

2021 Instructions for Form FTB 3803

Parents' Election to Report Child's Interest and Dividends

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 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 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), California Adjustments - Residents, or Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents, 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.

California conforms to the provision of the Small Business and Work Opportunity Tax Act of 2007 which increased the age of children to under age 19 or a student under age 24 for elections made by parents reporting their child's interest and dividends.

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

Parents may elect to report their child's income on their California income tax return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. If you make this election, the child will not have to file a 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. You may make this election if your child meets all of the following conditions:

- Was under age 19 or a student under age 24 at the end of 2021. A child born on January 1, 2003, is considered to be age 19 at the end of 2021. A child born on January 1, 1998, is considered to be age 24 at the end of 2021.
- Is required to file a 2021 income tax return.
- Does not file a joint return for 2021.
- Had income only from interest and dividends, including capital gain distributions.
- Had gross income for 2021 that was less than \$11,000.
- Made no estimated tax payments for 2021.
- Did not have any overpayment of tax shown on his or her 2020 return applied to the 2021 estimated taxes.
- Had no state income tax withheld from his or her income (backup withholding).

As a parent, you must also qualify as explained in Section B.

B Parents Who Qualify to Make the Election

You qualify to make this election if you file Form 540, California Resident Income Tax Return, or Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, and if any of the following applies to you:

- You and the child's other parent were married to each other or in an RDP and you file a joint return for 2021.

- You and the child's other parent were married to each other or in an RDP but you file separate returns for 2021 AND you had the higher taxable income. If you do not know if you had the higher taxable income, get federal Publication 929, Tax Rules for Children and Dependents.
- You were unmarried, treated as unmarried for state income tax purposes, or separated from the child's other parent by a divorce, separate maintenance decree, or termination of an RDP, and you had custody of your child for most of the year (you were the custodial parent). If you were the custodial parent and you remarried or entered into another RDP, you may make the election on a joint return with your new spouse/RDP (your child's stepparent). But if you and your new spouse/RDP do not file a joint return, you qualify to make the election only if you had higher taxable income than your new spouse/RDP.

If you and the child's other parent were not married or in an RDP but you lived together during the year with the child, you qualify to make the election only if you are the parent with the higher taxable income.

If you elect to report your child's income on your return, you may not reduce that income by any deductions that your child would be entitled to claim on his or her own return, such as the penalty on early withdrawal of child's savings or any itemized deductions. For more information, get the instructions for federal Form 8814, Parents' Election to Report Child's Interest and Dividends.

C How to Make the Election

To make the election, complete and attach form FTB 3803 to your Form 540 or Form 540NR and file your return by the due date (including extensions).

File a separate form FTB 3803 for each child whose income you choose to report.

Specific Line Instructions

Use Part I to figure the amount of the child's income to report on your tax return. Use Part II to figure any additional tax that must be added to your tax.

Name and Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). Enter your name as shown on your tax return. If filing a joint return, include your spouse's/RDP's name but enter the SSN or ITIN of the person whose name is shown first on the return.

For more information about interest, dividends, and capital gain distributions taxable by California, get the instructions for Schedule CA (540) or Schedule CA (540NR).

Part I — Child's Interest and Dividend Income to Report on Your Return

Line 1a

Enter all interest income taxable by California and received by your child in 2021. If, as a nominee, your child received interest that actually belongs to another person, write the amount and the initials "ND" (for "nominee distribution") on the dotted line to the left of line 1a. **Do not** include amounts received by your child as a nominee in the total entered on line 1a.

If your child received federal Form 1099-INT, Interest Income, showing California tax-exempt interest or federal Form 1099-OID, Original Issue Discount, get the instructions for federal Form 8814.

Franchise Tax Board Privacy Notice on Collection

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for **1131** to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.

Line 1b

If your child received any interest income exempt from California tax, such as interest on United States savings bonds or California municipal bonds, enter the total tax-exempt interest on line 1b. Also, include any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company. **Do not** include this interest on line 1a. Get the instructions for Schedule CA (540), Part I, or Schedule CA (540NR), Part II, Section A, line 2, for more information.

Line 2

Enter ordinary dividends received by your child in 2021. Ordinary dividends should be shown on federal Form 1099-DIV, Dividends and Distributions, box 1a. Also, include ordinary dividends your child received through a partnership, S corporation, estate or trust.

If your child received, as a nominee, ordinary dividends that actually belong to another person, enter the amount and the initials "ND" on the dotted line to the left of line 2. **Do not** include amounts received as a nominee in the total for line 2.

Line 3

Enter the capital gain distributions taxable by California and received by your child in 2021. Capital gain distributions should be shown on federal Form 1099-DIV, box 2a. Also, see the instructions for line 6. If your child received, as a nominee, capital gain distributions that actually belong to another person, enter the amount and the initials "ND" on the dotted line to the left of line 3. **Do not** include amounts received as a nominee in the total for line 3.

Line 6

If the total amount on line 6 of all form(s) FTB 3803 is **less** than the total amount on line 6 of all your federal Form(s) 8814, enter the difference on Schedule CA (540), Part I or Schedule CA (540NR), Part II, Section B, line [8f](#), column B and write "FTB 3803" on line [8f](#).

If the total amount on line 6 of all form(s) FTB 3803 is **more** than the total amount on line 6 of all your federal Form(s) 8814, enter the difference on Schedule CA (540), Part I or Schedule CA (540NR), Part II, Section B, line [8f](#), column C and write "FTB 3803" on line [8f](#).

If you did not file federal Form 8814, enter the amount from form FTB 3803, line 6, on Schedule CA (540), Part I or Schedule CA (540NR), Part II, Section B, line [8f](#), column C and write "FTB 3803" on line [8f](#).

If your child received capital gain distributions (shown on federal Form 1099-DIV, box 2a and box 2b) and you have other gains or losses to report on your Schedule D, California Capital Gain or Loss Adjustment, you must report part or all of your child's capital gain distributions on your Schedule D instead of on form FTB 3803, line 6. Get federal Publication 929 for more information on how to figure the amount to report on your Schedule D.

Part II — Tax on the First \$2,200 of Child's Interest and Dividend Income

Line 9

Add the amount of tax from each form FTB 3803, line 9 to any tax you enter on Form 540 or Form 540NR, line 31 and check the box labeled "FTB 3803."