

2022 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

Foster Youth Tax Credit – For taxable years beginning on or after January 1, 2022, the refundable Foster Youth Tax Credit (FYTC) is available to an individual and/or spouse/RDP age 18 to 25, who is allowed the California Earned Income Tax Credit (EITC) for the taxable year, was in foster care while 13 years of age or older and placed through the California foster care system. The maximum amount of credit allowable for each eligible taxpayer is \$1,083. The credit amount phases out as earned income exceeds the threshold amount of \$25,000, and completely phases out at \$30,000. For more information, see Step 10, Qualifications for Foster Youth Tax Credit (FYTC), in the instructions, or California Revenue and Taxation Code (R&TC) Section 17052.2, or go to ftb.ca.gov and search for **fytc**.

Young Child Tax Credit Expansion – For taxable years beginning on or after January 1, 2022, California expanded the Young Child Tax Credit (YCTC) eligibility to include an eligible individual with a qualifying child who would otherwise have been allowed the California EITC but that the individual has earned income of zero dollars or less, does not have net losses in excess of \$32,490 in the taxable year, and does not have wages, salaries, tips, and other employee compensation in excess of \$32,490 in the taxable year. For more information, see Step 8, Qualifications for Young Child Tax Credit (YCTC), in the instructions, or R&TC Section 17052.1, or go to ftb.ca.gov and search for **yctc**.

Special Rule for Separated Spouses/Registered Domestic Partners (RDPs) – The federal American Rescue Plan Act of 2021 allows married taxpayers who file married filing separately for federal purposes and who meet certain requirements to qualify for the federal Earned Income Tax Credit. California law conforms to these changes for purposes of eligibility for California Earned Income Tax Credit. For more information, see Specific Instructions, Special rule for separated spouses/RDPs.

Taxpayers with Individual Taxpayer Identification Number – For taxable years beginning on or after January 1, 2022, taxpayers who claim the EITC, YCTC, and FYTC using an Individual Taxpayer Identification Number (ITIN) may, upon request of the Franchise Tax Board (FTB), use identifying documents acceptable for purposes of obtaining a California identification card as authorized by the California Vehicle Code and related regulations for purposes of establishing documents acceptable to prove identity, in addition to other documents already listed under Specific Instructions for line 7, “Valid ITIN” section.

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 R&TC in the instructions. Taxpayers should not consider the instructions as authoritative law.

Registered Domestic Partners

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.

California Earned Income Tax Credit

The refundable California EITC is available to taxpayers who earned wage income subject to California withholding and/or have net earnings from self-employment. This credit is similar to the federal Earned Income Credit (EIC) but with different income limitations. The California 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 income tax return to claim the credit and attach a completed form FTB 3514, California Earned Income Tax Credit.

Young Child Tax Credit

For taxable years beginning on or after January 1, 2019, the refundable YCTC is available to taxpayers who also qualify for the California EITC and who have at least one qualifying child who is younger than six years old as of the last day of the taxable year. For taxable year 2022, the maximum amount of credit allowable for a qualified taxpayer is \$1,083. The credit amount phases out as earned income exceeds the threshold amount of \$25,000, and completely phases out at \$30,000. For more information, see Step 8, Qualifications for Young Child Tax Credit (YCTC), in the instructions, or go to ftb.ca.gov and search for **yctc**.

Expansion for Credits Eligibility

For taxable years beginning on or after January 1, 2020, California expanded EITC and YCTC eligibility to allow either the federal Individual Tax Identification Number (ITIN) or the Social Security Number (SSN) to be used by all eligible individuals, their spouses, and qualifying children. If an ITIN is used, eligible individuals should provide identifying documents upon request of the Franchise Tax Board (FTB). Any valid SSN can be used, not only those that are valid for work. Additionally, upon receiving a valid SSN, the individual should notify the FTB in the time and manner prescribed by the FTB. The YCTC is available if the eligible individual or spouse has a qualifying child younger than six years old. For more information, see General Information B, Differences in California and Federal Law, Specific Instructions for line 7, and go to ftb.ca.gov and search for **eitc**.

Worker Status: Employees and Independent Contractors

Some individuals may be classified as independent contractors for federal purposes and employees for California purposes, which may also cause changes in how their income and deductions are classified. For more information, see Specific Instructions, Step 5, line 13 and line 18.

A Purpose

Use form FTB 3514 to determine whether you qualify to claim the EITC, YCTC, and FYTC, provide information about your qualifying children, if applicable, and to figure the amount of your credits.

B Differences in California and Federal Law

The differences between California and federal law for the Earned Income Tax Credit 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 \$30,001 to qualify for the California credit.
- An eligible individual without a qualifying child is 18 years or older for the California credit.
- You may elect to include all of your (and/or all of your spouse's/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.
- You may elect to include or exclude Medicaid waiver payments or In Home Supportive Services (IHSS) payment from earned income for the California credit, whether or not you elect to include or exclude them for the federal credit.

- California allows this credit to eligible individuals and their spouses who have a valid federal ITIN or who have qualifying children who have a valid federal ITIN.

Specific Instructions

If certain requirements are met, you or your eligible spouse may claim the EITC, YCTC, or FYTC even if you do not have a valid SSN and instead have a valid federal ITIN. If you have a valid federal ITIN, enter it in the Your SSN or ITIN field at the top of the form. For more information, see the General Information section and Specific Instructions for line 7.

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 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 to determine if you qualify for the credit.

Special Rule for Separated Spouses/RDPs. You can claim the EITC if you are married/RDP, not filing a joint return, had a qualifying child who lived with you for more than half of 2022, and either of the following applies:

- You lived apart from your spouse/RDP for the last 6 months of 2022, or
- You are legally separated according to California law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse/RDP at the end of 2022.

If you meet these requirements, check the box at the top of form FTB 3514.

Attach the completed form FTB 3514 to your Form 540 or 540 2EZ, California Resident Income Tax Return, or Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, if you claim the California EITC.

Step 1 Qualifications for All Filers

- a. In taxable year 2022, is the amount on federal Form 1040, U.S. Individual Income Tax Return, or Form 1040-SR, U.S. Tax Return for Seniors, line 11 (federal AGI) less than \$30,001?

Yes Continue.

No Stop here, you cannot take the credit.

- b. Do you, and your spouse/RDP if filing a joint return, have a valid SSN or federal ITIN? See line 7, "Valid SSN" or "Valid ITIN" within Step 3, Qualifying Child, for a full definition.

Yes If you have a qualifying child, continue to question c. If you do not have a qualifying child, continue to question d.

No Stop here, you cannot take the credit.

- c. Do you, and your spouse/RDP if filing a joint return, have a qualifying child who has a valid SSN or federal ITIN?

Yes Continue to question d.

No You may qualify for the EITC as a filer without a qualifying child, continue to question d.

- d. Is your filing status married/RDP filing separately?

Yes See note below.

No Continue to question e.

Note: Special rule for separated spouses/RDPs. You can claim the EITC if you are married/in an RDP, not filing a joint return for the taxable year, had a qualifying child who lived with you for more than half of 2022, and either of the following apply:

- You lived apart from your spouse/RDP for the last 6 months of 2022, or
- You are legally separated according to California law under a written separation agreement or a decree of separate maintenance and you did not live in the same household as your spouse/RDP at the end of 2022.

If your filing status is married/RDP filing separately and you do not meet these requirements, stop here, you cannot take the credit. If you meet these requirements, continue to question e.

- e. Are you filing federal Form 2555, Foreign Earned Income?

Yes Stop here, you cannot take the credit.

No Continue.

- f. Were you or your spouse/RDP a nonresident alien for any part of 2022?

Yes If your filing status is married/RDP filing jointly, continue. Otherwise, stop here; you cannot take the credit.

No Continue.

- g. If you are filing 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.

- h. 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 Form 540NR, complete Worksheet 1. If you are filing Form 540 2EZ, complete Worksheet 2.

Worksheet 1 – Investment Income Form 540 and Form 540NR Filers	
Interest and Dividends	
1	Add and enter the amounts from federal Form 1040 or 1040-SR, line 2a and line 2b 1
2	Enter the amount from federal Form 8814, Parents' Election to Report Child's Interest and Dividends, line 1b 2
3	Enter the amount from federal Form 1040 or 1040-SR, line 3b 3
4	Enter any amounts from federal Form 8814, line 12 for child's interest and dividends 4
Capital Gain Net Income	
5	Enter the amount from federal Form 1040 or 1040-SR, line 7. If the result is less than zero, enter -0- 5
6	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) 6
7	Subtract line 6 from line 5. (If the result is less than zero, enter -0-) 7
Passive Activities	
8	Enter the total of net income from passive activities included on federal Schedule 1 (Form 1040), Additional Income and Adjustments to Income, line 5 8
Other Activities	
9	Enter any income from the rental of personal property included on federal Schedule 1 (Form 1040), line 8i. If the result is zero or less, enter -0- 9
10	Enter any expenses related to the rental of personal property included on federal Schedule 1 (Form 1040), line 24b 10
11	Subtract line 10 from line 9. (If the result is less than zero, enter -0-) 11
Investment Income	
12	Add the amounts on lines 1, 2, 3, 4, 7, 8, and 11. Enter the total. This is your investment income 12
13	Is the amount on line 12 more than \$4,389 ? Yes Stop here, you cannot take the credit. No Enter the amount from line 12 on form FTB 3514, line 4. Go to Step 3.

**Worksheet 2 – Investment Income
Form 540 2EZ Filers**

1	Taxable interest. Enter the amount from Form 540 2EZ, line 10	1	_____
2	Nontaxable interest. Add and enter the amounts from federal Form 1099-INT, box 3 and box 8, and the amount from federal Form 1099-DIV, box 12	2	_____
3	Dividends. Enter the amount from Form 540 2EZ, line 11	3	_____
4	Capital gain net income. Enter the amount from Form 540 2EZ, line 13	4	_____
5	Investment income. Add line 1, line 2, line 3 and line 4. Enter the amount here	5	_____
6	Is the amount on line 5 more than \$4,389 ? Yes Stop here, you cannot take the credit. No Enter the amount from line 5 on form FTB 3514, line 4. Go to Step 3.		

f. Could you be a qualifying child of another person for 2022? (Answer “No” if the other person is not required to file, and is not filing, a 2022 tax return or is filing a 2022 return only to claim a refund of withheld income tax or estimated tax paid. Get federal Pub. 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.

Note: If your qualifying child is younger than six years old as of the last day of the taxable year, you must list that child’s information under Child 1, Child 2, or Child 3 column. **Do not** include the information of any child younger than six years old in an attachment to the form FTB 3514. See Step 8 and Step 9 in the instructions to see if you qualify for the YCTC.

Line 7 – SSN or ITIN

The child must have a valid SSN or ITIN, as defined below, unless the child was born and died in 2022. If your child was born alive and died in 2022 and did not have an SSN or an ITIN, write “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 – A valid SSN is a number issued by the Social Security Administration without regard to whether it was issued for employment or issued solely for the purpose of receiving federally funded benefits.

Valid ITIN – A valid ITIN is a federal tax processing number issued by the Internal Revenue Service that is not expired or revoked. For taxable years beginning on or after January 1, 2020, a valid federal ITIN can be used to claim the EITC, YCTC, and FYTC. If an ITIN is used, eligible individuals should provide the documents listed below upon request by the FTB:

- Identifying documents acceptable for purposes of obtaining a California driver’s license or identification card as authorized by the California Vehicle Code and related regulations for purposes of establishing documents acceptable to prove identity.
- Identifying documents used to report earned income for the taxable year.

Additionally, upon receiving a valid SSN, the individual should notify the FTB in the time and manner prescribed by the FTB. For more information, go to ftb.ca.gov and search for **eitc**.

An Adoption Taxpayer Identification Number (ATIN) cannot be used to claim EITC. If you or your child has an ATIN and later gets a valid SSN or a valid federal ITIN, you may be able to file an amended return. Use Form 540, 540 2EZ, or 540NR to amend your original or previously filed tax return with Schedule X, California Explanation of Amended Return Changes, attached to the amended return.

If you did not have an SSN or federal ITIN by the due date of your 2022 return (including extensions), you cannot claim the EITC, YCTC, or FYTC on either your original or an amended 2022 return, even if you later get an SSN or federal ITIN. Also, if a child did not have an SSN or federal ITIN by the due date of your return (including extensions), you cannot count that child as a qualifying child in figuring the EITC (or YCTC) on either your original or an amended 2022 return, even if that child later gets an SSN or federal ITIN.

Line 9a – Student

A student is a child who during any part of 5 calendar months of 2022 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 2022, 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.

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 2022 and younger than you (or your spouse/RDP, if filing jointly), or under age 24 at the end of 2022, 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 2022 or is filing a joint return for 2022 only to claim a refund of withheld income tax or estimated tax paid. Get federal Pub. 596, Earned Income Credit, for examples.
- Lived with you in California for more than half of 2022. 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/in an RDP 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 Pub. 596 for more information.

Qualifying Child Questionnaire

- a. Do you have at least one child who meets the conditions to be your qualifying child for the purpose of claiming the EITC?
Yes Continue.
No Go to Step 4.
- b. Are you filing a joint return for 2022?
Yes Complete form FTB 3514, Part III, line 5 through line 12. Go to Step 5.
No Continue.
- c. Are you a married/in an RDP taxpayer whose filing status is married/RDP filing separately or head of household?
Yes Continue.
No Skip questions d and e; go to question f.
- d. Did you and your spouse/RDP have the same principal residence for the last 6 months of 2022?
Yes Continue.
No Skip question e; go to question f.
- e. Are you legally separated according to California law under a written separation agreement or a decree of separate maintenance and you lived apart from your spouse/RDP at the end of 2022?
Yes Continue.
No Stop here, you cannot take the credit.

Line 11 – Number of days child lived with you

Enter the number of days the child lived with you in California during 2022. To qualify, the child must have the same principal place of residence in California as you for more than half of 2022, defined as 183 days or more (if a leap year, it is 184 days). If the child was born or died in 2022 and your home was the child's home for more than half the time he or she was alive during 2022, enter "365". Do not enter more than 365 days, unless it's a leap year, then enter 366 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 Pub. 596.

Line 12 – Child's physical address

Enter the physical address where the child resided during 2022. This should be the address of the principal place of residence in California where the child lived with you for more than half of 2022. If the child lived with you in California for more than half of 2022, 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 or 1040-SR, line 11 (federal AGI), less than \$30,001?

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 18 at the end of 2022? (Answer "Yes" if you, or your spouse/RDP if filing a joint return, were born on or before January 1, 2005.) If your spouse/RDP died in 2022 (or if you are preparing a return for someone who died in 2022), get federal Pub. 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 2022?

Yes Continue.

No Stop here, you cannot take the credit.

- d. Are you filing a joint return for 2022? For more information, get federal Pub. 596.

Yes Skip questions e and f; go to Step 5.

No Continue.

- e. Could you be a qualifying child of another person for 2022? (Answer "No" if the other person is not required to file, and is not filing, a 2022 tax return or is filing a 2022 return only to claim a refund of withheld income tax or estimated tax paid. Get federal Pub. 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 2022 tax return?

Yes Stop here, you cannot take the credit.

No Go to Step 5.

Step 5 California Earned Income

Complete line 13 through line 19 to figure your California earned income.

Line 13 – Wages, salaries, tips, and other employee compensation, subject to California withholding

Enter the total amount of your California wages from your federal Form(s) W-2, Wage and Tax Statement. This amount appears on Form W-2, box 16. Include all of your Medicaid waiver payments or IHSS payments even if the payments are nontaxable for federal purposes.

If you have not reached the minimum retirement age and you received disability payment reported on federal Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., and a distribution code 3 is shown in box 7 of federal

Form 1099-R, include the amount of the disability payment on form FTB 3514, line 13.

Note: If you have clergy wages, subtract the self employment tax, if any, that was reported on federal Schedule SE (Form 1040), Self-Employment Tax, and enter the result on form FTB 3514, line 13.

Employees and independent contractors – If the taxpayer's classification for California and federal purposes is different, enter the earned income as wages on line 13 or as business income on line 18 based on the federal classification of income. For example, a taxpayer may be classified as an independent contractor for federal purposes, but as an employee for California purposes. Based on this example, this taxpayer would enter their income as business income on form FTB 3514, line 18. Use your federal classification for EITC purposes only and for all other purposes such as completing other tax forms, schedules, etc., use your California classification.

Line 14 – IHSS payments

You may elect to include or exclude your Medicaid waiver payments or IHSS payments if the payments are nontaxable for federal purposes. If you elect to exclude such payments from your earned income for California EITC purposes, enter the amount you received as Medicaid waiver payments or IHSS payments that are nontaxable for federal purposes on line 14. If you elect to include such payments, leave line 14 blank. 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 them. 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 15 – Prison inmate wages and/or pension or annuity from a nonqualified deferred compensation plan or a nongovernmental IRC Section 457 plan

Enter the amount included on line 13, that you received for work performed while an inmate in a penal institution.

Enter the amount included on line 13, that you received as a pension or annuity from a nonqualified deferred compensation plan or a nongovernmental IRC Section 457 plan. This amount may be shown on federal 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, 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 federal Schedule C (Form 1040), Profit or Loss From Business, Schedule F (Form 1040), Profit or Loss From Farming, Schedule SE (Form 1040), and any Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc.

Employees and independent contractors – If the taxpayer's classification for California and federal purposes is different, enter the earned income as wages on line 13 or as business income on line 18 based on the federal classification of income. For example, a taxpayer may be classified as an independent contractor for federal purposes, but as an employee for California purposes. Based on this example, this taxpayer would enter their income as business income on form FTB 3514, line 18. Use your federal classification for EITC purposes only and for all other purposes such as completing other tax forms, schedules, etc., use your California classification.

Worksheet 3 – Business Income or (Loss)

- 1 Business income or (loss).** Enter the amount from federal Schedule 1 (Form 1040), line 3. . . **1** _____
- 2 Farm income or (loss).** Enter the amount from federal Schedule 1 (Form 1040), line 6. . . **2** _____
- 3 Self-employment earnings from partnerships reported on federal Schedule(s) K-1.** Enter the net profit (or loss) from federal Schedule K-1 (Form 1065), box 14, code A. . . **3** _____
- 4 Deductible part of self-employment tax.** Enter the amount from federal Schedule 1 (Form 1040), line 15. **4** _____
- 5 Total business income or (loss).** Add line 1, line 2, line 3, and subtract line 4. Enter the amount here and on form FTB 3514, line 18. **5** _____

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. Enter 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 (Form 1040) or Schedule F (Form 1040), box B.

After completing Step 5, line 18e, go to Step 6.

Step 6 How to Figure the California EITC

Complete the California Earned Income Tax Credit Worksheet below only if you have earned income greater than zero on line 19. If you file Form 540 or 540 2EZ, after completing Step 6, skip Step 7 and go to Step 8. If you file Form 540NR, after completing Step 6, go to Step 7.

California Earned Income Tax Credit Worksheet

Part I All Filers

- 1** Enter your California earned income from form FTB 3514, line 19. If the amount is zero or less, stop here. **1** _____
- 2** 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.
- 3** Enter the amount from federal Form 1040 or 1040-SR, line 11 (federal AGI). **3** _____
- 4** 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

- 5** If you have:
 - No qualifying children, is the amount on line 3 less than \$4,248?
 - 1 qualifying child, is the amount on line 3 less than \$6,379?
 - 2 or more qualifying children, is the amount on line 3 less than \$8,954?**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** _____
Compare the amounts on line 5 and line 2, enter the **smaller** amount on line 6.

Part III Your Earned Income Tax Credit

- 6** This is your California earned income tax credit. Enter this amount on form FTB 3514, line 20. **6** _____

(continued on next page)

Step 7 How to Figure the Nonresident or Part-Year Resident EITC

If you file Form 540 or 540 2EZ, skip Step 7 and go to Step 8.

Line 21 – CA Exemption Credit Percentage

If you file Form 540NR, enter your California Exemption Credit Percentage from Form 540NR, line 38 on form FTB 3514, line 21. However, if your total taxable income was less than zero and you entered \$0 on Form 540NR, line 19, complete Worksheet 4 below to compute the correct California Exemption Credit Percentage to enter on form FTB 3514, line 21.

Worksheet 4 – California Exemption Credit Percentage	
Complete this worksheet only if you are a nonresident or part-year resident with negative total taxable income and you entered zero on Form 540NR, line 19.	
Part I Total Taxable Income	
1 Enter the amount from Form 540NR, line 17. If a negative amount, enter as negative	1 _____
2 Enter the amount from Form 540NR, line 18	2 _____
3 Total Taxable Income. Subtract line 2 from line 1. Enter the negative result here	3 _____
Part II California Taxable Income	
4 Enter the amount from Schedule CA (540NR), Part IV, line 1. If a negative amount, enter as negative	4 _____
5 Enter the amount from Schedule CA (540NR), Part IV, line 4	5 _____
6 California Taxable Income. Subtract line 5 from line 4. If a negative amount, enter as negative	6 _____
Part III California Exemption Credit Percentage	
7 Subtract line 6 from line 3. If a negative amount, enter as negative	7 _____
8 Enter the amount from line 3 as a positive amount.	8 _____
9 Divide line 7 by line 8. Enter amount as a decimal	9 _____
10 California Exemption Credit Percentage. Subtract line 9 from 1.000. If more than 1, enter 1.000. If less than zero, enter 0. Enter the result as a decimal here and on form FTB 3514, line 21, line 29, or line 40.	10 _____

Line 22 – Nonresident or Part-Year Resident EITC

Multiply line 20 by line 21 and enter the result on form FTB 3514, line 22. This amount should also be entered on Form 540NR, line 85.

Step 8 Qualifications for Young Child Tax Credit (YCTC)

To qualify for the YCTC, you must meet **all** of the following:

- You have been allowed the California EITC on this form if your California earned income is greater than zero **or** you would otherwise have been allowed the California EITC but you have earned income of zero dollars or less (see additional requirements after these bullet points).
- You have at least one qualifying child for the California EITC.
- Your qualifying child is younger than six years old as of the last day of the taxable year.

Additional requirements must be met if you would otherwise have been allowed the California EITC but you have earned income of zero dollars or less:

- You do not have total federal net losses in excess of \$32,490 in the taxable year (this amount will be indexed annually).
- You do not have total wages, salaries, tips, and other employee compensation in excess of \$32,490 in the taxable year (this amount will be indexed annually).

Caution: If you **do not** meet all of the requirements for YCTC, you cannot take this credit.

If you meet all of the requirements for YCTC, complete Part VII, Young Child Tax Credit. If you are a nonresident or part-year resident, also complete Part VIII, Nonresident or Part-Year Resident Young Child Tax Credit.

For taxable years beginning on or after January 1, 2020, California expanded YCTC eligibility for a qualifying child who is younger than 6 years old as of the last day of the taxable year, who has a valid federal ITIN. The child must be a qualifying child of an eligible individual, or the eligible individual's spouse/RDP (if married), who have a valid federal ITIN.

Note: If your qualifying child is younger than six years old as of the last day of the taxable year, you must list that child's information under Part III, Qualifying Child Information, Child 1, Child 2, or Child 3 column. **Do not** include the information of any child younger than six years old in an attachment to the form FTB 3514.

Line 23 – California Earned Income

California earned income for purposes of the YCTC is the same as for the California EITC. Enter the amount from form FTB 3514, line 19.

Line 23a – Total wages, salaries, tips, and other employee compensation

Enter the total amount of wages, salaries, tips, and other employee compensation by adding up the following amounts, if applicable:

- Form FTB 3514, line 13
- Form FTB 3514, line 14
- Form FTB 3514, line 15
- Form FTB 3514, line 17
- Nontaxable combat pay that is not elected to be treated as earned income for purposes of EITC and which was not reported on form FTB 3514, line 17
- Wages not subject to California withholding (e.g. out of state wages)

If the amount entered on line 23a exceeds \$32,490, **stop here**, you do not qualify for the credit.

Line 23b – Total federal net loss

For purposes of this line, federal net loss means the amounts by which total losses generated during the year exceeds total income, without regard to utilization limitations. A few examples of income and losses are:

Income:

- Wages, salaries, and tips
- Interest, dividends, and pensions
- Capital gains
- Business income
- Rental income
- Unemployment compensation reported on federal Form 1099-G
- Paid Family Leave Insurance
- U.S. social security benefits
- Tier 1 and tier 2 railroad retirement payments
- All other income as applicable

Losses (without regard to utilization limitations):

- Business loss
- Capital loss
- Rental loss
- Farm loss
- All other losses as applicable
- Do not** include carryover losses from prior years

The lists included within this line instructions are not intended to be all-inclusive when calculating the amount of net loss.

Do not enter the amount of total federal net loss on this line. If your amount of total federal net loss exceeds \$32,490, check the box on line 23b and **stop here**, you **do not** qualify for the credit.

Line 25 – Excess Earned Income over threshold

Subtract the \$25,000 threshold amount from your California earned income entered on line 23 and enter the excess amount on line 25.

Line 26 and Line 27

For every \$100 over the threshold amount, your credit is reduced by \$21.66.

Line 28 – Young Child Tax Credit

This is the amount of your allowable YCTC to claim on your tax return. This amount should also be entered on Form 540, line 76; or Form 540 2EZ, line 23b. If you file Form 540 or 540 2EZ, skip Step 9 and go to Step 10. If you file Form 540NR, go to Step 9.

Step 9 Nonresident or Part-Year Resident Young Child Tax Credit (YCTC)

If you file Form 540 or 540 2EZ, skip Step 9 and go to Step 10.

Line 29 – CA exemption credit percentage

If you file Form 540NR, enter your California Exemption Credit Percentage from Form 540NR, line 38 on form FTB 3514, line 29. However, if you completed Worksheet 4, enter the California Exemption Credit Percentage from Worksheet 4, line 10 on form FTB 3514, line 29.

Line 30 – Nonresident or part-year resident YCTC

Multiply line 28 by line 29 and enter the result on form FTB 3514, line 30. This amount should also be entered on Form 540NR, line 86.

Step 10 Qualifications for Foster Youth Tax Credit (FYTC)

To qualify for the FYTC, you must meet all of the following:

- You have been allowed a California EITC on this form.
- You are at least 18 years old and younger than 26 years old as of the last day of the taxable year.
- You were in foster care while 13 years of age or older and placed through the California foster care system.

Caution: If you **do not** meet all of the requirements for FYTC, you cannot take this credit.

If you meet all of the requirements for FYTC, complete Part IX, Foster Youth Tax Credit. If you are a nonresident or part-year resident, also complete Part X, Nonresident or Part-Year Resident Foster Youth Tax Credit.

Line 31 – Who is claiming the FYTC

Form FTB 3514 asks who is claiming the credit. You must check the box that applies to you (either Primary Taxpayer or Spouse/RDP) to claim the credit. You may only claim the credit for yourself. If you and your spouse/RDP both qualify for the credit, you each must check the box that applies to you.

To claim the FYTC, you must complete line 31 and line 33 of form FTB 3514 and sign your tax return.

Line 32 – Qualifying foster youth information

If the first name and/or last name provided on the tax return is different from the first name and/or last name while in foster care, provide the name while in foster care in the applicable spaces provided.

Line 33 – Consent and authorization

Check the box to indicate your consent and authorization for the California Department of Social Services (CDSS) to share limited information about you with the California Franchise Tax Board for purposes of verifying your eligibility for the FYTC. You may only provide consent for yourself. Consent is optional.

If you are not checking the applicable box to provide consent, attach to this return a letter issued by a county or state agency confirming each individual who claims the FYTC status as a foster youth at or after age 13, or other proof of status as a condition of receiving the FYTC. Below are samples of other proof/supporting documentation that may be provided:

- CDSS Foster Care Verification Form
- County-issued letter

If consent and/or the proof you submit does not result in satisfactory proof of your eligibility, we may contact you to provide additional proof, which may delay a decision on your eligibility.

To request information needed to verify your status as a foster youth at or after age 13, contact:

California Department of Social Services
Telephone: 916.651.8848
Email: piar@dss.ca.gov
Mail: 744 P Street, Sacramento, CA 95814
Out-of-State Inquiries: cdss.osi@dss.ca.gov

A decision on your eligibility for the FYTC may be delayed or denied if your eligibility is not confirmed by CDSS or you do not provide satisfactory proof of your eligibility to the FTB. For that reason, we recommend that you check the applicable box to provide your consent and/or attach proof of your status as a foster youth at or after age 13 to your tax return.

You must sign your tax return and attach form FTB 3514 to your return.

Line 34 – California Earned Income

California earned income for purposes of the FYTC is the same as for the California EITC. Enter the amount from form FTB 3514, line 19.

Line 36 – Excess Earned Income over threshold

Subtract the \$25,000 threshold amount from your California earned income entered on line 34 and enter the excess amount on line 36.

Line 37 and Line 38

For every \$100 over the threshold amount, the credit is reduced by \$21.66 if either the taxpayer or spouse/RDP is claiming the FYTC, and by \$43.32 if both taxpayer and spouse/RDP are claiming the FYTC.

Line 39 – Foster Youth Tax Credit

This is the amount of your allowable FYTC to claim on your tax return. This amount should also be entered on Form 540, line 77; or Form 540 2EZ, line 23c. If you file Form 540 or 540 2EZ, stop here, do not go to Step 11.

Step 11 Nonresident or Part-Year Resident Foster Youth Tax Credit (FYTC)

Line 40 – CA exemption credit percentage

If you file Form 540NR, enter your California Exemption Credit Percentage from Form 540NR, line 38 on form FTB 3514, line 40. However, if you completed Worksheet 4, enter the California Exemption Credit Percentage from Worksheet 4, line 10 on form FTB 3514, line 40.

Line 41 – Nonresident or part-year resident FYTC

Multiply line 39 by line 40 and enter the result on form FTB 3514, line 41. This amount should also be entered on Form 540NR, line 87.

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 – Aviso de Privacidad del Franchise Tax Board sobre la Recaudación. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.