21 – Other Income

**a. California Lottery Winnings.** California excludes California lottery winnings from taxable income. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

Make no adjustment for lottery winnings from other states. They are taxable by California. California and federal laws allow gambling losses only to the extent of reported gambling income. If you reduced gambling income for California lottery income, you may need to reduce the losses included in the federal itemized deductions on line 38. Enter these losses on line 41 as a negative number.

**b. Disaster Loss Deduction.** If you have a California disaster loss carryover deduction and there is income in the current taxable year, enter the total amount from your 2016 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts, Part III, line 6, as a positive number in column B.

**NOL Attributable to a Qualified Disaster** – If you deduct a 2017 disaster loss in the 2017 taxable year that results in an NOL, the NOL must be carried back or elected to be carried forward. Get FTB 3805V for more information.

**c. Federal NOL from Form 1040, line 21.** If the amount on line 21 in column A includes a federal NOL, enter the amount of the federal NOL as a positive number in column C. Get form FTB 3805V, to figure the allowable California NOL.

**d. NOL Carryover from Form FTB 3805V, Part III, line 5.** The allowable NOL carryover under California law is different from the allowable NOL carryover under federal law. If you have a California NOL carryover from your 2016 form FTB 3805V, enter it as a positive number in column B.

**e. NOL from Forms FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809.** Enter in column B the total NOL figured on the following forms.

- FTB 3805Z, Enterprise Zone Deduction and Credit Summary, line 3b
- FTB 3806, Los Angeles Revitalization Zone Net Operating Loss (NOL) Carryover, line 2b
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, line 3b
- FTB 3809, Targeted Tax Area Deduction and Credit Summary, line 3b

#### f. Other (describe).

Identify the type of income reported in the space provided. If there is more than one item to report on line 21f, attach a statement that lists each item and enter the total of all individual items in column B or column C as instructed below.

**Olympic Medals and Prize Money.** If you excluded the value of any award, medal, or prize money on your federal Form 1040, enter the excluded amount on line 21f, column C. For more information, get FTB Pub. 1001.

**Native American Income.** California does not tax reservation sourced income earned or received from the same Indian country in which you live and are an enrolled member. For more information, see form FTB 3504, Enrolled Tribal Member Certification. Enter in column B the income included in federal income that is exempt for California and write "FTB 3504" on line 21f. Attach form FTB 3504 to the Form 540.

**Parents' Election to Report Child's Interest and Dividends.** California conforms to federal law for elections made by parents reporting their child's interest and dividends. Parents may elect to report their child's income on their California income tax return by completing form FTB 3803. If you make this election, the child will not have to file a tax return. You may report your child's income on your California income tax return even if you do not do so on your federal income tax return.

If the amount of your child's income you are reporting on your California income tax return is different than the amount you reported on your federal income tax return, enter the difference on line 21f, column B or column C and write "FTB 3803" on line 21f. Get form FTB 3803 for more information.

**Reward from a crime hotline.** Enter in column B the amount of a reward authorized by a government agency received from a crime hotline established by a government agency or nonprofit organization that is included in the amount on line 21, column A.

You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

**Federal foreign earned income or housing exclusion.** Enter in column C the amount deducted from federal income on Form 1040, line 21.

**Beverage container recycling income.** Enter in column B the amount of recycling income included in the amount on line 21 in column A.

**Rebates or vouchers from a local water agency, energy agency, or energy supplier.** California law allows an income exclusion for rebates or vouchers from a local water agency, energy agency, or energy supplier for the purchase and installation of water conservation appliances and devices. Enter in column B the amount of this type of income included in the amount on line 21, column A.

**Financial Incentive for Turf Removal** – California law allows an income exclusion for rebates, vouchers or other financial incentive issued by a local water agency or supplier in a turf removal water conservation program. Enter in column B the amount of this type of income included in the amount on line 21, column A.

**Financial Incentive for Seismic Improvement** – For taxable years beginning on or after July 1, 2015, California law allows an income exclusion for loan forgiveness, grant, credit, rebate, voucher, or other financial incentive issued by the California Residential Mitigation Program or California Earthquake Authority to assist a residential property owner or occupant with expenses paid, or obligation incurred for earthquake loss mitigation. Enter in column B the amount of this type of income included in the amount on line 21, column A.

**Original issue discount (OID) for debt instruments issued in 1985 and 1986.** In the year of sale or other disposition, you must recognize the difference between the amount reported on your federal tax return and the amount reported for California purposes. **Issuers:** Enter the difference between the federal deductible amount and the California deductible amount on line 21f in column B. **Holders:** Enter the difference between the amount included in federal gross income and the amount included for California purposes on line 21f, column C.

**Foreign income of nonresident aliens.** Adjust federal income to reflect worldwide income computed under California law. Enter losses from foreign sources in column B. Enter foreign source income in column C.

**Cost-share payments received by forest landowners.** Enter in column B the cost-share payments received from the Department of Forestry and Fire Protection under the California Forest Improvement Act of 1978 or from the United States Department of Agriculture, Forest Service, under the Forest Stewardship Program and the Stewardship Incentives Program, pursuant to the Cooperative Forestry Assistance Act.

**Foreign income.** If you excluded income exempted by U.S. tax treaties on your federal Form 1040 (unless specifically exempt for state purposes), enter the excluded amount in column C. If you claimed foreign earned income or housing cost exclusion on your federal Form 1040 (under IRC Section 911), see the instructions for line 21.

**Coverdell ESA distributions.** If you received a distribution from a Coverdell ESA, report the difference between the federal taxable amount and the California taxable amount in column B or column C.

**Grants paid to low-income individuals.** California excludes grants paid to low-income individuals to construct or retrofit buildings to make them more energy efficient. Federal has no similar exclusion. Enter on line 21f, column B the amount of this type of income.

**Health savings account (HSA) distributions for unqualified medical expense.** Distributions from an HSA not used for qualified medical expenses, and included in federal income, are not taxable for California purposes. Enter the distribution not used for qualified medical expenses on line 21f, column B.

**California National Guard Surviving Spouse & Children Relief Act of 2004.** Death benefits received from the State of California by a surviving spouse/RDP or member-designated beneficiary of certain military personnel killed in the performance of duty is excluded from gross income. Military personnel include the California National Guard, State Military Reserve, or the Naval Militia. If you reported a death benefit on line 21, column A, enter the death benefit amount in column B.

**Ottoman Turkish Empire settlement payments.** If you received settlement payments as a person persecuted by the regime that was in control of the Ottoman Turkish Empire from 1915 until 1923 your gross income does not include those excludable settlement payments, or interest, received by you, your heirs, or your estate for payments received on or after January 1, 2005. If you reported settlement payments on line 21, column A, enter the amount of settlement payments in column B.

**Mortgage forgiveness debt relief.** California law does not conform to federal law regarding the discharge of indebtedness from the disposition of your principal residence occurring on or after January 1, 2014. Enter the amount of discharge on line 21f, column C.

**Line 22 – Total**

Add line 7 through line 21f in column B and column C. Enter the totals on line 22.

**Line 23 through Line 31a and Line 32 through Line 35** – California law is the same as federal law with the exception of the following:

- Line 23 (Educator Expenses) – California does not conform to federal law regarding educator expenses. Enter the amount from column A, line 23 to column B, line 23.
- Line 24 (Certain Business Expense of Reservists, Performing Artists, and Fee Basis Government Officials) – If claiming a depreciation deduction as an unreimbursed employee business expense on federal Form 2106, Employee Business Expenses, or Form 2106-EZ, Unreimbursed Employee Business Expenses, you may have an adjustment in column B or column C. For more information, get FTB Pub. 1001.
- Line 25 (Health Savings Account (HSA) Deduction) – Federal law allows a deduction for contributions to an HSA account. California does not conform to this provision. Transfer the amount from column A, line 25, to column B, line 25.
- Line 31a (Alimony Paid) – Enter the SSN or ITIN and last name of the person to whom you paid alimony.  
If you are a nonresident alien and did not deduct alimony on your federal tax return, enter the amount you paid in column C.
- Line 32 (IRA Deduction) – If you are an active duty military servicemember domiciled outside of California, you may have an adjustment. See line 36.
- Line 33 (Student Loan Interest Deduction) – California conforms to federal law regarding student loan interest deduction except for a spouse/RDP of a non-California domiciled military taxpayer residing in a community property state. Use the Student Loan Interest Deduction Worksheet to compute the amount to enter on line 33. For more information, get FTB Pub. 1032.

**Student Loan Interest Deduction Worksheet**

**1** Enter the total amount from Schedule CA (540), line 33, column A. If the amount on line 1 is zero, STOP. You are not allowed a deduction for California . . . . . **1** \_\_\_\_\_

**2** Enter the total interest you paid in 2017 on qualified student loans but not more than \$2,500 here . . **2** \_\_\_\_\_

**3** From Form 1040, add line 33 (student loan interest deduction) to line 37 (AGI). Enter the result here . . . . . **3** \_\_\_\_\_

**4** Enter the total military income included in federal adjusted gross income (get FTB Pub. 1032) . . . . . **4** \_\_\_\_\_

**5** Subtract line 4 from line 3. . . . . **5** \_\_\_\_\_

**6** Enter the amount shown below for your filing status.

- Single, head of household, or qualifying widow(er) – \$60,000
- Married/RDP filing jointly – \$120,000

} **6** \_\_\_\_\_

**7** Is the amount on line 5 more than the amount on line 6?  
 **No.** Skip lines 7 and 8, enter -0- on line 9, and go to line 10.  
 **Yes.** Subtract line 6 from line 5 . . . . . **7** \_\_\_\_\_

**8** Divide line 7 by \$15,000 (\$30,000 if married/RDP filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000 . . **8** \_\_\_\_\_

**9** Multiply line 2 by line 8 . . . . . **9** \_\_\_\_\_

**10 Student loan interest deduction.** Subtract line 9 from line 2. . . . . **10** \_\_\_\_\_

**11 Student loan interest adjustment.** If line 1 is less than line 10, enter the difference here and on Schedule CA (540), line 33, column C. . . . . **11** \_\_\_\_\_

- Line 34 (Tuition and Fees) – California does not conform to federal law regarding the tuition and fees deduction. Enter the amount from column A, line 34 to column B, line 34.
- Line 35 (Domestic Production Activities Deduction) – California does not conform to the federal law regarding the domestic production activities deduction. Enter the amount from column A, line 35, to column B, line 35.

**Line 36** – Add line 23 through line 31a and line 32 through line 35 in column B and column C.

If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 36. Enter the amount and “Form 2555” or “Form 2555-EZ” on the dotted line next to line 36.

If you are active duty military and not domiciled in California and your IRA deduction was limited because of a federal AGI limitation, recalculate your deduction excluding your active duty military pay. If the recalculated amount is larger than the amount on line 32, column A, enter the difference between the two amounts in column C, line 36. Enter the amount and “MPA Adjustment” on the dotted line next to line 36.

#### **Line 37 – Total**

Subtract line 36 from line 22 in column B and column C.

Also, transfer the amount from:

- Line 37, column B to Form 540, line 14

If column B is a negative number, transfer the amount as a positive number to Form 540, line 16.

- Line 37, column C to Form 540, line 16

If column C is a negative number, transfer the amount as a positive number to Form 540, line 14.

## **Part II Adjustments to Federal Itemized Deductions**

### **Line 38 – Federal Itemized Deductions**

Enter the total amount of itemized deductions from your federal Schedule A (Form 1040), Itemized Deductions, lines 4, 9, 15, 19, 20, 27, and 28.

**Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, first complete and attach federal Schedule A (Form 1040). Then complete Schedule CA (540), Part II, line 38 through line 44.

### **Line 39 – State, Local, and Foreign Income Taxes; General Sales Tax**

Add the following amounts from federal Schedule A (Form 1040) and enter on line 39:

- Line 5, state and local income tax (including limited partnership tax and income or franchise tax paid by corporations) and State Disability Insurance (SDI) or state and local general sales tax.
- Line 8, foreign income taxes.

### **Line 41 – Other Adjustments**

**College Access Tax Credit** – If you deducted a charitable contribution amount for the College Access Tax Credit Fund on your federal Schedule A (Form 1040) and are claiming the College Access Tax Credit on your Form 540, enter the amount used to calculate the College Access Tax Credit on line 41 as a negative number.

**Adoption-Related Expenses** – If you deducted adoption-related expenses on your federal Schedule A (Form 1040) and are claiming the adoption cost credit for the same amounts on your Form 540, enter the amount of the adoption cost credit claimed as a negative number on line 41.

**Mortgage Interest Credit** – If you reduced your federal mortgage interest deduction by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 41.

**Nontaxable Income Expenses** – If, on federal Schedule A (Form 1040), you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 41.

You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 41.

**Employee Business Expense** – If you completed federal Form 2106 or Form 2106-EZ, prepare a second set of forms reflecting your employee business expense using California amounts (i.e., following California law). Generally, California law conforms with federal law and no adjustment is needed. However, differences occur when:

- Assets (requiring depreciation) were placed in service before January 1, 1987. Figure the depreciation based on California law.
- Federal employees who were on temporary duty status. California does not conform to the federal provision that expanded temporary duties to include prosecution duties, in addition to investigative duties. Therefore, travel expenses paid or incurred in connection with temporary duty status (exceeding one year), involving the prosecution (or support of the prosecution) of a federal crime, should not be included in the California amount.

Compare federal Form 2106, line 10 or Form 2106-EZ, line 6 and the form completed using California amounts. If the federal amount is larger, enter the difference as a negative number on line 41. If the California amount is larger, enter the difference as a positive number on line 41.

**Investment Interest Expense** – Your California deduction for investment interest expense may be different from your federal deduction. Use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 41.

**Gambling Losses** – California lottery losses are not deductible for California. Enter the amount of California lottery losses shown on federal Schedule A (Form 1040) as a negative number on line 41.

**Federal Estate Tax** – Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A (Form 1040) as a negative number on line 41.

**Generation Skipping Transfer Tax** – Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A (Form 1040) as a negative number on line 41.

**State Legislator’s Travel Expenses** – Under California law, deductible travel expenses for state legislators include only those incurred while away from their place of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 41.

**Qualified Charitable Contributions** – Your California deduction may be different from your federal deduction. California limits the amount of your deduction to 50% of your federal adjusted gross income. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 41.

**Charitable Contribution Carryover Deduction** – If deducting a prior year charitable contribution carryover, and the California carryover is larger than the federal carryover, enter the additional amount as a positive number on line 41.

**Health Savings Account (HSA) Distributions** – If you received a tax-free HSA distribution for qualified medical expenses, enter the qualified expenses paid that exceed 7.5% of federal AGI as an adjustment to itemized deductions. To determine the amount of the itemized deduction adjustment:

- Calculate the medical expense deduction for California.
- Calculate the medical expense deduction for federal.
- Subtract the federal amount from the California amount. Enter the amount on line 41, as a positive amount.

**Carryover Deduction of Appreciated Stock Contributed to a Private Foundation prior to January 1, 2002** – If deducting a charitable contribution carryover of appreciated stock donated to a private operating foundation prior to January 1, 2002, and the fair market value allowed for federal purposes is larger than the basis allowed for California purposes, enter the difference as a negative number on line 41.

**Interest on Loans from Utility Companies** – Taxpayers are allowed a tax deduction for interest paid or incurred on a public utility company financed loan that is used to purchase and install energy efficient equipment or products, including zone-heating products for a qualified residence located in California. Federal law has no equivalent deduction. Enter the amount as a positive number on line 41.

**Private Mortgage Insurance (PMI)** – If you took the deduction on federal Schedule A (Form 1040), line 13, then subtract the same amount on line 41.

**Claim of Right** – If you had to repay an amount that you included in your income in an earlier year, because at the time you thought you had an unrestricted right to it, you may be able to deduct the amount repaid from your income for the year in which you repaid it. Or, if the amount you repaid is more than \$3,000, you may take a credit against your tax for the year in which you repaid it, whichever results in the least tax.

If the amount repaid was not taxed by California, then no deduction or credit is allowed.

If you claimed a credit for the repayment on your federal tax return and are deducting the repayment for California, enter the allowable deduction as a positive amount on Schedule CA (540), line 41. Deductions of \$3,000 or less are subject to the 2% federal AGI limit.

If you deducted the repayment on your federal tax return and are taking a credit for California, enter the amount of the federal deduction as a negative amount on Schedule CA (540), line 41. To help you determine whether to take a credit or deduction, see the Repayment section of federal Publication 525, Taxable and Nontaxable Income. Remember to use the California tax rate in your computations. If you choose to take the credit instead of the deduction for California, add the credit amount on line 76, the total payment line, of the Form 540. To the left of the total, write "IRC 1341" and the amount of the credit.

**Line 43 – California Itemized Deductions**

Is the amount on Form 540, line 13 more than the amount shown below for your filing status?

Single or married/RDP filing separately . . . . . \$187,203  
 Head of household . . . . . \$280,808  
 Married/RDP filing jointly or qualifying widow(er) . . . . . \$374,411

**NO** Transfer the amount from line 42 to line 43. Do not complete the worksheet.

**YES** Complete the Itemized Deductions Worksheet below.

**Note:**

- If married or an RDP and filing a separate tax return, you and your spouse/RDP must either both itemize your deductions (even if the itemized deductions of one spouse/RDP are less than the standard deduction) or both take the standard deduction.
- Also, if someone else can claim you as a dependent, claim the greater of the standard deduction or your itemized deductions. See the instructions for "California Standard Deduction Worksheet for Dependents" within the Form 540 Personal Income Tax Booklet to figure your standard deduction.

<b>Itemized Deductions Worksheet</b>	
1. Amount from Schedule CA (540), line 42 . . . . .	1 _____
2. Add the amounts on federal Schedule A (Form 1040), line 4, line 14, and line 20 plus any gambling losses included on line 28 . . . . .	2 _____
3. Subtract line 2 from line 1 . . . . . If zero, STOP. Enter the amount from line 1 on Schedule CA (540), line 43.	3 _____
4. Multiply line 3 by 80% (.80). . . . .	4 _____
5. Amount from Form 540, line 13. . . . .	5 _____
6. Enter the amount shown above for your filing status. . . . .	6 _____
7. Subtract line 6 from line 5 . . . . . Note: If zero or less, STOP. Enter the amount from line 1 on Schedule CA (540), line 43.	7 _____
8. Multiply line 7 by 6% (.06). . . . .	8 _____
9. Compare line 4 and line 8. Enter the smaller amount here. . . . .	9 _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter here and on Schedule CA (540), line 43 . . . . .	10 _____

**Line 44 – Amount from Line 43 or Standard Deduction**

If your filing status is Married/RDP filing separately and your spouse itemizes, enter the amount from line 43 (even if the standard deduction is larger).



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# 2017 Instructions for California Schedule D (540)

## California Capital Gain or Loss Adjustment

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

### General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the IRC as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

### Purpose

Use California Schedule D (540), California Capital Gain or Loss Adjustment, **only** if there is a difference between your California and federal capital gains and losses.

Get FTB Pub. 1001, for more information about the following:

- Disposition of property inherited before 1987.
- Gain on the sale or disposition of a qualified assisted housing development to low-income residents or to specific entities maintaining housing for low-income residents.
- Capital loss carryback.

### Installment Sales.

If you sold property at a gain (other than publicly traded stocks or securities) and you will receive a payment in a tax year after the year of sale, report the sale on the installment method unless you elect not to do so. Get form FTB 3805E, Installment Sale Income. Also, use that form if you received a payment in 2017, for an installment sale made in an earlier year.

You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (540) (or Schedule D-1, Sales of Business Property, for business assets) in the year of the sale and filing your return on or before the due date.

### At-Risk Rules and Passive Activity Limitations.

If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and the amounts in the activity for which you are not at risk, get and complete federal Form 6198, At-Risk Limitations, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it becomes subject to the passive activity rules. Get form FTB 3801, Passive Activity Loss Limitations.

### Specific Line Instructions

#### Line 1 – List each capital asset transaction.

**Column (a) – Description of Property.** Describe the asset you sold or exchanged.

**Column (b) – Sales Price.** Enter in this column either the gross sales price or the net sales price. If you received a Form 1099-B, Proceeds From Broker and Barter Exchange Transactions; Form 1099-S, Proceeds From Real Estate Transactions; or similar statement showing the gross sales price, enter that amount in column (b). However, if box 6 of Form 1099-B indicates that net proceeds were reported to the IRS, enter that net amount in column (b). If you entered the net amount in column (b), **do not** include the commissions and option premiums in column (c).

**Column (c) – Cost or Other Basis.** In general, the cost or other basis represents the cost of the property plus purchase commissions and improvements, minus depreciation, amortization, and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c). If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences include:

- **Depreciation Methods and Property Expensing** – Before 1987, California law disallowed the use of accelerated cost recovery system and disallowed the use of an asset depreciation range 20% above or below the standard rate. California has different limits on the expensing of property under IRC Section 179. California law permits rapid write-off of certain property such as solar energy systems, pollution control devices, and property used in an Enterprise Zone, Local Agency Military Base Recovery Area, Targeted Tax Area, or Los Angeles Revitalization Zone.
- **Inherited Property** – The California basis of property inherited from a decedent is generally the fair market value at the time of death.
- **S Corporation Stock** – Prior to 1987, California law did not recognize S corporations; therefore, your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss, and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss, and distributions received during the time your stock qualified for federal S corporation treatment. Effective for taxable years beginning on or after January 1, 2002, any corporation with a valid federal S corporation election is considered an S corporation for California purposes. Existing law already requires federal C corporations to be treated as C corporations for California purposes.
- **Special Credits** – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.
- **Qualified Small Business Stock** – California does not conform to the qualified small business stock deferral and gain exclusion under IRC Section 1045 and IRC Section 1202. Enter the entire gain realized in column (e).

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

**Line 2 – Net Gain or (Loss) Shown on California Schedule(s) K-1 (100S, 541, 565, and 568).**

Combine gain(s) and loss(es) from all California Schedule(s) K-1 (100S, 541, 565, and 568), Share of Income, Deductions, Credits, etc. See California Schedule K-1 (100S, 541, 565, and 568) instructions for more information on capital gains and losses. Enter the net loss on line 2, column (d), or the net gain on line 2, column (e).

**Line 3 – Capital Gain Distributions.**

If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D (540). If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

**Line 6 – 2016 California Capital Loss Carryover.**

If you were a resident of California for all prior years, enter your California capital loss carryover from 2016. However, if you were a nonresident of California during any taxable year that generated a portion of your 2016 capital loss carryover, recalculate your 2016 capital loss carryover as if you resided in California for all prior years. Get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency, for more information. Enter your California capital loss carryover amount from 2016 on line 6.

**Line 8 – Net Gain or Loss.**

If the amount on line 4 is more than the amount on line 7, subtract line 7 from line 4. Enter the difference as a gain on line 8.

If the amount on line 7 is more than the amount on line 4, subtract line 4 from line 7 and enter the difference as a negative amount on line 8.

Use the worksheet on this page to figure your capital loss carryover to 2018.

**Line 9**

If line 8 is a net capital loss, enter the smaller of the loss on line 8 or \$3,000 (\$1,500 if you are married or an RDP filing a separate return).

**Line 12a**

Compare the amounts entered on line 10 and line 11 to figure the adjustment to enter on Schedule CA (540), line 13, column B.

**For example:**

**Loss on line 10 is less than loss on line 11.**

Federal loss on line 10 is . . . . . (\$1,000)  
California loss on line 11 is . . . . . (\$2,000)  
Difference between line 10 and line 11 . . . . . \$1,000

**Gain on line 10 and loss on line 11.**

Federal gain on line 10 is . . . . . \$3,000  
California loss on line 11 is . . . . . (\$3,000)  
Difference between line 10 and line 11 . . . . . \$6,000

**Line 12b**

Compare the amounts on line 10 and 11 to figure the adjustment to enter on Schedule CA (540), line 13, column C.

**For example:**

**Loss on line 10 is more than loss on line 11.**

Federal loss on line 10 is . . . . . (\$2,000)  
California loss on line 11 is . . . . . (\$1,000)  
Difference between line 11 and line 10 . . . . . \$1,000

**Loss on line 10 and gain on line 11.**

Federal loss on line 10 is . . . . . (\$2,000)  
California gain on line 11 is . . . . . \$5,000  
Difference between line 10 and line 11 . . . . . \$7,000

**California Capital Loss Carryover Worksheet**

1. Loss from Schedule D (540), line 11, stated as a positive number. . . . . 1 \_\_\_\_\_
2. Amount from Form 540, line 17 . . . . . 2 \_\_\_\_\_
3. Amount from Form 540, line 18 . . . . . 3 \_\_\_\_\_
4. Subtract line 3 from line 2. If less than zero, enter as a negative amount. . . . . 4 \_\_\_\_\_
5. Combine line 1 and line 4. If less than zero, enter -0-. . . . . 5 \_\_\_\_\_
6. Loss from Schedule D (540), line 8 . . . . . 6 \_\_\_\_\_
7. Enter the smaller of line 1 or line 5 . . . . . 7 \_\_\_\_\_
8. Subtract line 7 from line 6. This is your capital loss carryover to 2018 . . . . . 8 \_\_\_\_\_

- **On or after September 11, 2001.** If you claimed the 30% additional depreciation for federal purposes, California has not conformed to the federal Job Creation and Worker Assistance Act of 2002 which allows taxpayers to take an additional first year depreciation deduction and Alternative Minimum Tax depreciation adjustment for property placed in service after September 10, 2001.

Get FTB Pub. 1001 for more information on differences between California and federal law for the following items:

- Amortization of certain intangibles (IRC Section 197)
- Grapevines subject to Phylloxera or Pierce's disease
- Additional depreciation (IRC Section 168(k))
- Startup expenses (IRC Section 195)
- Asset expense election (IRC Section 179)

California generally conforms to the federal 2003 increase (IRC Section 280F) for the limitation on luxury automobile depreciation. In addition, SUVs and minivans built on a truck chassis are included in the definition of trucks and vans when applying the 6,000 pound gross weight limit. However, California does not conform to the federal increase to first-year depreciation for qualified vehicles placed in service in 2010.

Differences may also occur for other less common reasons, and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. Get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If reporting a difference for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations, for more information about passive activities.

**Do not** use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. Instead, see the instructions for Schedule CA (540 or 540NR), line 41.

## Specific Line Instructions

Prepare and file a separate form FTB 3885A for each business or activity on your tax return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete Part II, Election to Expense Certain Tangible Property (IRC Section 179), only once.

### Part I Identify the Activity as Passive or Nonpassive

**Line 1** – Check the box to identify the activity as passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801. Beginning in 1994, and for federal purposes only, rental real estate activities of persons in real property business are not automatically treated as passive activities. California did not conform to this provision.

### Part II Election To Expense Certain Tangible Property

If you qualify, you may elect to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Publication 946, How to Depreciate Property. To qualify, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 2017, or have a carryover of unused cost from 2016. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense.

Federal limitation amounts may be different than California limitation amounts. For California purposes, the maximum IRC Section 179 expense deduction allowed for 2017 is \$25,000.

Complete the worksheet in the next column to figure IRC Section 179 expense for California. Include all assets qualifying for the deduction because the limit applies to all qualifying assets as a group rather than to each asset individually. **Refer to federal Form 4562, Depreciation and Amortization, for more information.**

Tangible Property Expense Worksheet		
<b>1</b>	Maximum dollar limitation for California	<b>1</b> \$25,000
<b>2</b>	Total cost of Section 179 property placed in service	<b>2</b> _____
<b>3</b>	Threshold cost of Section 179 property before reduction in limitation	<b>3</b> \$200,000
<b>4</b>	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	<b>4</b> _____
<b>5</b>	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-	<b>5</b> _____
<b>(a) Description of property</b>	<b>(b) Cost</b>	<b>(c) Elected cost</b>
<b>6</b>		
<b>7</b>	Listed property (elected Section 179 cost)	<b>7</b> _____
<b>8</b>	Total elected cost of Section 179 property. Add line 6 column (c) and line 7	<b>8</b> _____
<b>9</b>	Tentative deduction. Enter the smaller of line 5 or line 8	<b>9</b> _____
<b>10</b>	Carryover of disallowed deduction from 2016	<b>10</b> _____
<b>11</b>	Enter the smaller of business income (not less than zero) or line 5	<b>11</b> _____
<b>12</b>	Section 179 expense deduction for California. Add line 9 and line 10, but do not enter more than line 11. Also, enter the result on form FTB 3885A, line 2	<b>12</b> _____
<b>13</b>	Carryover of disallowed deduction to 2018. Add line 9 and line 10. Subtract line 12 from the result	<b>13</b> _____

## Part III Depreciation

**Line 3** – Complete column (a) through column (f) for each tangible asset or group of assets placed in service during the tax year. Use the California basis for assets on which you elected to take the Section 179 deduction. The California basis will be the difference between line 6, column (b) and line 6, column (c) of the Tangible Property Expense Worksheet in Part II.

**Line 8a and Line 8b** – Are you using this form as a worksheet in connection with form FTB 3801?

**Yes** Enter the amount from line 8a or line 8b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

**No** Include the amount from line 8a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C (Form 1040), Profit or Loss From Business, activities; on line 17 for federal Schedule E (Form 1040), Supplemental Income and Loss, activities; or on line 18 for federal Schedule F (Form 1040), Profit or Loss From Farming, activities.

Include the amount from line 8b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

## Part IV Amortization

**Line 9** – Complete column (a) through column (f) for intangible assets placed in service during the tax year. Use the California basis and the California recovery period.

**Line 14a and Line 14b** – Are you using this form as a worksheet in connection with form FTB 3801?

**Yes** Enter the amount from line 14a or line 14b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

**No** Include the amount from line 14a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

Include the amount from line 14b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.

**TAX PAYMENT WORKSHEET KEEP FOR YOUR RECORDS**

<b>1</b> Total tax you expect to owe. This is the amount you expect to enter on Form 540, line 64; or Long Form 540NR, line 74 . . . . .	<b>1</b>	00
<b>2</b> Payments and credits:		
<b>a</b> California income tax withheld (including real estate and nonresident withholding) . . . . .	<b>2a</b>	00
<b>b</b> California estimated tax payments and amount applied from your 2016 tax return. . . . .	<b>2b</b>	00
(To check your estimated tax payments go to <b>ftb.ca.gov</b> and login or register for MyFTB.)		
<b>c</b> Other payments and credits (including any tax payments made with any previous form FTB 3519) . . . . .	<b>2c</b>	00
<b>3</b> Total tax payments and credits. Add line 2a, line 2b, and line 2c . . . . .	<b>3</b>	00
<b>4</b> Tax due. Is line 1 more than line 3? . . . . .	<b>4</b>	00

- **No. Stop here.** You have no tax due. **Do not** mail form FTB 3519. If you file your tax return by October 15, 2018 (fiscal year filer – see instructions), the automatic extension will apply.
- **Yes.** Subtract line 3 from line 1 and enter on line 4. This is your tax due. For online payments, **do not** mail the form, go to **ftb.ca.gov/pay** for more information. If you meet the requirements of the Mandatory e-Pay program, you must make all payments electronically, regardless of the taxable year or amount. Go to **ftb.ca.gov/e-pay**. For check or money order payments, using black or blue ink, complete your check or money order and form FTB 3519. Enter the tax due amount from line 4 as the “Amount of payment.” Make your check or money order payable to the “Franchise Tax Board,” and write your SSN or ITIN and “2017 FTB 3519” in the “For” section. Enclose, but **do not** staple your payment to form FTB 3519 and mail to:  
**FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0008.**

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**[ftb.ca.gov](http://ftb.ca.gov)**

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# 2018 Instructions for Form 540-ES Estimated Tax For Individuals

## General Information

**Installment Payments** – Installments due shall be 30% of the required annual payment for the 1st required installment, 40% of the required annual payment for the 2nd required installment, no installment is due for the 3rd required installment, and 30% of the required annual payment for the 4th required installment.

**Mandatory Electronic Payments** – You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original tax return with a total tax liability over \$80,000. Once you meet the threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals who do not send the payment electronically will be subject to a 1% noncompliance penalty. For more information go to [ftb.ca.gov/e-pay](http://ftb.ca.gov/e-pay). Electronic payments can be made using Web Pay on the Franchise Tax Board's (FTB's) website, electronic funds withdrawal (EFW) using tax preparation software, or your credit card.

## A Purpose

Use Form 540-ES, Estimated Tax for Individuals, and the 2018 CA Estimated Tax Worksheet, to determine if you owe estimated tax for 2018 and to figure the required amounts. Estimated tax is the tax you expect to owe in 2018 after subtracting the credits you plan to take and tax you expect to have withheld.

If you need to make a payment for your 2017 tax liability or make a separate payment for any balance due on your 2017 tax return, use form FTB 3519, Payment for Automatic Extension for Individuals.

Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See Section C for more information. Check for estimated payments we've received at [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer, or by calling EDD at **888.745.3886**. You can download the Form DE 4 from EDD's website at [edd.ca.gov](http://edd.ca.gov) or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **de 4**.

Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

## B Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least \$500 (\$250 if married/RDP filing separately) in tax for 2018 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 2018 tax return; or
2. 100% of the tax shown on your 2017 tax return including Alternative Minimum Tax (AMT).

### Note:

- You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2018 and did not have a California tax liability in 2017, see Section C for more information.
- If you are a military servicemember not domiciled in California, do not include your military pay in your computation of estimated tax payments. If you are the nonmilitary spouse of a servicemember you may or may not need to include your pay in your computation of estimated tax payments. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

If you and your spouse/RDP paid joint estimated tax payments, but are now filing separate income tax returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payments. If you want the estimated tax payments to be divided, notify the FTB before you file the income tax returns so that the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATE CREDIT ALLOCATION MS F283  
TAXPAYER SERVICES CENTER  
FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0040

## C Limit on the Use of Prior Year's Tax

Individuals who are required to make estimated tax payments, and whose 2017 California adjusted gross income is more than \$150,000 (or \$75,000 if married/RDP filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2018 or 110% of their tax for 2017 including AMT. This rule does not apply to farmers or fishermen.

Taxpayers with 2018 California adjusted gross income equal to or greater than \$1,000,000 (or \$500,000 if married/RDP filing separately), must figure estimated tax based on their tax for 2018.

## D When to Make Your Estimated Tax Payments

Pay your estimated payments by the dates shown below:

1st payment	April 17, 2018
2nd payment	June 15, 2018
3rd payment	September 17, 2018
4th payment	January 15, 2019

\*Due to the federal Emancipation Day holiday on April 16, 2018, tax returns filed and payments mailed or submitted on April 17, 2018, will be considered timely.

**Filing an Early Tax Return In Place of the 4th Installment.** If you file your 2018 tax return by January 31, 2019, and pay the entire balance due, you do not have to make your last estimated tax payment. In addition, you will not owe a penalty for the fourth installment.

**Annualization Option.** If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with the 2017 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

**Farmers and Fishermen.** If you are a farmer or fisherman, and at least two-thirds of your 2017 and 2018 gross income is from farming or fishing, you may do either of the following:

- Pay all of your estimated tax by January 15, 2019.
- File your tax return for 2018 on or before March 1, 2019, and pay the total tax due. In this case, you need not make estimated tax payments for 2018. Use the 2017 form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you paid the required estimated tax. If the estimated tax is underpaid, attach the completed form FTB 5805F to the back of your tax return.

**Fiscal Year.** If you file your tax return on a fiscal year basis, your due dates will be the 15th day of the 4th, 6th, and 9th months of your fiscal year and the 1st month of the following fiscal year. If the due date falls on a weekend, or legal holiday, use the next business day.



**Mental Health Services Tax.** If your taxable income or nonresident CA source taxable income is more than \$1,000,000, complete the worksheet below.

A. Taxable income from Form 540, line 19, or Long Form 540NR, line 35 .....	_____
B. Less: .....	\$(1,000,000)
C. Subtotal .....	_____
D. Tax rate – 1% .....	x .01
E. <b>Mental Health Services Tax</b> – Multiply line C by line D. Enter this amount here and on line 17 of the 2018 CA Estimated Tax Worksheet, on the next page. ....	_____

## E How to Use Form 540-ES Payment Form

Use the CA Estimated Tax Worksheet and your 2017 California income tax return as a guide for figuring your 2018 estimated tax. Be sure that the amount shown on line 21 of the CA Estimated Tax Worksheet has been reduced by any overpaid tax on your 2017 tax return which you chose to apply toward your 2018 estimated tax payment.

### Note:

- If you filed Form 540 2EZ for 2017, **do not** use the Form 540 2EZ instructions to figure amounts on this worksheet. Instead, get the 2017 California 540 Personal Income Tax Booklet.
- Complete Form 540-ES using black or blue ink:
  1. Complete the Record of Estimated Tax Payments on the next page for your files.
  2. Paying your tax:

**Web Pay** – Make a payment online or schedule a future payment (up to one year in advance), go to [ftb.ca.gov/pay](http://ftb.ca.gov/pay) for more information. **Do not mail** Forms 540-ES to us.

**Electronic Funds Withdrawal (EFW)** – Individuals can make an extension or estimated tax payment using tax preparation software. Check with your software provider to determine if they support EFW for extension or estimated tax payments.

**Credit card** – Use your Discover, MasterCard, Visa, or American Express Card to pay your tax. Call 800.272.9829 or go to [officialpayments.com](http://officialpayments.com), use code 1555. Official Payments Corp. charges a fee for this service. **Do not mail** Forms 540-ES if you pay by credit card.

**Check or money order** – There is a separate payment form for each due date. Be sure you use the form with the correct due date shown in the top margin of the form.

Fiscal year filers: Enter the month of your fiscal year end (located directly below the form's title).

Print your name, address, and social security number (SSN) or individual taxpayer identification number (ITIN) in the space provided on Form 540-ES. If you have a foreign address, enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. Do not abbreviate the country name.

Complete the amount of payment line of the form by entering the amount of the payment that you are sending. Using black or blue ink, make your check or money order payable to the "Franchise Tax Board." Write your SSN or ITIN and "2018 Form 540-ES" on it and mail to the address in Section F.

Make all checks and money orders payable in U.S. dollars and drawn against a U.S. financial institution.

## F Where to Mail Estimated Tax Payments

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0008

## G Failure to Make Estimated Tax Payments

If you do not make the required estimate payments, if you pay an installment after the date it is due, or if you underpay any installment, a penalty may be assessed on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. Get the 2017 form FTB 5805 for more information.

**2018 California Estimated Tax Worksheet** Keep this worksheet for your records.

- 1 Residents:** Enter your estimated 2018 California AGI. Nonresidents and part-year residents: Enter your estimated 2018 total AGI from all sources. Military servicemember/spouses, get FTB Pub. 1032, Tax Information for Military Personnel . . . . . **1** \_\_\_\_\_
- 2 a** If you plan to itemize deductions, enter the estimated total of your itemized deductions . . . . . **2a** \_\_\_\_\_
- b** If you do not plan to itemize deductions, enter the standard deduction for your filing status:  
 \$4,236 single or married/RDP filing separately  
 \$8,472 married/RDP filing jointly, head of household, or qualifying widow(er) . . . . . **2b** \_\_\_\_\_
- c** Enter the amount from line 2a or line 2b, whichever applies . . . . . **2c** \_\_\_\_\_
- 3** Subtract line 2c from line 1 . . . . . **3** \_\_\_\_\_
- 4** Tax. Figure your tax on the amount on line 3 using the 2017 tax table for Form 540, or Long Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Certain Children with Investment Income, and form FTB 3803, Parents' Election to Report Child's Interest and Dividends . . . . . **4** \_\_\_\_\_
- 5 Residents:** Skip to line 6a. **Nonresidents and part-year residents:**
- a** Enter your estimated 2018 California taxable income from Schedule CA (540NR), Part IV, line 49 . . . . . **5a** \_\_\_\_\_
- b** Compute the CA Tax Rate:  $\frac{\text{Tax on total taxable income from line 4}}{\text{Total taxable income from line 3}}$  . . . . . **5b** \_\_\_\_\_
- c** Multiply the amount on line 5a by the CA Tax Rate on line 5b . . . . . **5c** \_\_\_\_\_
- 6 a Residents:** Enter the exemption credit amount from the 2017 instructions for Form 540. . . . . **6a** \_\_\_\_\_
- b Nonresidents or part-year residents:** Enter the CA credit proration percentage. Divide line 5a by line 3. If more than 1 enter 1.0000 . . . . . **6b** \_\_\_\_\_
- 7 Nonresidents:** CA prorated exemption credits. Multiply the total exemption credit amount by line 6b . . . . . **7** \_\_\_\_\_
- 8 Residents:** Subtract line 6a from line 4. **Nonresidents or part-year residents:** Subtract line 7 from line 5c . . . . . **8** \_\_\_\_\_
- 9** Tax on accumulation distribution of trusts. See instructions for form FTB 5870A, Tax on Accumulation Distribution of Trusts . . . . . **9** \_\_\_\_\_
- 10** Add line 8 and line 9 . . . . . **10** \_\_\_\_\_
- 11** Credits for joint custody head of household, dependent parent, senior head of household, and child and dependent care expenses. **11** \_\_\_\_\_
- Nonresidents and part-year residents:** For the child and dependent care expenses credit, use the amount from your 2017 Long Form 540NR, line 50. For the other credits listed on line 11, multiply the total 2017 credit amount by the ratio on line 6b.
- 12** Subtract line 11 from line 10. . . . . **12** \_\_\_\_\_
- 13** Other credits (such as other state tax credit). See the 2017 instructions for Form 540, or Long Form 540NR. . . . . **13** \_\_\_\_\_
- 14** Subtract line 13 from line 12. . . . . **14** \_\_\_\_\_
- 15** Interest on deferred tax from installment obligations under IRC Sections 453 or 453A . . . . . **15** \_\_\_\_\_
- 16** Alternative Minimum Tax. See Schedule P (540 or 540NR) . . . . . **16** \_\_\_\_\_
- 17** Mental Health Services Tax Worksheet, line E (on page 62 of these instructions). . . . . **17** \_\_\_\_\_
- 18** 2018 Estimated Tax. Add line 14 through line 17. Enter the result, but not less than zero . . . . . **18** \_\_\_\_\_
- 19 a** Multiply line 18 by 90% (.90). Farmers and fishermen multiply line 18 by 66 2/3% (.6667) . . . . . **19a** \_\_\_\_\_
- b** Enter the sum of line 48, line 61, and line 62 from your 2017 Form 540 or the sum of line 63, line 71, and line 72 from your Long Form 540NR. . . . . **19b** \_\_\_\_\_
- c** Enter the amount from your 2017 Form 540 line 17; or Long Form 540NR, line 32 . . . . . **19c** \_\_\_\_\_
- d** Is the amount on line 19c more than \$150,000 (\$75,000 if married/RDP filing separately)?  
**Yes.** Go to line 19e. **No.** Enter the lesser of line 19a or line 19b. Skip line 19e and 19f and go to line 20. . . . . **19d** \_\_\_\_\_
- e** Multiply 110% (1.10) by line 19b . . . . . **19e** \_\_\_\_\_
- f** Enter the lesser of line 19a or line 19e and go to line 20 ( If your California AGI is equal to or greater than \$1,000,000/\$500,000 for married filing separately, use line 19a.) . . . . . **19f** \_\_\_\_\_
- Caution:** Generally, if you do not prepay at least the amount on line 19d (or 19f if no amount on line 19d), you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimated tax on line 18 is as accurate as possible. If you prefer, you may pay 100% of your 2018 estimated tax (line 18).
- 20** California income tax withheld and estimated to be withheld during 2018 (include withholding on pensions, annuities, etc.) . . . . . **20** \_\_\_\_\_
- 21 Balance.** Subtract line 20 from line 19d (or line 19f if no amount on line 19d). If less than \$500 (or less than \$250, if married/RDP filing separately), you do not have to make a payment at this time. . . . . **21** \_\_\_\_\_
- 22 Installment amount.** Multiply the amount on line 21 by 30%. Enter the results on the 1st and 4th installments of your Forms 540-ES. Multiply the amount on line 21 by 40%. Enter the result on the 2nd installment of your Forms 540-ES. There is not a required 3rd installment payment. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D.

**Record of Estimated Tax Payments**

Payment form number	(a) Date	(b) Web Pay/Credit card and confirmation number	(c) Amount paid	(d) 2017 overpayment applied	(e) Total amount paid and credited add (c) and (d)
<b>1</b>			\$	\$	\$
<b>2</b>					
<b>3</b>					
<b>4</b>					
<b>Total</b>			\$	\$	\$

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**[ftb.ca.gov](http://ftb.ca.gov)**

# 2017 Instructions for Form FTB 3506

## Child and Dependent Care Expenses Credit

### General Information

Attach the completed form FTB 3506, Child and Dependent Care Expenses Credit, to your Form 540, California Resident Income Tax Return, or Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, if you claim the child and dependent care expenses credit.

For taxable years beginning on and after January 1, 2011 the child and dependent care expenses credit is **nonrefundable**.

**Registered Domestic Partners (RDP)** – For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP, they refer to both a California registered domestic “partner” and a California registered domestic “partnership,” as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

### A Purpose

You may qualify to claim the 2017 credit for child and dependent care expenses, if you (and your spouse/RDP) paid someone in California to care for your child or other qualifying person while you worked or looked for employment. You must have earned income to do so. If you qualify to claim the credit, use form FTB 3506 to figure the amount of your credit.

If you received dependent care benefits for 2017 but do not qualify to claim the credit, you are not required to complete form FTB 3506. For additional definitions, requirements, and instructions, get federal Form 2441, Child and Dependent Care Expenses.

### B Differences in California and Federal Law

The differences between California and federal law are as follows:

- California allows this credit only for care provided in California.
- If you were a nonresident, you must have earned wages from working in California or earned self-employment income from California business activities.
- The California credit is a percentage of the federal credit.
- RDPs may file a joint California return and claim this credit. For more information, get FTB Pub. 737.

### C Qualifications

You may take the credit if **all eight** of the following apply.

1. If you are married or an RDP, you must file a joint tax return. For an exception, see Section E, Married Persons or RDPs Filing Separate Returns.
2. Care must be provided in California for one or more qualifying persons. See Section D, Qualifying Person Defined.
3. You paid for care so you (and your spouse/RDP) could work or look for work. However, if you did not find a job and have no earned income, you do not qualify for the credit. If your spouse/RDP was a student or disabled, see the instructions for Part III, line 5.
4. You (and your spouse/RDP) must have earned income (wages or self-employment income) during the year. See the instructions for Part III, line 4, for more information on earned income.
5. You and the qualifying person(s) live in the same home for more than half the year.
6. The person who provided care was not your spouse/RDP, the parent of your qualifying child, or a person for whom you can claim a dependent exemption. If your child provided the care, the child must have been age 19 or older by the end of 2017.
7. You report the required information about the care provider(s) in Part II, line 1, and the information about the qualifying person(s) in Part III, line 2.
8. Your federal adjusted gross income is \$100,000 or less.

### D Qualifying Person Defined

Rules for Most People	
A qualifying person is:	
1.	A child under age 13 who meets the requirements to be your dependent as a Qualifying Child. A child who turned 13 during the year qualifies only for the part of the year when he or she was 12 years old; or
2.	Your spouse/RDP who was physically or mentally incapable of self-care ; or
3.	Any person who was physically or mentally incapable of self-care and either: <ol style="list-style-type: none"> <li>a. Was your dependent.</li> <li>b. Would have been your dependent except that:               <ol style="list-style-type: none"> <li>i. He or she received gross income of \$4,050 or more.</li> <li>ii. He or she filed a joint tax return.</li> <li>iii. You, or your spouse/RDP if filing a joint tax return, could be claimed as a dependent on someone else's 2017 tax return.</li> </ol> </li> </ol>

#### Qualifying Child

A Qualifying Child is a child who meets **all** of the following tests:

- **Relationship Test** – The child must be your son, daughter, stepchild, adopted child, eligible foster child, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of one of these. An adopted child includes a child who has been lawfully placed with you for legal adoption even if the adoption is not yet final. An eligible foster child must be placed with you by an authorized placement agency or by a court.
- **Age Test** – For the purposes of qualifying for the Child and Dependent Care Expenses Credit, the child must be under 13.
- **Residency Test** – The child must live with you for more than half the year.
- **Support Test** – The child must not have provided more than half of his or her own support.
- **Joint Return Test** – The child must not have filed a joint federal or state income tax return with his or her spouse/RDP.
- **Citizenship Test** – The child must be a citizen or national of the U.S. or a resident of the U.S., Canada, or Mexico.

Tie-Breaker Rules: Qualifying Child of More Than One Person*	
If an individual may be claimed as a qualifying child by two or more taxpayers for the same taxable year, the following rules apply:	
If...	Then the child will be treated as the qualifying child of the...
Only one of the persons is the child's parent	Parent.
Both of the persons are the child's parent but they do not file a joint return	Parent with whom the child lived for the longer period of time during the year. If the child lived with both parents for the same amount of time, the parent who had the higher adjusted gross income for the year.
The child's parents can claim the child as a qualifying person but neither parent does	Person with the highest adjusted gross income (AGI) of all persons claiming the child, but only if that person's AGI is higher than the highest AGI of any of the child's parents.
No parent can claim the child as a qualifying child	Person with the highest adjusted gross income of all persons claiming the child.

\*These rules assume all other qualifying child requirements are satisfied.

#### Divorced, RDP Terminated, Separated, or Never-Married Parents

For divorced, RDP terminated, separated, or never-married parents, special rules apply in determining if your child meets the requirements to be your qualifying person. When parents file separate returns, only one parent qualifies to claim a child as a qualifying person.

Even if both parents pay for child care for the same child, both parents cannot qualify for the credit. Some custody agreements designate which parent is entitled to the credit. However, the designated parent must meet all the qualifications in Section C, Qualifications, to claim the credit. To verify that your child meets the requirements to be your qualifying person, use the table below.

RULES FOR DIVORCED, RDP TERMINATED, SEPARATED, OR NEVER-MARRIED PARENTS		
IF	AND	THEN
<b>ALL four</b> of the following apply: 1. Your child was under 13 and/or physically or mentally incapable of self-care when the care was provided. Children turning 13 during the year qualify only for the part of the year they were 12 years old. 2. One of the following applies a. You are divorced, legally separated, or have terminated a registered domestic partnership. b. You are separated under a written separation agreement. c. You and the other parent lived apart at all times during the last 6 months of the year. (This includes parents never married to each other.) 3. One or both parents had custody of the child for more than half the year. 4. One or both parents provided more than half the child's support for the year.	You were the custodial parent <b>and</b> you can claim the dependent exemption credit for the child.	The child is your qualifying person.
	You were the custodial parent and under the provisions of a decree of divorce, legal separation, termination of registered domestic partnership, or a written separation agreement, the noncustodial parent claimed the dependent exemption credit, or you signed a statement releasing the dependent exemption credit to the noncustodial parent.	The child is your qualifying person.
	You are <b>not</b> the custodial parent.	The child is <b>not</b> your qualifying person.
One or more of the four statements above do not apply.		Use the "Rules for Most People" in Section D.

**Custodial Parent and Noncustodial Parent.** The custodial parent is the parent with whom the child lived for the greater number of nights during the year. The other parent is the noncustodial parent. If the child lived with each parent for an equal number of nights during the year, the custodial parent is the parent with the higher adjusted gross income.

**Parent Works at Night.** If, due to a parent's night-time work schedule, a child lives for a greater number of days, but not nights, with the parent who works at night, that parent is treated as the custodial parent. On a school day, the child is treated as living at the primary residence registered with the school.

## E Married Persons or RDPs Filing Separate Tax Returns

Generally, if you are married or an RDP, you must file a joint tax return to claim the credit. However, you can take the credit on your separate tax return if:

- You meet all three requirements below:
  - You lived apart from your spouse/RDP at all times during the last six months of 2017.
  - The qualifying person(s) lived in your home more than half of 2017.
  - You provided over half the cost of keeping up your home.
- You meet all the other qualifications in Section C, Qualifications.

## F Nonresidents and Part-Year Residents

- You must complete and attach Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents, to your tax return, Long Form 540NR. If Part I of Schedule CA (540NR) is not fully completed, we may disallow your credit.
- Nonresidents must have earned income from California sources to qualify for the credit. A nonresident servicemember's military wages are considered earned income from a California source for the purpose of qualifying for the credit.
- Part-year residents must have earned income while a California resident or earned income from California sources while a nonresident to qualify for the credit.

## G Military Personnel

For the purposes of this credit, active duty pay is considered earned income from California sources, regardless of whether the servicemember is domiciled in California. The federal Military Spouses Residency Relief Act may affect the credit requirements for spouses of military servicemembers. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

## Specific Line Instructions

### Part I, Unearned Income and Other Funds Received in 2017

List the source and amount of **any** money you received in 2017 that is not included in your earned income (Part III, line 4 and line 5) but that was used to support your household. Include child support, property settlements, public assistance benefits, court awards, inheritances, insurance proceeds, pensions and annuities, social security payments, workers' compensation, unemployment compensation, interest, and dividends.

### Part II, Persons or Organizations Who Provided the Care in California

#### Line 1

Complete line 1a through line 1g for each person or organization that provided the care in California. Only care provided in California qualifies for the credit. Use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for federal Form W-10 to get the information from your care provider. If your provider does not give you the information, complete as much of the information as possible and explain that your provider did not give you the information you requested.

If you do not give correct and complete information, we may disallow your credit unless you can show you used due diligence in trying to get the required information.

#### Lines 1a through Line 1c

Enter your California care provider's complete name (or business name), address, and telephone number (including the area code). If you do not give complete information, we may disallow your credit. We may contact your care provider to verify the information you provide.

If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name on line 1a. Next, enter "See W-2" on line 1b. Complete line 1c through line 1f. Then leave line 1g blank. But, if your employer paid a third party (not hired by your employer) on your behalf to provide care, you must provide information on the third party on line 1a through line 1g.

#### Line 1d

For each care provider, check one box indicating whether the care provider is a person or organization.

## Line 1e

If your care provider is	Then enter on line 1e
An individual	The provider's social security number (SSN) or Individual Taxpayer Identification Number (ITIN).
Not an individual	The provider's federal employer identification number (FEIN).
A tax-exempt organization	"Tax-exempt."

## Line 1f

Enter the complete physical address where the care was provided. A post office box is not acceptable. If you do not provide correct or complete information, your credit may be disallowed. Only care provided in California qualifies for the credit.

## Line 1g

Enter the total amount you **actually paid** in 2017 to your care provider for care provided in California. Also include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. **Do not** reduce this amount by any reimbursement you received.

We may ask you to provide proof of payment. Cash payments without verifiable documentation may not be accepted.

## Part III, Credit for Child and Dependent Care Expenses

### Line 2

Complete column (a) through column (e) for each qualifying person for whom care was provided in California. If claiming more than three qualifying persons, attach a sheet of paper to your tax return with the required information and write "see attached." Write your name and SSN or ITIN on the sheet.

#### Column (a)

Enter each qualifying person's name.

#### Column (b)

Enter each qualifying person's SSN. Verify that the name and SSN match the qualifying person's social security card to avoid the reduction or disallowance of your credit. If the person was born in, and later died in, 2017, and does not have a SSN, enter "Died" in column (b) and attach a copy of the person's birth and death certificates.

#### Column (c)

Enter the qualifying person's date of birth (mm/dd/yyyy) in the space provided or if the qualifying person is disabled (physically or mentally incapable of self-care), check the "Yes" box. Incomplete information could result in a delay or disallowance of your credit.

#### Column (d)

If you shared custody of the qualifying person(s), enter the percentage of time you possessed physical custody during 2017. If you have 50% or less physical custody of your child, you **do not** qualify for the credit.

#### Column (e)

Enter the qualified expenses you incurred and paid in 2017 for the qualifying person(s). Include only the qualified expenses for care provided in California. If the child turned 13 years old during the year, include only the qualified expenses for the part of the year the child was 12 years old.

Do not include in column (e) qualified expenses:

- You incurred in 2017 but did not pay until 2018. You may be able to use these expenses to increase your 2018 credit.
- You incurred in 2016 but did not pay until 2017. Instead, see instructions for line 11.
- You prepaid in 2017 for care to be provided in 2018. These expenses may only be used to figure your 2018 credit.

A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

**Qualified Expenses** are amounts paid for the care of your qualifying person while you worked or looked for work.

Qualified expenses include:	Qualified expenses do not include:
<ul style="list-style-type: none"> <li>The cost of care for the qualifying person's well-being and protection. If care was provided by a dependent care center, the center must meet all applicable state and local regulations.</li> <li>Cost of pre-school or similar program below the kindergarten level.</li> <li>Day camp, even if it specialized in a particular activity, such as soccer.</li> </ul>	<ul style="list-style-type: none"> <li>Child support payments.</li> <li>Payments made to the parent of your qualifying child.</li> <li>Payments made to your spouse/RDP.</li> <li>Payments made to your child who is under age 19 at the end of the year, even if he or she is not your dependent.</li> <li>Payments made to a dependent for whom you (or your spouse/RDP) can claim a dependent exemption.</li> <li>Expenses paid by or reimbursed through a subsidy program.</li> <li>Cost for education (school tuition) at the kindergarten level and above.</li> <li>Overnight camp.</li> </ul>

## Line 4

Earned income includes:	Earned income does not include:
<ul style="list-style-type: none"> <li>Wages, salary, tips, and other taxable employee compensation, as well as, military compensation including compensation for service in a combat zone.</li> <li>Net earnings from self-employment.</li> <li>Strike benefits.</li> <li>Disability payments you report as wages.</li> <li>Active duty pay received by servicemembers of the armed forces is considered earned income regardless of whether the servicemember is domiciled in this state or elsewhere.</li> </ul>	<ul style="list-style-type: none"> <li>Pensions or annuities</li> <li>Social security payments</li> <li>Workers' compensation</li> <li>Interest</li> <li>Dividends</li> <li>Capital gains</li> <li>Unemployment compensation</li> <li>Public assistance</li> <li>California service income excluded under the Military Spouses Residency Relief Act.</li> </ul>

Nonresidents and Part-Year Residents Only: Earned income from California sources includes:	Earned income does not include:
<ul style="list-style-type: none"> <li>Wages, salary, tips, and other taxable employee compensation for working in California, as well as, military compensation including compensation for service in a combat zone.</li> <li>Net earnings from self-employment from California business activities.</li> <li>Strike benefits related to California employment.</li> <li>Disability payments you report as California wages.</li> <li>Active duty pay received by servicemembers of the armed forces is considered earned income regardless of whether the servicemember is domiciled in this state or elsewhere.</li> </ul>	<ul style="list-style-type: none"> <li>Pensions or annuities</li> <li>Social security payments</li> <li>Workers' compensation</li> <li>Interest</li> <li>Dividends</li> <li>Capital gains</li> <li>Unemployment compensation</li> <li>Public assistance</li> <li>California service income excluded under the Military Spouses Residency Relief Act.</li> </ul>

## Line 5

### Spouse/RDP Who Was a Student or Disabled

Your spouse/RDP was a **student** if he or she was enrolled as a full-time student at a school during any 5 months of 2017. A school does not include a night school or correspondence school.

Your spouse/RDP was **disabled** if he or she was not capable of self-care. Figure your spouse's/RDP's earned income on a monthly basis.

For each month your spouse/RDP was a full-time student or disabled, enter on line 5 the larger of the following:

- Your spouse's/RDP's actual earned income for that month.
- \$250 (\$500, if you have 2 or more qualifying persons).

If, in the same month, both you and your spouse/RDP qualified as either full-time students or disabled, only one of you receive treatment as having earned income of \$250 (or \$500) in that month. For any month that your spouse/RDP was not a full-time student or disabled, use your spouse's/RDP's actual earned income for that month.

## Line 7

Use the chart below to determine the decimal amount to enter on line 7. Your federal adjusted gross income (AGI) is on Form 540, line 13 or Long Form 540NR, line 13. For military personnel domiciled outside of California, use your federal AGI less your military pay to determine the decimal amount to enter on line 7.

If your Federal AGI is:		The decimal amount on Line 7 is:
Over	But not over	
\$0	\$15,000	<b>.35</b>
15,000	17,000	<b>.34</b>
17,000	19,000	<b>.33</b>
19,000	21,000	<b>.32</b>
21,000	23,000	<b>.31</b>
23,000	25,000	<b>.30</b>
25,000	27,000	<b>.29</b>
27,000	29,000	<b>.28</b>
29,000	31,000	<b>.27</b>
31,000	33,000	<b>.26</b>
33,000	35,000	<b>.25</b>
35,000	37,000	<b>.24</b>
37,000	39,000	<b>.23</b>
39,000	41,000	<b>.22</b>
41,000	43,000	<b>.21</b>
43,000	No limit	<b>.20</b>

## Line 9

Use the chart below to determine the decimal amount to enter on line 9. For military personnel domiciled outside of California, use your federal AGI less your military pay to determine the decimal amount to enter on line 9.

If your federal AGI from Form 540, line 13 or Long Form 540NR, line 13 is:	The decimal amount to enter on Line 9 is:
\$40,000 or less	<b>.50</b>
Over \$40,000 but not over \$70,000	<b>.43</b>
Over \$70,000 but not over \$100,000	<b>.34</b>
Over \$100,000	<b>Stop. You do not qualify for this credit.</b>

## Line 11

If you had qualified expenses for care that was provided in 2016 that you paid for in 2017, you may be able to increase your credit for 2017. Complete the Worksheet on Side 2 of form FTB 3506. See Worksheet instructions on this page.

## Part IV, Dependent Care Benefits

## Line 13

Dependent care benefits are:

- Amounts an employer paid directly to you (or your spouse/RDP), or to your care provider for the care of your qualifying person(s), while you worked.
- A day-care facility provided by your employer.
- Generally deducted from your salary.
- Shown in box 10 of your 2017 Form(s) W-2.

## Line 14

Enter the amount from federal Form 2441, line 13.

## Line 15

If you had a flexible spending account, any amount included on line 13 that you did not receive because you did not incur the expense is considered forfeited. **Do not** include amounts you expect to receive at a future date.

## Line 17

Enter the total of all qualified expenses incurred in 2017. It does not matter when the expenses were paid.

A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

**Example:** You received \$2,000 cash under your employer's dependent care plan for 2017. The \$2,000 is shown in box 10 of your Form W-2. You incurred \$900 of qualified expenses in 2017 for the care of your 3-year-old dependent child. Enter \$900 on line 17, but report the entire \$2,000 on line 13.

For all other lines, follow specific line instructions on the form. For additional information, get federal Form 2441 or federal Publication 503, Child and Dependent Care Expenses.

## Line 20

If you are married or an RDP filing a separate return and you meet the requirements of Section E, Married Persons Filing Separate Returns, item 1, then enter your earned income from line 19. On line 22, enter \$5,000.

If you were married or an RDP and filed a separate return but did not meet the requirements of Section E, Married Persons Filing Separate Returns, item 1, then enter **your spouse's/RDP's earned income**. If your spouse/RDP was a student or disabled in 2017, see the instructions for line 5. On line 22, enter \$2,500.

## Worksheet – Credit for 2016 Expenses Paid in 2017

You will need a copy of your 2016 California tax return to complete the worksheet.

## Line 12 and line 14

You need the 2016 form FTB 3506 instructions to complete the Credit for 2016 Expenses Paid in 2017 Worksheet, on Side 2. Forms are available at [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or by calling 800.338.0505.

## Line 12

Enter the decimal amount from the chart in the line 7 instructions of the **2016** form FTB 3506 that corresponds to your **2016** federal adjusted gross income.

## Line 14

Enter the decimal amount from the chart in the line 9 instructions of the **2016** form FTB 3506 that corresponds to your **2016** California adjusted gross income.

# 2017 Instructions for Form FTB 3514

## California Earned Income Tax Credit

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

### What's New

#### Self-Employment Income

For taxable years beginning on or after January 1, 2017, California conforms to federal law to include in the definition of earned income, net earnings from self-employment for the California Earned Income Tax Credit (EITC).

#### Earned Income Thresholds

Earned income thresholds have increased for taxable year 2017. You may qualify for the refundable EITC if you have earned income of less than \$22,323.

### General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the IRC as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to **ftb.ca.gov** and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

#### Registered Domestic Partners (RDPs)

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

The refundable EITC is available to taxpayers who earned wage income in California and/or have net earnings from self-employment. This credit is similar to the federal Earned Income Credit (EIC) but with different income limitations. EITC reduces your California tax obligation, or allows a refund if no California tax is due. You do not need a child to qualify, but must file a California tax return to claim the credit and attach a completed form FTB 3514.

### A Purpose

Use form FTB 3514 to determine whether you qualify to claim the credit, provide information about your qualifying children, if applicable, and to figure the amount of your credit.

### B Differences in California and Federal Law

The differences between California and federal law are as follows:

- California allows this credit for wage income (wages, salaries, tips and other employee compensation) that is subject to California withholding.
- If you were a nonresident, you must have earned wage income that is subject to California withholding.
- Both your earned income and federal adjusted gross income (AGI) must be less than \$53,930 to qualify for the federal credit, and less than \$22,323 to qualify for the California credit.
- You may elect to include all of your (and/or all of your spouse/RDP's if filing jointly) nontaxable military combat pay in earned income for California purposes, whether or not you elect to include it for federal purposes. Get FTB Pub. 1032, Tax Information for Military Personnel, for special rules that apply to military personnel claiming the EITC.

### Specific Instructions

If certain requirements are met, you may claim the EITC even if you do not have a qualifying child. The amount of the credit is greater if you have a qualifying child, and increases with each child that qualifies, up to a maximum of three children. Follow Step 1 through Step 7 below to determine if you qualify for the credit and to figure the amount of the credit.

If your EITC was reduced or disallowed for any reason other than a math or clerical error and you now want to take the EITC then answer yes on line 1b within the form and follow Step 1 through Step 7 below to determine if you qualify for the credit.

Attach the completed form FTB 3514, California Earned Income Tax Credit, to your Form 540 or 540 2EZ, California Resident Income Tax Return; or Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, if you claim the California EITC.

### Step 1 Qualifications for All Filers

#### a. Federal AGI

If, in taxable year 2017:

- 3 or more qualifying children lived with you, is the amount on federal Form 1040, line 38; or federal Form 1040A, line 22, less than \$22,303?
- 2 qualifying children lived with you, is the amount on federal Form 1040, line 38; or federal Form 1040A, line 22, less than \$22,310?
- 1 qualifying child lived with you, is the amount on federal Form 1040, line 38; or federal Form 1040A, line 22, less than \$22,323?
- No qualifying children lived with you, is the amount on federal Form 1040, line 38; federal Form 1040A, line 22; or federal Form 1040EZ, line 4, less than \$15,009?

**Yes** Continue.

**No** Stop here, you cannot take the credit.

#### b. Do you, and your spouse/RDP if filing a joint return, have a social security number (SSN) that allows you to work and is valid for EITC purposes? See "Valid SSN" section within Step 3, Qualifying Child, for a full definition.

**Yes** Continue.

**No** Stop here, you cannot take the credit.

#### c. Is your filing status married filing separately?

**Yes** Stop here, you cannot take the credit.

**No** Continue.

#### d. Are you filing federal Forms 2555, Foreign Earned Income or 2555-EZ, Foreign Earned Income Exclusion (relating to foreign earned income)?

**Yes** Stop here, you cannot take the credit.

**No** Continue.

#### e. Were you or your spouse/RDP a nonresident alien for any part of 2017?

**Yes** If your filing status is married filing jointly, continue. Otherwise, stop; you cannot take the EITC.

**No** Continue.

#### f. If you are filing a Long or Short Form 540NR, did you and your spouse/RDP live in California for at least 183 days?

**Yes** Continue.

**No** Stop here, you cannot take the credit.

#### g. Complete line 1, line 2, and line 3 on the form. Then go to Step 2.



## Step 2 Investment Income

If you are filing Form 540 or Long Form 540NR complete Worksheet 1. If you are filing Form 540 2EZ or Short Form 540NR complete Worksheet 2.

<b>Worksheet 1 – Investment Income</b>	
<b>Form 540 and Long Form 540NR Filers</b>	
<b>Interest and Dividends</b>	
<b>1</b> Add and enter the amounts from federal Form 1040, line 8a and line 8b. . . .	<b>1</b> _____
<b>2</b> Enter the amount from federal Form 8814, Parents' Election to Report Child's Interest and Dividends, line 1b . . . . .	<b>2</b> _____
<b>3</b> Enter the amount from federal Form 1040, line 9a . . . . .	<b>3</b> _____
<b>4</b> Enter any amounts from federal Form 8814, line 12 for child's interest and dividends . . .	<b>4</b> _____
<b>Capital Gain Net Income</b>	
<b>5</b> Enter the amount from federal Form 1040, line 13. If the result is less than zero, enter -0- . . . . .	<b>5</b> _____
<b>6</b> Enter the gain from federal Form 4797 Sales of Business Property, line 7. If the amount on that line is a loss, enter -0-. (But, if you completed federal Form 4797, line 8 and line 9, enter the amount from line 9 instead) . . . . .	<b>6</b> _____
<b>7</b> Subtract line 6 from line 5. (If the result is less than zero, enter -0-) . . .	<b>7</b> _____
<b>Passive Activities</b>	
<b>8</b> Enter the total of net income from passive activities included on federal Form 1040, line 17 . . . . .	<b>8</b> _____
<b>Other Activities</b>	
<b>9</b> Enter any income from the rental of personal property included on federal Form 1040, line 21. If the result is zero or less, enter -0- . . . . .	<b>9</b> _____
<b>10</b> Enter any expenses related to the rental of personal property included as a write-in adjustment on federal Form 1040, line 36 . . .	<b>10</b> _____
<b>11</b> Subtract line 10 from line 9. (If the result is less than zero, enter -0-) . . .	<b>11</b> _____
<b>Investment Income</b>	
<b>12</b> Add the amounts on lines 1, 2, 3, 4, 7, 8, and 11. Enter the total. <b>This is your investment income</b> . . . . .	<b>12</b> _____
<b>13</b> Is the amount on line 12 more than <b>\$3,561</b> ?	
<b>Yes</b> Stop here, you cannot take the credit.	
<b>No</b> Enter the amount from line 12 on form FTB 3514, line 4. Go to Step 3.	

<b>Worksheet 2 – Investment Income</b>	
<b>Form 540 2EZ and Short Form 540NR Filers</b>	
<b>1</b> <b>Taxable interest.</b> Enter the amount from Form 540 2EZ, line 10. Short Form 540NR filers add and enter the amounts from federal Form 1099-INT, box 1 . . . . .	<b>1</b> _____
<b>2</b> <b>Nontaxable interest.</b> Add and enter the amounts from federal Form 1099-INT, box 3 and box 8, and the amount from federal Form 1099-DIV, box 10 . . . . .	<b>2</b> _____
<b>3</b> <b>Dividends.</b> Enter the amount from Form 540 2EZ, line 11 . . . . .	<b>3</b> _____
<b>4</b> <b>Capital gain net income.</b> Enter the amount from Form 540 2EZ, line 13. . . . .	<b>4</b> _____
<b>5</b> <b>Investment Income.</b> Add line 1, line 2, line 3 and line 4. Enter the amount here . . . . .	<b>5</b> _____
<b>6</b> Is the amount on line 5 more than <b>\$3,561</b> ?	
<b>Yes</b> Stop here, you cannot take the credit.	
<b>No</b> Enter the amount from line 5 on form FTB 3514, line 4. Go to Step 3.	

## Step 3 Qualifying Child

### Qualifying Child Definition

A qualifying child for the EITC is a child who meets the following conditions:

- Is your son, daughter, stepchild, foster child, brother, sister, stepbrother, stepsister, half brother, half sister, or a descendant of any of them (for example, your grandchild, niece, or nephew).
- Is under age 19 at the end of 2017 and younger than you (or your spouse/RDP, if filing jointly), or under age 24 at the end of 2017, a student, and younger than you (or your spouse/RDP, if filing jointly), or any age and permanently and totally disabled.
- Is not filing a joint return for 2017 or is filing a joint return for 2017 only to claim a refund of withheld income tax or estimated tax paid. Get federal Publication 596, Earned Income Credit, for examples.
- Lived with you in California for more than half of 2017. If the child did not live with you for the required time, see exceptions in the instructions for line 11.

**Note.** If the child was married or meets the conditions to be a qualifying child of another person (other than your spouse/RDP if filing a joint return), special rules apply. Get federal Publication 596 for more information.

### Qualifying Child Questionnaire

- a. Do you have at least one child who meets the conditions to be your qualifying child?
  - Yes** Continue.
  - No** Go to Step 4.
- b. Are you filing a joint return for 2017?
  - Yes** Complete form FTB 3514, Part III, line 5 through line 12. Go to Step 5.
  - No** Continue.
- c. Could you be a qualifying child of another person for 2017? (Answer "No" if the other person is not required to file, and is not filing, a 2017 tax return or is filing a 2017 return only to claim a refund of withheld income tax or estimated tax paid. Get federal Publication 596 for examples.)
  - Yes** Stop here, you cannot take the credit.
  - No** Complete form FTB 3514, Part III, line 5 through line 12. Go to Step 5.

## Line 7 – SSN

The child must have a valid SSN, as defined below, unless the child was born and died in 2017. If your child was born alive and died in 2017 and did not have an SSN, enter "Died" on this line and attach a copy of the child's birth certificate, death certificate, or hospital medical records or include it according to your software's instructions.

**Valid SSN.** For the EITC, a valid SSN is a number issued by the Social Security Administration unless "Not Valid for Employment" is printed on the social security card and the number was issued solely to allow the recipient of the SSN to apply for or receive a federally funded benefit. However, if "Valid for Work Only With DHS Authorization" is printed on the social security card, the SSN is valid for EITC purposes only as long as the DHS authorization is still valid.

An Individual Taxpayer Identification Number (ITIN) or Adoption Taxpayer Identification Number (ATIN) cannot be used to claim EITC. If you or your child has an ITIN or ATIN and later gets a SSN that is valid for employment, you may be able to file an amended return.

If you did not have an SSN by the due date of your 2017 return (including extensions), you cannot claim the EITC on either your original or an amended 2017 return, even if you later get an SSN. Also, if a child did not have an SSN by the due date of your return (including extensions), you cannot count that child as a qualifying child in figuring the EITC on either your original or an amended 2017 return, even if that child later gets an SSN.

Use Forms 540, 540 2EZ, or 540NR (Long or Short) amended individual tax returns to correct your return.

## Line 9a – Student

A student is a child who during any part of 5 calendar months of 2017 was enrolled as a full-time student at a school, or took a full-time, on-farm training course given by a school or a state, county, or local government agency. A school includes a technical, trade, or mechanical school. It does not include an on-the-job training course, correspondence school, or school offering courses only through the Internet.

## Line 9b – Permanently and totally disabled

A person is permanently and totally disabled if, at any time in 2017, the person could not engage in any substantial gainful activity because of a physical or mental condition and a doctor has determined that this condition (a) has lasted or can be expected to last continuously for at least a year, or (b) can be expected to lead to death.

## Line 10 – Child's relationship to you

For additional information see qualifying child definition.

## Line 11 – Number of days child lived with you

Enter the number of days the child lived with you in California during 2017. To qualify, the child must have the same principal place of residence in California as you for more than half of 2017, defined as 183 days or more. If the child was born or died in 2017 and your home was the child's home for more than half the time he or she was alive during 2017, enter "365." Do not enter more than 365 days. If the child did not live with you for the required time, temporary absences may count as time lived at home. For more information get federal Publication 596.

## Line 12 – Child's physical address

Enter the physical address where the child resided during 2017. This should be the address of the principal place of residence in California where the child lived with you for more than half of 2017. If the child lived with you in California for more than half of 2017, but moved within California during this period, this should be the address of the principal place of residence that was shared the longest.

## Step 4 Filer Without a Qualifying Child

- a. Is the amount on federal Form 1040, line 38; federal Form 1040A, line 22; or Form 1040EZ, line 4, less than \$15,009?

**Yes** Continue.

**No** Stop here, you cannot take the credit.

- b. Were you (or your spouse/RDP if filing a joint return) at least age 25 but under age 65 at the end of 2017? (Answer "Yes" if you, or your spouse/RDP if filing a joint return, were born after December 31, 1952, and before January 2, 1993.) If your spouse/RDP died in 2017 (or if you are preparing a return for someone who died in 2017), get federal Publication 596 for more information before you answer.

**Yes** Continue.

**No** Stop here, you cannot take the credit.

- c. Was your main home, and your spouse's/RDP's if filing a joint return, in California for more than half of 2017?

**Yes** Continue.

**No** Stop here, you cannot take the credit.

- d. Are you filing a joint return for 2017? For more information get federal Publication 596.

**Yes** Skip questions e and f; go to Step 5.

**No** Continue.

- e. Could you be a qualifying child of another person for 2017? (Answer "No" if the other person is not required to file, and is not filing, a 2017 tax return or is filing a 2017 return only to claim a refund of withheld income tax or estimated tax paid. Get federal Publication 596 for examples.)

**Yes** Stop here, you cannot take the credit.

**No** Continue.

- f. Can you be claimed as a dependent on someone else's 2017 tax return?

**Yes** Stop here, you cannot take the credit.

**No** Go to Step 5.

## Step 5 California Earned Income

Complete lines 13 through 19 to figure your California earned income.

### Line 13 – Wages, salaries, tips, and other employee compensation, subject to California withholding

Enter the amount from Form 540, line 12; Form 540 2EZ, line 9; Long Form 540NR, line 12; or Short Form 540NR, line 12. You may elect to include or exclude your Medicaid waiver payments or In Home Supportive Services (IHSS) payments that are nontaxable for federal purposes. If you are filing a joint return, both you and/or your spouse/RDP can elect to include or exclude your own nontaxable Medicaid waiver payments or IHSS payments for California EITC purposes. Each must elect to include or exclude all such payments, not just a portion of it. You may elect to include or exclude such payments from earned income for California EITC purposes, whether or not you elect to include or exclude them for federal purposes.

### Line 14 – Prison inmate wages

Enter the amount included on line 13, that you received for work performed while an inmate in a penal institution.

### Line 15 – Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental Section 457 plan

Enter the amount included on line 13, that you received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental Section 457 plan. This amount may be shown on Form W-2, box 11. If you received such an amount and box 11 is blank, contact your employer for the amount received as a pension or annuity.

### Line 17 – Nontaxable combat pay

Enter the amount from federal Form W-2, Wage and Tax Statement, Box 12, Code Q, if you elect to include your nontaxable military combat pay in earned income for EITC purposes. If you are filing a joint return, both you and/or your spouse/RDP can elect to include your own nontaxable military combat pay for EITC purposes. Each must include all of their nontaxable military combat pay, not just a portion of it. You may elect to include nontaxable military combat pay in earned income for California purposes, whether or not you elect to include it for federal purposes.

**Line 18 – Business income or (loss)**

If you are self-employed and have net earnings from self-employment, go to Worksheet 3 to figure your business income or loss. Attach a copy of your complete federal return, including any Schedule C, Schedule C-EZ, Schedule F, Schedule SE, and any Schedule K-1 (Form 1065 or 1065-B).

Worksheet 3 – Business Income or (Loss)	
<b>1 Business income or (loss).</b> Enter the amount from federal Form 1040, line 12 . . . . .	<b>1</b> _____
<b>2 Farm income or (loss).</b> Enter the amount from federal Form 1040, line 18 . . . . .	<b>2</b> _____
<b>3 Self-employment earnings from partnerships reported on K-1s.</b> Enter the net profit (or loss) from federal Schedule K-1 (Form 1065), box 14, code A; and Schedule K-1 (Form 1065-B), box 9, code J1 . . . . .	<b>3</b> _____
<b>4 Deductible part of self-employment tax.</b> Enter the amount from federal Form 1040, line 27 . . . . .	<b>4</b> _____
<b>5 Total business income or (loss).</b> Add line 1, line 2, line 3, and subtract line 4. Enter the amount here and on form FTB 3514, line 18 . . . . .	<b>5</b> _____

After completing Step 5, line 18e go to Step 6.

**Lines 18 a-e Business information**

Enter your business information in the spaces provided. If you have multiple businesses, use the information from the schedule with the largest net profit (loss).

**Line b – Business address**

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

**Line c – Business license number**

Enter your business license number. A business license number is a reference number from a county, city, or state that allows you to engage in a specific business activity within the designated area. If you do not have a business license number, leave line c blank.

**Line d – SEIN**

Enter your state employer identification number (SEIN) issued by the California Employment Development Department. If you do not have a SEIN, leave line d blank.

**Line e – Business code**

Use the six-digit code from federal Schedule C, Schedule C-EZ, or Schedule F, box B.

**Step 7 How to Figure the Nonresident or Part-Year Resident EITC**

**Line 22 – Nonresident or Part-Year Resident EITC**

If you do not file a Form 540NR, do not complete lines 21 and 22 of form FTB 3514. If you file a Form 540NR, enter your CA Exemption Credit Percentage from line 38 of Form 540NR (Long or Short) on line 21 of form FTB 3514. Multiply line 21 by line 20 and enter the result on line 22 of form FTB 3514. This amount should also be entered on line 85 of Form 540NR (Long or Short).

**Step 6 How to Figure the CA EITC**

Complete the California Earned Income Tax Credit Worksheet below. If you file a Form 540NR, go to Step 7 after you complete Step 6.

**California Earned Income Tax Credit Worksheet**

**Part I – All Filers**

- Enter your California earned income from form FTB 3514, line 19. If the amount is zero or less, stop here . . . . . **1** \_\_\_\_\_
- Look up the amount on line 1 in the EITC Table to find the credit. Be sure you use the correct column for the number of qualifying children you have. Enter the credit here . . . . . **2** \_\_\_\_\_  
If the amount on line 2 is zero, stop here. You cannot take the credit.
- Enter the amount from federal Form 1040, line 38; federal Form 1040A, line 22; or federal Form 1040EZ, line 4. . . . . **3** \_\_\_\_\_
- Are the amounts on lines 1 and 3 the same?  
**Yes** Skip line 5; and enter the amount from line 2 on line 6.  
**No** Go to line 5.

**Part II – Filers who Answered “No” on Line 4**

- If you have:
  - No qualifying children, is the amount on line 3 less than \$3,446?
  - 1 qualifying child, is the amount on line 3 less than \$5,175?
  - 2 qualifying children, is the amount on line 3 less than \$7,265?
  - 3 or more qualifying children, is the amount on line 3 less than \$7,265?**Yes** Leave line 5 blank; enter the amount from line 2 on line 6.  
**No** Look up the amount on line 3 in the EITC Table to find the credit. Be sure you use the correct column for the number of qualifying children you have. Enter the credit here. . . . . **5** \_\_\_\_\_  
 Look at the amounts on line 5 and line 2, enter the **smaller** amount on line 6.

**Part III – Your Earned Income Tax Credit**

- This is your California earned income tax credit. Enter this amount on form FTB 3514, line 20. . . . . **6** \_\_\_\_\_

# 2017 Earned Income Tax Credit Table

**Caution:** This is **not** a tax table. If you are married filing separately you do **not** qualify for this credit.

- To find your credit, read down the "At least - But not over" columns and find the line that includes the amount you were told to look up from your California Earned Income Tax Credit Worksheet.
- Then, go to the column that includes the number of qualifying children you have. Enter the credit from that column on your California Earned Income Tax Credit Worksheet.

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
\$1	50	2	7	9	10
51	100	5	22	26	29
101	150	8	36	43	48
151	200	11	51	60	67
201	250	15	65	77	86
251	300	18	80	94	105
301	350	21	94	111	125
351	400	24	109	128	144
401	450	28	123	145	163
451	500	31	137	162	182
501	550	34	152	179	201
551	600	37	166	196	220
601	650	41	181	213	239
651	700	44	195	230	258
701	750	47	210	247	278
751	800	50	224	264	297
801	850	54	239	281	316
851	900	57	253	298	335
901	950	60	267	315	354
951	1,000	63	282	332	373
1,001	1,050	67	296	349	392
1,051	1,100	70	311	366	411
1,101	1,150	73	325	383	431
1,151	1,200	76	340	400	450
1,201	1,250	80	354	417	469
1,251	1,300	83	369	434	488
1,301	1,350	86	383	451	507
1,351	1,400	89	398	468	526
1,401	1,450	93	412	485	545
1,451	1,500	96	426	502	564
1,501	1,550	99	441	519	584
1,551	1,600	102	455	536	603
1,601	1,650	106	470	553	622
1,651	1,700	109	484	570	641
1,701	1,750	112	499	587	660
1,751	1,800	115	513	604	679
1,801	1,850	119	528	621	698
1,851	1,900	122	542	638	717
1,901	1,950	125	556	655	737
1,951	2,000	128	571	672	756

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
2,001	2,050	132	585	689	775
2,051	2,100	135	600	706	794
2,101	2,150	138	614	723	813
2,151	2,200	141	629	740	832
2,201	2,250	145	643	757	851
2,251	2,300	148	658	774	870
2,301	2,350	151	672	791	890
2,351	2,400	154	687	808	909
2,401	2,450	158	701	825	928
2,451	2,500	161	715	842	947
2,501	2,550	164	730	859	966
2,551	2,600	167	744	876	985
2,601	2,650	171	759	893	1,004
2,651	2,700	174	773	910	1,023
2,701	2,750	177	788	927	1,043
2,751	2,800	180	802	944	1,062
2,801	2,850	184	817	961	1,081
2,851	2,900	187	831	978	1,100
2,901	2,950	190	845	995	1,119
2,951	3,000	193	860	1,012	1,138
3,001	3,050	197	874	1,029	1,157
3,051	3,100	200	889	1,046	1,176
3,101	3,150	203	903	1,063	1,196
3,151	3,200	206	918	1,080	1,215
3,201	3,250	210	932	1,097	1,234
3,251	3,300	213	947	1,114	1,253
3,301	3,350	216	961	1,131	1,272
3,351	3,400	219	976	1,148	1,291
3,401	3,450	223	990	1,165	1,310
3,451	3,500	222	1,004	1,182	1,329
3,501	3,550	219	1,019	1,199	1,349
3,551	3,600	216	1,033	1,216	1,368
3,601	3,650	212	1,048	1,233	1,387
3,651	3,700	209	1,062	1,250	1,406
3,701	3,750	206	1,077	1,267	1,425
3,751	3,800	203	1,091	1,284	1,444
3,801	3,850	199	1,106	1,301	1,463
3,851	3,900	196	1,120	1,318	1,482
3,901	3,950	193	1,134	1,335	1,502
3,951	4,000	190	1,149	1,352	1,521

# 2017 Earned Income Tax Credit Table

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- To find your credit, read down the "At least - But not over" columns and find the line that includes the amount you were told to look up from your California Earned Income Tax Credit Worksheet.
- Then, go to the column that includes the number of qualifying children you have. Enter the credit from that column on your California Earned Income Tax Credit Worksheet.

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
4,001	4,050	186	1,163	1,369	1,540
4,051	4,100	183	1,178	1,386	1,559
4,101	4,150	180	1,192	1,403	1,578
4,151	4,200	177	1,207	1,420	1,597
4,201	4,250	173	1,221	1,437	1,616
4,251	4,300	170	1,236	1,454	1,635
4,301	4,350	167	1,250	1,471	1,655
4,351	4,400	164	1,265	1,488	1,674
4,401	4,450	160	1,279	1,505	1,693
4,451	4,500	157	1,293	1,522	1,712
4,501	4,550	154	1,308	1,539	1,731
4,551	4,600	151	1,322	1,556	1,750
4,601	4,650	147	1,337	1,573	1,769
4,651	4,700	144	1,351	1,590	1,788
4,701	4,750	141	1,366	1,607	1,808
4,751	4,800	138	1,380	1,624	1,827
4,801	4,850	134	1,395	1,641	1,846
4,851	4,900	131	1,409	1,658	1,865
4,901	4,950	128	1,423	1,675	1,884
4,951	5,000	125	1,438	1,692	1,903
5,001	5,050	121	1,452	1,709	1,922
5,051	5,100	118	1,467	1,726	1,941
5,101	5,150	115	1,481	1,743	1,961
5,151	5,200	112	1,495	1,760	1,980
5,201	5,250	108	1,481	1,777	1,999
5,251	5,300	105	1,467	1,794	2,018
5,301	5,350	102	1,452	1,811	2,037
5,351	5,400	100	1,438	1,828	2,056
5,401	5,450	99	1,423	1,845	2,075
5,451	5,500	99	1,409	1,862	2,094
5,501	5,550	98	1,394	1,879	2,114
5,551	5,600	98	1,380	1,896	2,133
5,601	5,650	97	1,365	1,913	2,152
5,651	5,700	97	1,351	1,930	2,171
5,701	5,750	96	1,336	1,947	2,190
5,751	5,800	96	1,322	1,964	2,209
5,801	5,850	95	1,308	1,981	2,228
5,851	5,900	95	1,293	1,998	2,247
5,901	5,950	94	1,279	2,015	2,267
5,951	6,000	94	1,264	2,032	2,286

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
6,001	6,050	93	1,250	2,049	2,305
6,051	6,100	93	1,235	2,066	2,324
6,101	6,150	92	1,221	2,083	2,343
6,151	6,200	92	1,206	2,100	2,362
6,201	6,250	91	1,192	2,117	2,381
6,251	6,300	91	1,178	2,134	2,400
6,301	6,350	90	1,163	2,151	2,420
6,351	6,400	90	1,149	2,168	2,439
6,401	6,450	89	1,134	2,185	2,458
6,451	6,500	88	1,120	2,202	2,477
6,501	6,550	88	1,105	2,219	2,496
6,551	6,600	87	1,091	2,236	2,515
6,601	6,650	87	1,076	2,253	2,534
6,651	6,700	86	1,062	2,270	2,553
6,701	6,750	86	1,047	2,287	2,573
6,751	6,800	85	1,033	2,304	2,592
6,801	6,850	85	1,019	2,321	2,611
6,851	6,900	84	1,004	2,338	2,630
6,901	6,950	84	990	2,355	2,649
6,951	7,000	83	975	2,372	2,668
7,001	7,050	83	961	2,389	2,687
7,051	7,100	82	946	2,406	2,706
7,101	7,150	82	932	2,423	2,726
7,151	7,200	81	917	2,440	2,745
7,201	7,250	81	903	2,457	2,764
7,251	7,300	80	889	2,467	2,775
7,301	7,350	80	874	2,450	2,756
7,351	7,400	79	860	2,433	2,737
7,401	7,450	79	845	2,416	2,717
7,451	7,500	78	831	2,399	2,698
7,501	7,550	78	816	2,382	2,679
7,551	7,600	77	802	2,365	2,660
7,601	7,650	77	787	2,348	2,641
7,651	7,700	76	773	2,331	2,622
7,701	7,750	76	758	2,314	2,603
7,751	7,800	75	744	2,297	2,584
7,801	7,850	74	730	2,280	2,564
7,851	7,900	74	715	2,263	2,545
7,901	7,950	73	701	2,246	2,526
7,951	8,000	73	686	2,229	2,507

# 2017 Earned Income Tax Credit Table

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- Then, go to the column that includes the number of qualifying children you have. Enter the credit from that column on your California Earned Income Tax Credit Worksheet.

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
8,001	8,050	72	672	2,212	2,488
8,051	8,100	72	657	2,195	2,469
8,101	8,150	71	643	2,178	2,450
8,151	8,200	71	628	2,161	2,431
8,201	8,250	70	614	2,144	2,411
8,251	8,300	70	600	2,127	2,392
8,301	8,350	69	585	2,110	2,373
8,351	8,400	69	571	2,093	2,354
8,401	8,450	68	556	2,076	2,335
8,451	8,500	68	542	2,059	2,316
8,501	8,550	67	527	2,042	2,297
8,551	8,600	67	513	2,025	2,278
8,601	8,650	66	498	2,008	2,258
8,651	8,700	66	484	1,991	2,239
8,701	8,750	65	469	1,974	2,220
8,751	8,800	65	455	1,957	2,201
8,801	8,850	64	441	1,940	2,182
8,851	8,900	64	426	1,923	2,163
8,901	8,950	63	412	1,906	2,144
8,951	9,000	63	397	1,889	2,125
9,001	9,050	62	383	1,872	2,105
9,051	9,100	62	368	1,855	2,086
9,101	9,150	61	354	1,838	2,067
9,151	9,200	60	339	1,821	2,048
9,201	9,250	60	325	1,804	2,029
9,251	9,300	59	311	1,787	2,010
9,301	9,350	59	296	1,770	1,991
9,351	9,400	58	282	1,753	1,972
9,401	9,450	58	267	1,736	1,952
9,451	9,500	57	253	1,719	1,933
9,501	9,550	57	249	1,702	1,914
9,551	9,600	56	248	1,685	1,895
9,601	9,650	56	247	1,668	1,876
9,651	9,700	55	246	1,651	1,857
9,701	9,750	55	245	1,634	1,838
9,751	9,800	54	244	1,617	1,819
9,801	9,850	54	243	1,600	1,799
9,851	9,900	53	242	1,583	1,780
9,901	9,950	53	241	1,566	1,761
9,951	10,000	52	240	1,549	1,742

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
10,001	10,050	52	239	1,532	1,723
10,051	10,100	51	238	1,515	1,704
10,101	10,150	51	237	1,498	1,685
10,151	10,200	50	236	1,481	1,666
10,201	10,250	50	235	1,464	1,646
10,251	10,300	49	234	1,447	1,627
10,301	10,350	49	234	1,430	1,608
10,351	10,400	48	233	1,413	1,589
10,401	10,450	48	232	1,396	1,570
10,451	10,500	47	231	1,379	1,551
10,501	10,550	46	230	1,362	1,532
10,551	10,600	46	229	1,345	1,513
10,601	10,650	45	228	1,328	1,493
10,651	10,700	45	227	1,311	1,474
10,701	10,750	44	226	1,294	1,455
10,751	10,800	44	225	1,277	1,436
10,801	10,850	43	224	1,260	1,417
10,851	10,900	43	223	1,243	1,398
10,901	10,950	42	222	1,226	1,379
10,951	11,000	42	221	1,209	1,360
11,001	11,050	41	220	1,192	1,340
11,051	11,100	41	219	1,175	1,321
11,101	11,150	40	218	1,158	1,302
11,151	11,200	40	217	1,141	1,283
11,201	11,250	39	216	1,124	1,264
11,251	11,300	39	215	1,107	1,245
11,301	11,350	38	214	1,090	1,226
11,351	11,400	38	213	1,073	1,207
11,401	11,450	37	212	1,056	1,187
11,451	11,500	37	211	1,039	1,168
11,501	11,550	36	210	1,022	1,149
11,551	11,600	36	209	1,005	1,130
11,601	11,650	35	208	988	1,111
11,651	11,700	35	207	971	1,092
11,701	11,750	34	206	954	1,073
11,751	11,800	34	205	937	1,054
11,801	11,850	33	204	920	1,034
11,851	11,900	32	203	903	1,015
11,901	11,950	32	202	886	996
11,951	12,000	31	201	869	977

# 2017 Earned Income Tax Credit Table

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- Then, go to the column that includes the number of qualifying children you have. Enter the credit from that column on your California Earned Income Tax Credit Worksheet.

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
12,001	12,050	31	200	852	958
12,051	12,100	30	199	835	939
12,101	12,150	30	198	818	920
12,151	12,200	29	198	801	901
12,201	12,250	29	197	784	881
12,251	12,300	28	196	767	862
12,301	12,350	28	195	750	843
12,351	12,400	27	194	733	824
12,401	12,450	27	193	716	805
12,451	12,500	26	192	699	786
12,501	12,550	26	191	682	767
12,551	12,600	25	190	665	748
12,601	12,650	25	189	648	728
12,651	12,700	24	188	631	709
12,701	12,750	24	187	614	690
12,751	12,800	23	186	597	671
12,801	12,850	23	185	580	652
12,851	12,900	22	184	563	633
12,901	12,950	22	183	546	614
12,951	13,000	21	182	529	595
13,001	13,050	21	181	512	575
13,051	13,100	20	180	495	556
13,101	13,150	20	179	478	537
13,151	13,200	19	178	461	518
13,201	13,250	18	177	444	499
13,251	13,300	18	176	427	480
13,301	13,350	17	175	410	461
13,351	13,400	17	174	393	442
13,401	13,450	16	173	376	422
13,451	13,500	16	172	359	403
13,501	13,550	15	171	342	384
13,551	13,600	15	170	325	365
13,601	13,650	14	169	308	346
13,651	13,700	14	168	291	327
13,701	13,750	13	167	274	308
13,751	13,800	13	166	257	289
13,801	13,850	12	165	249	269
13,851	13,900	12	164	247	250
13,901	13,950	11	163	246	249
13,951	14,000	11	162	244	247

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
14,001	14,050	10	162	243	246
14,051	14,100	10	161	241	244
14,101	14,150	9	160	240	243
14,151	14,200	9	159	239	241
14,201	14,250	8	158	237	240
14,251	14,300	8	157	236	238
14,301	14,350	7	156	234	237
14,351	14,400	7	155	233	235
14,401	14,450	6	154	231	234
14,451	14,500	6	153	230	232
14,501	14,550	5	152	228	231
14,551	14,600	4	151	227	229
14,601	14,650	4	150	225	228
14,651	14,700	3	149	224	226
14,701	14,750	3	148	222	225
14,751	14,800	2	147	221	223
14,801	14,850	2	146	219	222
14,851	14,900	1	145	218	220
14,901	14,950	1	144	217	219
14,951	15,000	1	143	215	217
15,001	15,050	*	142	214	216
15,051	15,100	0	141	212	214
15,101	15,150	0	140	211	213
15,151	15,200	0	139	209	211
15,201	15,250	0	138	208	210
15,251	15,300	0	137	206	208
15,301	15,350	0	136	205	207
15,351	15,400	0	135	203	206
15,401	15,450	0	134	202	204
15,451	15,500	0	133	200	203
15,501	15,550	0	132	199	201
15,551	15,600	0	131	197	200
15,601	15,650	0	130	196	198
15,651	15,700	0	129	195	197
15,701	15,750	0	128	193	195
15,751	15,800	0	127	192	194
15,801	15,850	0	126	190	192
15,851	15,900	0	125	189	191
15,901	15,950	0	125	187	189
15,951	16,000	0	124	186	188

# 2017 Earned Income Tax Credit Table

**Caution:** This is **not** a tax table. If you are married filing separately you do **not** qualify for this credit.

- To find your credit, read down the "At least - But not over" columns and find the line that includes the amount you were told to look up from your California Earned Income Tax Credit Worksheet.
- Then, go to the column that includes the number of qualifying children you have. Enter the credit from that column on your California Earned Income Tax Credit Worksheet.

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
16,001	16,050	0	123	184	186
16,051	16,100	0	122	183	185
16,101	16,150	0	121	181	183
16,151	16,200	0	120	180	182
16,201	16,250	0	119	178	180
16,251	16,300	0	118	177	179
16,301	16,350	0	117	176	177
16,351	16,400	0	116	174	176
16,401	16,450	0	115	173	174
16,451	16,500	0	114	171	173
16,501	16,550	0	113	170	171
16,551	16,600	0	112	168	170
16,601	16,650	0	111	167	168
16,651	16,700	0	110	165	167
16,701	16,750	0	109	164	165
16,751	16,800	0	108	162	164
16,801	16,850	0	107	161	163
16,851	16,900	0	106	159	161
16,901	16,950	0	105	158	160
16,951	17,000	0	104	156	158
17,001	17,050	0	103	155	157
17,051	17,100	0	102	154	155
17,101	17,150	0	101	152	154
17,151	17,200	0	100	151	152
17,201	17,250	0	99	149	151
17,251	17,300	0	98	148	149
17,301	17,350	0	97	146	148
17,351	17,400	0	96	145	146
17,401	17,450	0	95	143	145
17,451	17,500	0	94	142	143
17,501	17,550	0	93	140	142
17,551	17,600	0	92	139	140
17,601	17,650	0	91	137	139
17,651	17,700	0	90	136	137
17,701	17,750	0	89	134	136
17,751	17,800	0	89	133	134
17,801	17,850	0	88	132	133
17,851	17,900	0	87	130	131
17,901	17,950	0	86	129	130
17,951	18,000	0	85	127	128

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
18,001	18,050	0	84	126	127
18,051	18,100	0	83	124	125
18,101	18,150	0	82	123	124
18,151	18,200	0	81	121	122
18,201	18,250	0	80	120	121
18,251	18,300	0	79	118	119
18,301	18,350	0	78	117	118
18,351	18,400	0	77	115	117
18,401	18,450	0	76	114	115
18,451	18,500	0	75	112	114
18,501	18,550	0	74	111	112
18,551	18,600	0	73	110	111
18,601	18,650	0	72	108	109
18,651	18,700	0	71	107	108
18,701	18,750	0	70	105	106
18,751	18,800	0	69	104	105
18,801	18,850	0	68	102	103
18,851	18,900	0	67	101	102
18,901	18,950	0	66	99	100
18,951	19,000	0	65	98	99
19,001	19,050	0	64	96	97
19,051	19,100	0	63	95	96
19,101	19,150	0	62	93	94
19,151	19,200	0	61	92	93
19,201	19,250	0	60	90	91
19,251	19,300	0	59	89	90
19,301	19,350	0	58	88	88
19,351	19,400	0	57	86	87
19,401	19,450	0	56	85	85
19,451	19,500	0	55	83	84
19,501	19,550	0	54	82	82
19,551	19,600	0	53	80	81
19,601	19,650	0	52	79	79
19,651	19,700	0	52	77	78
19,701	19,750	0	51	76	76
19,751	19,800	0	50	74	75
19,801	19,850	0	49	73	74
19,851	19,900	0	48	71	72
19,901	19,950	0	47	70	71
19,951	20,000	0	46	68	69



# 2017 Earned Income Tax Credit Table

**Caution:** This is **not** a tax table. If you are married filing separately you do **not** qualify for this credit.

- To find your credit, read down the "At least - But not over" columns and find the line that includes the amount you were told to look up from your California Earned Income Tax Credit Worksheet.
- Then, go to the column that includes the number of qualifying children you have. Enter the credit from that column on your California Earned Income Tax Credit Worksheet.

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
20,001	20,050	0	45	67	68
20,051	20,100	0	44	66	66
20,101	20,150	0	43	64	65
20,151	20,200	0	42	63	63
20,201	20,250	0	41	61	62
20,251	20,300	0	40	60	60
20,301	20,350	0	39	58	59
20,351	20,400	0	38	57	57
20,401	20,450	0	37	55	56
20,451	20,500	0	36	54	54
20,501	20,550	0	35	52	53
20,551	20,600	0	34	51	51
20,601	20,650	0	33	49	50
20,651	20,700	0	32	48	48
20,701	20,750	0	31	46	47
20,751	20,800	0	30	45	45
20,801	20,850	0	29	44	44
20,851	20,900	0	28	42	42
20,901	20,950	0	27	41	41
20,951	21,000	0	26	39	39
21,001	21,050	0	25	38	38
21,051	21,100	0	24	36	36
21,101	21,150	0	23	35	35
21,151	21,200	0	22	33	33
21,201	21,250	0	21	32	32
21,251	21,300	0	20	30	30
21,301	21,350	0	19	29	29
21,351	21,400	0	18	27	28
21,401	21,450	0	17	26	26
21,451	21,500	0	16	24	25
21,501	21,550	0	16	23	23
21,551	21,600	0	15	22	22
21,601	21,650	0	14	20	20
21,651	21,700	0	13	19	19
21,701	21,750	0	12	17	17
21,751	21,800	0	11	16	16
21,801	21,850	0	10	14	14
21,851	21,900	0	9	13	13
21,901	21,950	0	8	11	11
21,951	22,000	0	7	10	10

If the amount you are looking up from the worksheet is . . .		And your number of qualifying children is			
At least	But Not Over	0	1	2	3
		Your credit is . . .			
22,001	22,050	0	6	8	8
22,051	22,100	0	5	7	7
22,101	22,150	0	4	5	5
22,151	22,200	0	3	4	4
22,201	22,250	0	2	2	2
22,251	22,300	0	1	1	1
22,301	22,350	0	**	***	****
*	If the amount you are looking up from the worksheet is at least \$15,001 but less than \$15,009, and you have no qualifying child, your credit is \$1. If the amount you are looking up from the worksheet is \$15,009 or more, and you have no qualifying child, you cannot take the credit.				
**	If the amount you are looking up from the worksheet is at least \$22,301 but less than \$22,323, and you have one qualifying child, your credit is \$1. If the amount you are looking up from the worksheet is \$22,323 or more, and you have one qualifying child, you cannot take the credit.				
***	If the amount you are looking up from the worksheet is at least \$22,301 but less than \$22,310, and you have two qualifying children, your credit is \$1. If the amount you are looking up from the worksheet is \$22,310 or more, and you have two qualifying children, you cannot take the credit.				
****	If the amount you are looking up from the worksheet is at least \$22,301 but less than \$22,303, and you have three qualifying children, your credit is \$1. If the amount you are looking up from the worksheet is \$22,303 or more, and you have three qualifying children, you cannot take the credit.				

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**[ftb.ca.gov](http://ftb.ca.gov)**

# 2017 Instructions for Form FTB 3532

## Head of Household Filing Status Schedule

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

### General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the IRC as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

For taxable years beginning on or after January 1, 2015, California requires taxpayers who use head of household (HOH) filing status to file form FTB 3532, Head of Household Filing Status Schedule to report how the HOH filing status was determined.

Attach the completed form FTB 3532, to your Form 540, California Resident Income Tax Return, Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, or Form 540 2EZ, California Income Tax Return, if you claim head of household filing status.

**Registered Domestic Partners (RDPs)** For purposes of California income tax, references to a spouse, husband, or wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

### A Purpose

Use form FTB 3532 to report how the HOH filing status was determined.

### B Qualifications

You may qualify for HOH filing status if all of the following apply.

- You were unmarried and not an RDP, or met the requirements to be considered unmarried or considered not in a registered domestic partnership on the last day of the year.
- You paid more than one-half the costs of keeping up your home for the year.
- Your home was the main home for you and a qualifying person who lived with you for more than half the year.
- The qualifying person was related to you and met the requirements to be a qualifying child or qualifying relative. (For a qualifying relative see Gross Income.)
- You were entitled to a Dependent Exemption Credit for your qualifying person. However, you do not have to be entitled to a Dependent Exemption Credit for your qualifying child if you were unmarried and not an RDP, and your qualifying child was also unmarried and not an RDP.
- You were not a nonresident alien at any time during the year.
- You paid more than half the cost of a qualifying person's total support.
- Your qualifying person is a citizen or national of the United States, or a resident of the U.S., Canada, or Mexico.

If you, your spouse/RDP, or your qualifying person who lived with you was absent from your home during the year, see the definition for temporary absence in FTB Pub. 1540, California Head of Household Filing Status. If your qualifying person is your father or mother, see the definition for Parent/Stepparent (Father or Mother) in FTB Pub. 1540.

### Specific Line Instructions

The law allowing HOH filing status has very specific requirements that the taxpayer must meet. Get FTB Pub. 1540 for more information.

#### Part I – Marital Status

##### Line 1

To qualify for HOH filing status, you must be either unmarried or considered unmarried on the last day of the year. You are considered unmarried on the last day of the year if you meet all of the following tests.

##### Considered Unmarried or Considered Not in a Registered Domestic Partnership

If you were married or an RDP as of the last day of the tax year or if your spouse/RDP died during the tax year, you may be considered unmarried or considered not in a registered domestic partnership for head of household purposes if you meet all of the following requirements:

- Your spouse/RDP did not live in your home at any time during the last six months of the year (see Temporary Absence in FTB Pub. 1540).
  - Your qualifying person is your birth child, stepchild, adopted child, or eligible foster child.
  - You paid more than one-half the cost of keeping up your home for the year.
  - Your home was the main home for you and your birth child, stepchild, adopted child, or eligible foster child for more than half the year.
  - You must be entitled to claim a Dependent Exemption Credit for your child; that is, your child must meet the requirements to be either a qualifying child or qualifying relative and meet the joint return and citizenship tests. You cannot claim a Dependent Exemption Credit for your child if you could be claimed as a dependent by another taxpayer. You can still meet this requirement if the only reason you cannot claim a Dependent Exemption Credit for your child is because either of the following applies, as provided in a decree of divorce, legal separation, or termination of registered domestic partnership, or a written separation agreement that applies to the tax year at issue:
    - The noncustodial parent is entitled to the Dependent Exemption Credit for the child.
    - The custodial parent signed a written statement that he or she will not claim the Dependent Exemption Credit for the child. (The custodial parent may sign federal Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents, or a similar statement. The custodial parent can revoke their federal Form 8332 or similar statement by providing written notice to the other parent.) The noncustodial parent must attach a copy of the statement to his or her income tax return.
- If either of the above provisions was contained in a pre-1985 decree or agreement, the noncustodial parent must have provided more than \$600 in support for the child during the year.

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## Part II – Qualifying Person

### Line 2

For the purposes of HOH filing status, you must have a qualifying person who is related to you to qualify for head of household filing status. Your qualifying person must meet the requirements to be either a qualifying child or qualifying relative. You must also pay more than half the cost of keeping up your home in which you and the qualifying child or qualifying relative lived for more than half the year. You may not claim yourself, or your spouse/RDP as your qualifying person.

## Part III – Qualifying Person Information

### Line 3

Enter the qualifying person's name.

Enter the qualifying person's SSN. Verify that the name and SSN match the qualifying person's social security card to avoid disallowance of your HOH filing status. If the person was born in, and later died in, 2017, and does not have a SSN, enter "Died" and attach a copy of the person's birth and death certificates.

Enter the qualifying person's date of birth (mm/dd/yyyy) in the space provided. Incomplete information could result in a disallowance of your HOH filing status.

Your qualifying child must be under 19 years of age or a full-time student under 24 years of age. The person also meets the age test if he or she is permanently and totally disabled at any time during the calendar year. (If the person does not meet the age test to be a qualifying child, he or she may meet the requirements to be a qualifying relative).

### Line 4

#### Gross Income

Your qualifying relative's gross income must be less than the federal exemption amount for the year in question. Generally, gross income for head of household purposes only includes income that is taxable for federal income tax purposes. It does not include nontaxable income such as welfare benefits or the nontaxable portion of social security benefits.

If your qualifying relative was married or an RDP, you must consider the qualifying relative's community interest in the spouse's/RDP's income in applying the gross income test. For the federal allowable exemption amount, see the federal instruction booklet for that particular tax year. For more information, go to [irs.gov](http://irs.gov) and search for **17** to find Publication 17, Your Federal Income Tax For Individuals.

### Line 5

#### More Than Half the Year

Just because someone lived with you for six months does not mean that the person lived with you for more than half the year. A year has 365 days, and more than half the year is 183 days. (A leap year has 366 days, and more than half a leap year is 184 days.)

To determine how many days your home was your qualifying person's main home follow these guidelines:

- If you were not married and not an RDP at any time during the year, count all of the days that your qualifying person lived with you in your home.
- If you were married or an RDP at any time during the year and received a final decree of divorce, legal separation or your registered domestic partnership was legally terminated by the last day of the year, add together:
  - Half the number of days that you, your spouse/RDP, and your qualifying person lived together in your home.
  - All of the days that you and your qualifying person lived together in your home without your spouse/RDP (ex-spouse/ex-RDP).
- If you were married or an RDP as of the last day of the year, and you did not live with your spouse/RDP at any time during the last six months of the year, add together:
  - Half the number of days that you, your spouse/RDP, and your qualifying person lived together in your home.
  - All of the days that you and your qualifying person lived together in your home without your spouse/RDP.
- If you were married or an RDP as of the last day of the year, and you lived with your spouse/RDP at any time during the last six months of the year, you cannot qualify for the head of household filing status.

When calculating the above, you may include days when your qualifying person was temporarily absent from your home. Temporary absences include vacations, illness, business, school, military service, and incarceration. In the event of a birth or death of your qualifying person during the year, enter 365 days.

# 2017 California Tax Table

## To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is ..." to find the range that includes your taxable income from Form 540, line 19.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)					2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))					4 (Head of Household)				
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
\$1	\$50	\$0	\$0	\$0	6,451	6,550	65	65	65	12,951	13,050	178	130	130
51	150	1	1	1	6,551	6,650	66	66	66	13,051	13,150	180	131	131
151	250	2	2	2	6,651	6,750	67	67	67	13,151	13,250	182	132	132
251	350	3	3	3	6,751	6,850	68	68	68	13,251	13,350	184	133	133
351	450	4	4	4	6,851	6,950	69	69	69	13,351	13,450	186	134	134
451	550	5	5	5	6,951	7,050	70	70	70	13,451	13,550	188	135	135
551	650	6	6	6	7,051	7,150	71	71	71	13,551	13,650	190	136	136
651	750	7	7	7	7,151	7,250	72	72	72	13,651	13,750	192	137	137
751	850	8	8	8	7,251	7,350	73	73	73	13,751	13,850	194	138	138
851	950	9	9	9	7,351	7,450	74	74	74	13,851	13,950	196	139	139
951	1,050	10	10	10	7,451	7,550	75	75	75	13,951	14,050	198	140	140
1,051	1,150	11	11	11	7,551	7,650	76	76	76	14,051	14,150	200	141	141
1,151	1,250	12	12	12	7,651	7,750	77	77	77	14,151	14,250	202	142	142
1,251	1,350	13	13	13	7,751	7,850	78	78	78	14,251	14,350	204	143	143
1,351	1,450	14	14	14	7,851	7,950	79	79	79	14,351	14,450	206	144	144
1,451	1,550	15	15	15	7,951	8,050	80	80	80	14,451	14,550	208	145	145
1,551	1,650	16	16	16	8,051	8,150	81	81	81	14,551	14,650	210	146	146
1,651	1,750	17	17	17	8,151	8,250	82	82	82	14,651	14,750	212	147	147
1,751	1,850	18	18	18	8,251	8,350	84	83	83	14,751	14,850	214	148	148
1,851	1,950	19	19	19	8,351	8,450	86	84	84	14,851	14,950	216	149	149
1,951	2,050	20	20	20	8,451	8,550	88	85	85	14,951	15,050	218	150	150
2,051	2,150	21	21	21	8,551	8,650	90	86	86	15,051	15,150	220	151	151
2,151	2,250	22	22	22	8,651	8,750	92	87	87	15,151	15,250	222	152	152
2,251	2,350	23	23	23	8,751	8,850	94	88	88	15,251	15,350	224	153	153
2,351	2,450	24	24	24	8,851	8,950	96	89	89	15,351	15,450	226	154	154
2,451	2,550	25	25	25	8,951	9,050	98	90	90	15,451	15,550	228	155	155
2,551	2,650	26	26	26	9,051	9,150	100	91	91	15,551	15,650	230	156	156
2,651	2,750	27	27	27	9,151	9,250	102	92	92	15,651	15,750	232	157	157
2,751	2,850	28	28	28	9,251	9,350	104	93	93	15,751	15,850	234	158	158
2,851	2,950	29	29	29	9,351	9,450	106	94	94	15,851	15,950	236	159	159
2,951	3,050	30	30	30	9,451	9,550	108	95	95	15,951	16,050	238	160	160
3,051	3,150	31	31	31	9,551	9,650	110	96	96	16,051	16,150	240	161	161
3,151	3,250	32	32	32	9,651	9,750	112	97	97	16,151	16,250	242	162	162
3,251	3,350	33	33	33	9,751	9,850	114	98	98	16,251	16,350	244	163	163
3,351	3,450	34	34	34	9,851	9,950	116	99	99	16,351	16,450	246	164	164
3,451	3,550	35	35	35	9,951	10,050	118	100	100	16,451	16,550	248	166	165
3,551	3,650	36	36	36	10,051	10,150	120	101	101	16,551	16,650	250	168	167
3,651	3,750	37	37	37	10,151	10,250	122	102	102	16,651	16,750	252	170	169
3,751	3,850	38	38	38	10,251	10,350	124	103	103	16,751	16,850	254	172	171
3,851	3,950	39	39	39	10,351	10,450	126	104	104	16,851	16,950	256	174	173
3,951	4,050	40	40	40	10,451	10,550	128	105	105	16,951	17,050	258	176	175
4,051	4,150	41	41	41	10,551	10,650	130	106	106	17,051	17,150	260	178	177
4,151	4,250	42	42	42	10,651	10,750	132	107	107	17,151	17,250	262	180	179
4,251	4,350	43	43	43	10,751	10,850	134	108	108	17,251	17,350	264	182	181
4,351	4,450	44	44	44	10,851	10,950	136	109	109	17,351	17,450	266	184	183
4,451	4,550	45	45	45	10,951	11,050	138	110	110	17,451	17,550	268	186	185
4,551	4,650	46	46	46	11,051	11,150	140	111	111	17,551	17,650	270	188	187
4,651	4,750	47	47	47	11,151	11,250	142	112	112	17,651	17,750	272	190	189
4,751	4,850	48	48	48	11,251	11,350	144	113	113	17,751	17,850	274	192	191
4,851	4,950	49	49	49	11,351	11,450	146	114	114	17,851	17,950	276	194	193
4,951	5,050	50	50	50	11,451	11,550	148	115	115	17,951	18,050	278	196	195
5,051	5,150	51	51	51	11,551	11,650	150	116	116	18,051	18,150	280	198	197
5,151	5,250	52	52	52	11,651	11,750	152	117	117	18,151	18,250	282	200	199
5,251	5,350	53	53	53	11,751	11,850	154	118	118	18,251	18,350	284	202	201
5,351	5,450	54	54	54	11,851	11,950	156	119	119	18,351	18,450	286	204	203
5,451	5,550	55	55	55	11,951	12,050	158	120	120	18,451	18,550	288	206	205
5,551	5,650	56	56	56	12,051	12,150	160	121	121	18,551	18,650	290	208	207
5,651	5,750	57	57	57	12,151	12,250	162	122	122	18,651	18,750	292	210	209
5,751	5,850	58	58	58	12,251	12,350	164	123	123	18,751	18,850	294	212	211
5,851	5,950	59	59	59	12,351	12,450	166	124	124	18,851	18,950	296	214	213
5,951	6,050	60	60	60	12,451	12,550	168	125	125	18,951	19,050	298	216	215
6,051	6,150	61	61	61	12,551	12,650	170	126	126	19,051	19,150	300	218	217
6,151	6,250	62	62	62	12,651	12,750	172	127	127	19,151	19,250	302	220	219
6,251	6,350	63	63	63	12,751	12,850	174	128	128	19,251	19,350	304	222	221
6,351	6,450	64	64	64	12,851	12,950	176	129	129	19,351	19,450	306	224	223

Continued on next page.









# 2017 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)		2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))					4 (Head of Household)							
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
82,451	82,550	5,029	2,775	3,524	88,951	89,050	5,634	3,237	4,128	95,451	95,550	6,238	3,757	4,733
82,551	82,650	5,038	2,781	3,533	89,051	89,150	5,643	3,245	4,137	95,551	95,650	6,247	3,765	4,742
82,651	82,750	5,048	2,787	3,542	89,151	89,250	5,652	3,253	4,147	95,651	95,750	6,257	3,773	4,751
82,751	82,850	5,057	2,793	3,551	89,251	89,350	5,661	3,261	4,156	95,751	95,850	6,266	3,781	4,760
82,851	82,950	5,066	2,799	3,561	89,351	89,450	5,671	3,269	4,165	95,851	95,950	6,275	3,789	4,770
82,951	83,050	5,076	2,805	3,570	89,451	89,550	5,680	3,277	4,175	95,951	96,050	6,285	3,797	4,779
83,051	83,150	5,085	2,811	3,579	89,551	89,650	5,689	3,285	4,184	96,051	96,150	6,294	3,805	4,788
83,151	83,250	5,094	2,817	3,589	89,651	89,750	5,699	3,293	4,193	96,151	96,250	6,303	3,813	4,798
83,251	83,350	5,103	2,823	3,598	89,751	89,850	5,708	3,301	4,202	96,251	96,350	6,312	3,821	4,807
83,351	83,450	5,113	2,829	3,607	89,851	89,950	5,717	3,309	4,212	96,351	96,450	6,322	3,829	4,816
83,451	83,550	5,122	2,835	3,617	89,951	90,050	5,727	3,317	4,221	96,451	96,550	6,331	3,837	4,826
83,551	83,650	5,131	2,841	3,626	90,051	90,150	5,736	3,325	4,230	96,551	96,650	6,340	3,845	4,835
83,651	83,750	5,141	2,847	3,635	90,151	90,250	5,745	3,333	4,240	96,651	96,750	6,350	3,853	4,844
83,751	83,850	5,150	2,853	3,644	90,251	90,350	5,754	3,341	4,249	96,751	96,850	6,359	3,861	4,853
83,851	83,950	5,159	2,859	3,654	90,351	90,450	5,764	3,349	4,258	96,851	96,950	6,368	3,869	4,863
83,951	84,050	5,169	2,865	3,663	90,451	90,550	5,773	3,357	4,268	96,951	97,050	6,378	3,877	4,872
84,051	84,150	5,178	2,871	3,672	90,551	90,650	5,782	3,365	4,277	97,051	97,150	6,387	3,885	4,881
84,151	84,250	5,187	2,877	3,682	90,651	90,750	5,792	3,373	4,286	97,151	97,250	6,396	3,893	4,891
84,251	84,350	5,196	2,883	3,691	90,751	90,850	5,801	3,381	4,295	97,251	97,350	6,405	3,901	4,900
84,351	84,450	5,206	2,889	3,700	90,851	90,950	5,810	3,389	4,305	97,351	97,450	6,415	3,909	4,909
84,451	84,550	5,215	2,895	3,710	90,951	91,050	5,820	3,397	4,314	97,451	97,550	6,424	3,917	4,919
84,551	84,650	5,224	2,901	3,719	91,051	91,150	5,829	3,405	4,323	97,551	97,650	6,433	3,925	4,928
84,651	84,750	5,234	2,907	3,728	91,151	91,250	5,838	3,413	4,333	97,651	97,750	6,443	3,933	4,937
84,751	84,850	5,243	2,913	3,737	91,251	91,350	5,847	3,421	4,342	97,751	97,850	6,452	3,941	4,946
84,851	84,950	5,252	2,919	3,747	91,351	91,450	5,857	3,429	4,351	97,851	97,950	6,461	3,949	4,956
84,951	85,050	5,262	2,925	3,756	91,451	91,550	5,866	3,437	4,361	97,951	98,050	6,471	3,957	4,965
85,051	85,150	5,271	2,931	3,765	91,551	91,650	5,875	3,445	4,370	98,051	98,150	6,480	3,965	4,974
85,151	85,250	5,280	2,937	3,775	91,651	91,750	5,885	3,453	4,379	98,151	98,250	6,489	3,973	4,984
85,251	85,350	5,289	2,943	3,784	91,751	91,850	5,894	3,461	4,388	98,251	98,350	6,498	3,981	4,993
85,351	85,450	5,299	2,949	3,793	91,851	91,950	5,903	3,469	4,398	98,351	98,450	6,508	3,989	5,002
85,451	85,550	5,308	2,957	3,803	91,951	92,050	5,913	3,477	4,407	98,451	98,550	6,517	3,997	5,012
85,551	85,650	5,317	2,965	3,812	92,051	92,150	5,922	3,485	4,416	98,551	98,650	6,526	4,005	5,021
85,651	85,750	5,327	2,973	3,821	92,151	92,250	5,931	3,493	4,426	98,651	98,750	6,536	4,013	5,030
85,751	85,850	5,336	2,981	3,830	92,251	92,350	5,940	3,501	4,435	98,751	98,850	6,545	4,021	5,039
85,851	85,950	5,345	2,989	3,840	92,351	92,450	5,950	3,509	4,444	98,851	98,950	6,554	4,029	5,049
85,951	86,050	5,355	2,997	3,849	92,451	92,550	5,959	3,517	4,454	98,951	99,050	6,564	4,037	5,058
86,051	86,150	5,364	3,005	3,858	92,551	92,650	5,968	3,525	4,463	99,051	99,150	6,573	4,045	5,067
86,151	86,250	5,373	3,013	3,868	92,651	92,750	5,978	3,533	4,472	99,151	99,250	6,582	4,053	5,077
86,251	86,350	5,382	3,021	3,877	92,751	92,850	5,987	3,541	4,481	99,251	99,350	6,591	4,061	5,086
86,351	86,450	5,392	3,029	3,886	92,851	92,950	5,996	3,549	4,491	99,351	99,450	6,601	4,069	5,095
86,451	86,550	5,401	3,037	3,896	92,951	93,050	6,006	3,557	4,500	99,451	99,550	6,610	4,077	5,105
86,551	86,650	5,410	3,045	3,905	93,051	93,150	6,015	3,565	4,509	99,551	99,650	6,619	4,085	5,114
86,651	86,750	5,420	3,053	3,914	93,151	93,250	6,024	3,573	4,519	99,651	99,750	6,629	4,093	5,123
86,751	86,850	5,429	3,061	3,923	93,251	93,350	6,033	3,581	4,528	99,751	99,850	6,638	4,101	5,132
86,851	86,950	5,438	3,069	3,933	93,351	93,450	6,043	3,589	4,537	99,851	99,950	6,647	4,109	5,142
86,951	87,050	5,448	3,077	3,942	93,451	93,550	6,052	3,597	4,547	99,951	100,000	6,654	4,115	5,149
87,051	87,150	5,457	3,085	3,951	93,551	93,650	6,061	3,605	4,556					
87,151	87,250	5,466	3,093	3,961	93,651	93,750	6,071	3,613	4,565					
87,251	87,350	5,475	3,101	3,970	93,751	93,850	6,080	3,621	4,574					
87,351	87,450	5,485	3,109	3,979	93,851	93,950	6,089	3,629	4,584					
87,451	87,550	5,494	3,117	3,989	93,951	94,050	6,099	3,637	4,593					
87,551	87,650	5,503	3,125	3,998	94,051	94,150	6,108	3,645	4,602					
87,651	87,750	5,513	3,133	4,007	94,151	94,250	6,117	3,653	4,612					
87,751	87,850	5,522	3,141	4,016	94,251	94,350	6,126	3,661	4,621					
87,851	87,950	5,531	3,149	4,026	94,351	94,450	6,136	3,669	4,630					
87,951	88,050	5,541	3,157	4,035	94,451	94,550	6,145	3,677	4,640					
88,051	88,150	5,550	3,165	4,044	94,551	94,650	6,154	3,685	4,649					
88,151	88,250	5,559	3,173	4,054	94,651	94,750	6,164	3,693	4,658					
88,251	88,350	5,568	3,181	4,063	94,751	94,850	6,173	3,701	4,667					
88,351	88,450	5,578	3,189	4,072	94,851	94,950	6,182	3,709	4,677					
88,451	88,550	5,587	3,197	4,082	94,951	95,050	6,192	3,717	4,686					
88,551	88,650	5,596	3,205	4,091	95,051	95,150	6,201	3,725	4,695					
88,651	88,750	5,606	3,213	4,100	95,151	95,250	6,210	3,733	4,705					
88,751	88,850	5,615	3,221	4,109	95,251	95,350	6,219	3,741	4,714					
88,851	88,950	5,624	3,229	4,119	95,351	95,450	6,229	3,749	4,723					

OVER \$100,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES.

# 2017 California Tax Rate Schedules



To e-file and eliminate the math, go to [ftb.ca.gov](http://ftb.ca.gov). To figure your tax online, go to [ftb.ca.gov/tax-rates](http://ftb.ca.gov/tax-rates).

Use only if your taxable income on Form 540, line 19 is more than \$100,000. If \$100,000 or less, use the Tax Table.

	If the amount on Form 540, line 19 is		Enter on Form 540, line 31		of the amount over –
	over –	But not over –			
<b>Schedule X –</b> Use if your filing status is <b>Single or Married/RDP Filing Separately</b>	\$ 0	\$ 8,223	\$ 0.00	+ 1.00%	\$ 0
	8,223	19,495	82.23	+ 2.00%	8,223
	19,495	30,769	307.67	+ 4.00%	19,495
	30,769	42,711	758.63	+ 6.00%	30,769
	42,711	53,980	1,475.15	+ 8.00%	42,711
	53,980	275,738	2,376.67	+ 9.30%	53,980
	275,738	330,884	23,000.16	+ 10.30%	275,738
	330,884	551,473	28,680.20	+ 11.30%	330,884
	551,473	AND OVER	53,606.76	+ 12.30%	551,473

	If the amount on Form 540, line 19 is		Enter on Form 540, line 31		of the amount over –
	over –	But not over –			
<b>Schedule Y –</b> Use if your filing status is <b>Married/RDP Filing Jointly or Qualifying Widow(er) with Dependent Child</b>	\$ 0	\$ 16,446	\$ 0.00	+ 1.00%	\$ 0
	16,446	38,990	164.46	+ 2.00%	16,446
	38,990	61,538	615.34	+ 4.00%	38,990
	61,538	85,422	1,517.26	+ 6.00%	61,538
	85,422	107,960	2,950.30	+ 8.00%	85,422
	107,960	551,476	4,753.34	+ 9.30%	107,960
	551,476	661,768	46,000.33	+ 10.30%	551,476
	661,768	1,102,946	57,360.41	+ 11.30%	661,768
	1,102,946	AND OVER	107,213.52	+ 12.30%	1,102,946

	If the amount on Form 540, line 19 is		Enter on Form 540, line 31		of the amount over –
	over –	But not over –			
<b>Schedule Z –</b> Use if your filing status is <b>Head of Household</b>	\$ 0	\$ 16,457	\$ 0.00	+ 1.00%	\$ 0
	16,457	38,991	164.57	+ 2.00%	16,457
	38,991	50,264	615.25	+ 4.00%	38,991
	50,264	62,206	1,066.17	+ 6.00%	50,264
	62,206	73,477	1,782.69	+ 8.00%	62,206
	73,477	375,002	2,684.37	+ 9.30%	73,477
	375,002	450,003	30,726.20	+ 10.30%	375,002
	450,003	750,003	38,451.30	+ 11.30%	450,003
	750,003	AND OVER	72,351.30	+ 12.30%	750,003

## How to Figure Tax Using the 2017 California Tax Rate Schedules

**Example:** Chris and Pat Smith are filing a joint tax return using Form 540. Their taxable income on Form 540, line 19 is \$125,000.

**Step 1:** Using Schedule Y, they find the taxable income range that includes their taxable income of \$125,000.

	<b>Example</b>	<b>Your Income</b>
<b>Step 2:</b> They subtract the amount at the beginning of their range from their taxable income.	$\begin{array}{r} \$125,000 \\ - 107,960 \\ \hline \$ 17,040 \end{array}$	$\begin{array}{r} \$ \\ - \\ \hline \$ \end{array}$
<b>Step 3:</b> They multiply the result from Step 2 by the percentage for their range.	$\begin{array}{r} \$ 17,040 \\ \times .0930 \\ \hline \$1,584.72 \end{array}$	$\begin{array}{r} \$ \\ \times \\ \hline \$ \end{array}$
<b>Step 4:</b> They round the amount from Step 3 to two decimals (if necessary) and add it to the tax amount for their income range. After rounding the result, they will enter \$6,338 on Form 540, line 31.	$\begin{array}{r} \$4,753.34 \\ + 1,584.72 \\ \hline \$6,338.06 \end{array}$	$\begin{array}{r} \$ \\ + \\ \hline \$ \end{array}$

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**Visit our website:**

**[ftb.ca.gov](http://ftb.ca.gov)**

# How To Get California Tax Information

## Where To Get Income Tax Forms and Publications

**By Internet** – You can download, view, and print California income tax forms and publications at [ftb.ca.gov/forms](http://ftb.ca.gov/forms) or you may have these forms and publications mailed to you. Many of our most frequently used forms may be filed electronically, printed out for submission, and saved for record keeping.

**By phone** – To order California tax forms and publications:

- Refer to the list on the next page and find the code number for the form you want to order.
- Call 800.338.0505.
- Follow the recorded instructions.
- Enter the three-digit form code when you are instructed.

Allow two weeks to receive your order. If you live outside California, allow three weeks to receive your order.

**In person** – Many post offices and libraries provide free California tax booklets during the filing season.

Employees at libraries and post offices cannot provide tax information or assistance.

**By mail** – Write to:

TAX FORMS REQUEST UNIT  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

## Letters

If you write to us, be sure your letter includes your social security number or individual taxpayer identification number and your daytime and evening telephone numbers. Send your letter to:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0040

We will respond to your letter within 10 weeks. In some cases, we may call you to respond to your inquiry, or ask you for additional information. **Do not** attach correspondence to your tax return unless the correspondence relates to an item on the return.

## Your Rights As A Taxpayer

The FTB's goals include making certain that your rights are protected so that you have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how to request written advice from the FTB on whether a particular transaction is taxable. See "Where To Get Income Tax Forms and Publications."

## Privacy Notice

The Franchise Tax Board considers the privacy of your tax information to be of the utmost importance.

**Reasons for Information Requests** – We ask for tax return information so that we can administer the tax law fairly and correctly.

**Rights and Responsibility** – You have the right to see our records that contain your personal information. To obtain information about your records, you may write to:

DISCLOSURE OFFICER MS A181  
FRANCHISE TAX BOARD  
PO BOX 1468  
SACRAMENTO CA 95812-1468

or call: 800.852.5711 within the United States, or 916.845.6500 outside of the United States.

**Your Responsibility** – California Revenue and Taxation Code Sections 18501 and 18621 require you to file a tax return on the forms we prescribe if you meet certain requirements. It is mandatory that you furnish all requested information. You may be charged penalties and interest, and in certain cases, you may be criminally prosecuted if you do not provide the information we ask for, or you provide fraudulent information.

**Information Disclosures** – As provided by law, we may give your tax information to other tax officials to determine your tax liability or collect tax amounts you owe. If you owe the Franchise Tax Board money we may also give your information to employers, financial institutions, county recorders, or others who hold assets belonging to you.

For full text of Franchise Tax Board's Privacy Notice, get FTB 1131 ENG/SP.

## Need help with your tax return?

We provide free assistance to individuals with limited income and/or over the age of 60 who need help in completing simple federal and state income tax returns. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **vita**.



**MyFTB**

The window to your info [ftb.ca.gov](http://ftb.ca.gov)

### The window to your information . . . MyFTB

MyFTB is a secure online service allowing you to:

- View estimated tax payments, recent payments made, and the total balance due on your account.
- Look up your California wage and withholding and FTB-issued 1099-G and 1099-INT records.
- Update your mailing address and phone number.
- Pay online with Web Pay.
- Link to additional services offered by the FTB:
  - File your tax return with CalFile
  - Apply for an installment agreement
  - Check your refund status
  - Request a paper copy of your filed tax return
  - Sign-up for estimated tax payment email reminders

Go to [ftb.ca.gov](http://ftb.ca.gov) and login or register for MyFTB.

**Automated Phone Service**

Use our automated phone service to get recorded answers to many of your questions about California Taxes and to order current year Personal Income Tax Forms and Publications.

You can also:

- Get current year tax refund information.
- Get balance due and payment information.

Have paper and pencil ready to take notes.

Telephone: 800.338.0505 from within the United States  
916.845.6500 from outside the United States

**Answers To Tax Questions**

Call our automated phone service, follow the recorded instructions and enter the 3-digit code.

**Code Filing Assistance**

- 100 Do I need to file a tax return?  
111 Which form should I use?  
112 How do I file electronically and get a fast refund?  
201 How can I get an extension to file?  
203 What is the nonrefundable renter's credit and how do I qualify?  
204 I never received a Form W-2. What do I do?  
205 I have no withholding taken out. What do I do?  
206 Do I have to attach a copy of my federal tax return?  
209 I lived in California for part of the year. Do I have to file a tax return?  
210 I did not live in California. Do I have to file a tax return?  
215 Who qualifies me to use the head of household filing status?  
222 How much can I deduct for vehicle license fees?

**Penalties**

- 403 What is the estimate penalty rate?

**Notices And Bills**

- 503 How do I file a protest against a Notice of Proposed Assessment?  
506 How can I get information about my Form 1099-G?

**Tax For Children**

- 601 Can my child take a personal exemption credit when I claim her or him as a dependent on my tax return?

**Miscellaneous**

- 611 What address do I send my payment to?  
619 How do I report a change of address?

**Order Forms and Publications**

If your current address is on file, you can order California tax forms and publications. Call our automated phone service, follow the recorded instructions and enter the 3-digit code.

**Code California Tax Forms and Publications**

- 900 California Resident Income Tax Booklet: Form 540, Resident Income Tax Return  
965 Form 540 2EZ Tax Booklet  
903 Schedule CA (540), California Adjustments – Residents, FTB 3885A, Depreciation and Amortization Adjustments, and Schedule D, California Capital Gain or Loss Adjustment

- 969 Large Print Resident Booklet  
970 Resident Booklet on Audio CD  
907 Form 540-ES, Estimated Tax for Individuals  
908 Schedule X, California Explanation of Amended Return Changes  
909 Schedule D-1, Sales of Business Property  
910 Schedule G-1, Tax on Lump-Sum Distributions  
911 Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents  
913 Schedule S, Other State Tax Credit  
914 California Nonresident Income Tax Booklet: Long and Short Form 540NR, Nonresident or Part-Year Resident Income Tax Return  
917 Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents  
918 Schedule P (540NR), Alternative Minimum Tax and Credit Limitations – Nonresidents or Part-Year Residents  
932 FTB 3506, Child and Dependent Care Expenses Credit  
938 FTB 3514, California Earned Income Tax Credit  
937 FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Tax Return  
921 FTB 3519, Payment for Automatic Extension for Individuals  
922 FTB 3525, Substitute for W-2 Wage and Tax Statement  
923 FTB 3526, Investment Interest Expense Deduction  
939 FTB 3532, Head of Household Filing Status Schedule  
940 FTB 3540, Credit Carryover and Recapture Summary  
949 FTB 3567, Installment Agreement Request  
924 FTB 3800, Tax Computation for Certain Children with Investment Income  
929 FTB 3801, Passive Activity Loss Limitations  
925 FTB 3805E, Installment Sale Income  
928 FTB 3805P, Additional Taxes from Qualified Retirement Plans  
926 FTB 3805V, Net Operating Loss (NOL) – Individuals  
943 FTB 4058, California Taxpayers' Bill of Rights  
927 FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries  
919 FTB Pub. 1001, Supplemental Guidelines to California Adjustments  
920 FTB Pub. 1005, Pension and Annuity Guidelines  
945 FTB Pub. 1006, California Tax Forms and Related Federal Forms  
946 FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities  
941 FTB Pub. 1031, Guidelines for Determining Resident Status  
942 FTB Pub. 1032, Tax Information for Military Personnel  
934 FTB Pub. 1540, California Head of Household Filing Status

**Current Year Refund Information**

If you file by mail, wait at least 8 weeks after you file your tax return before you call to find out about your refund. You need your social security number, the numbers in your street address, box number, route number, or PMB number, and your ZIP Code to use this service.

**Balance Due and Payment Information**

Wait at least 45 days from the date you mailed your payment before you call to verify receipt. You need your social security number, the numbers in your street address, box number, route number, or PMB number, and your ZIP Code to use this service.

**General Phone Service**

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday, except holidays. Hours are subject to change.

Telephone: 800.852.5711 from within the United States

916.845.6500 from outside the United States

800.829.1040 for federal tax questions, call the IRS

TTY/TDD: 800.822.6268 for persons with hearing or speech disability

711 or 800.735.2929 California relay service

**Large-print forms and instructions** – The Resident Booklet is available in large print upon request and is also available on audio CD. See "Order Forms and Publications" or "Where To Get Income Tax Forms and Publications."

**Asistencia en español**

Asistencia telefónica está disponible durante todo el año desde las 7 a.m. hasta las 5 p.m. de lunes a viernes, excepto días feriados. Las horas están sujetas a cambios.

Teléfono: 800.852.5711 dentro de los Estados Unidos

916.845.6500 fuera de los Estados Unidos

800.829.1040 para preguntas sobre impuestos federales llame al IRS

TTY/TDD: 800.822.6268 para personas con discapacidades auditivas o del habla

711 ó 800.735.2929 servicio de relevo de California

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