

Forms & Instructions

# California 540 & 540A

## 2004 Personal Income Tax Booklet

**Members of the  
Franchise Tax Board**

Steve Westly, Chair  
Carol Migden, Member  
Tom Campbell, Member

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## Important due dates

April 15, 2005	Last day to pay the 2004 amount you owe to avoid penalties and interest.* See form FTB 3519 on page 41 for more information.  <small>*If you are living or traveling outside the United States on April 15, 2005, the due dates for filing your return and paying your tax are different. See form FTB 3519 on page 41 for more information.</small>
October 17, 2005	Last day to file or e-file your 2004 return to avoid penalties and interest computed from the original due date of April 15, 2005.
April 15, 2005 June 15, 2005 September 15, 2005 January 17, 2006	Due dates for 2005 estimated tax payments. Generally, you do not have to make estimated tax payments if your California withholding in each payment period totals 90 percent 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 return under \$200 (\$100 if married 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 on page 55 for more information.



### INTERNET ASSISTANCE

We have made significant changes to our Website in an effort to help answer questions when completing your income tax return. Visit us at [www.ftb.ca.gov](http://www.ftb.ca.gov) to get helpful information such as:

- Getting a Customer Service Number.
- Tips for e-filing your tax return.
- Checking your estimated tax payments.
- Checking the status of your refund and making an account balance inquiry.
- Paying online with Web Pay (personal income tax, estimated tax, and bills). You choose the dates to pay.
- Completing and submitting requests to make monthly tax payments.
- Downloading tax forms and publications – sorted by year and by form number.
- Accessing legal notices, rulings, and regulations; also see FTB's analysis of pending legislation; and get current law/policy information by reading **Tax News Online**.
- Viewing internal procedure manuals to learn how we administer the law.



### AUTOMATED PHONE SERVICE SYSTEM

Get recorded answers to your tax questions, 24 hours a day, 7 days a week at NO charge to you. Just call toll-free at **(800) 338-0505** and follow the instructions provided. For quicker service, first choose Spanish or English, then press 1-4-1 (allow 3 seconds for a prompt), then enter the three-digit **general information code** found wherever you see the phone symbol throughout this booklet. See the back cover for a list of general information topics and access codes.

### \$\$\$ for You

**Earned Income Credit (EIC)** – If you earned less than \$35,458 (less than \$11,490 if you do not have any qualifying children), you may be eligible to get the EIC to reduce the federal tax you owe, or get a refund if you do not owe any federal tax. Call the IRS at (800) 829-4477 and enter topic 601 when instructed, or see your federal income tax booklet. There is no comparable state credit.

**Refund of Excess State Disability Insurance (SDI)** – You may be eligible for a refund of excess SDI if you had at least two employers during 2004 who together paid you more than \$68,829 in wages. See the instructions on page 13 (Form 540A) or on page 21 (Form 540).

**Homeowner and Renter Assistance (HRA)** – This California program provides a once-a-year state payment to qualifying homeowners and renters based on the property tax they paid in the prior year. See page 66.

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**Visit our Website:**

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

# What's New and Other Important Information for 2004?

## Amnesty

Recent legislation authorizes the Franchise Tax Board and the Board of Equalization to administer a Tax Amnesty Program. Tax amnesty is a limited-time chance for individuals and businesses to pay past-due income, franchise, sales, or use taxes and the related interest penalty-free without the fear of criminal prosecution. Amnesty runs from February 1, 2005, through March 31, 2005. Taxpayers eligible to participate in amnesty but choose not to do so will be subject to additional penalties.

Amnesty is open to both individuals and businesses for taxable years 2002 and prior, if they did any of the following:

- Did not file required California tax returns.
- Underreported income on a previously filed tax return.
- Claimed excessive deductions.
- Did not pay income/franchise, sales, or use taxes on time.

The following taxpayers or transactions are not eligible for amnesty:

- Taxpayers currently under criminal investigation or prosecution on tax-related matters.
- Abusive tax shelter transactions that were eligible for relief under California's Voluntary Compliance Initiative or the 2003 IRS Offshore Voluntary Compliance Initiative. These initiatives applied to taxpayers with nonreported or underreported tax liability amounts attributable to an investment in an abusive tax shelter. Note: These taxpayers are eligible for amnesty for non-abusive tax shelter items.

For more details, visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or call (800) 852-5711.

## Tax Shelters

If you were involved in a potentially abusive tax shelter, you may have a disclosure, registration, and list maintenance requirement. The Franchise Tax Board may impose several new and enhanced penalties if you fail to file IRS Forms 8886, 8264, 8271 or any required information. For more information, see Registration and Reporting Requirements under Abusive Tax Shelters on our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## Differences between California and Federal Law

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2001. 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 regarding California and federal law, please visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and select "Law and Legislation." 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.

Note, 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 tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

## 2004 Tax Law Changes

**Federal Conformity Items – California has conformed to the Military Family Tax Relief Act (Public Law 108-121 to allow the following:**

- A deduction in computing adjusted gross income for certain trade or business expenses of members of the Armed Forces of the U.S.
- An exclusion from gross income for certain death benefits payable by reason of the death of astronauts.
- An exclusion for certain military fringe benefits.
- A 5-year period of suspension for excluding gain from the sale of a principal residence if the taxpayer's spouse is serving in the uniformed services or the Foreign Service of the U.S.
- An exclusion for certain military death gratuity payments from gross income.
- An exclusion for death gratuity income received by living survivors of military personnel who lost their lives on or after September 11, 2001.
- For tax years beginning in 2004 and 2005, the American Jobs Creation Act of 2004 allows taxpayers to elect to take state and local general sales and use taxes as an itemized deduction, instead of taking an itemized deduction for state and local income taxes. The Act gives taxpayers a choice of deducting actual taxes or tabular amount, increased by certain actual taxes. California has not conformed to this Act.

## New Form 540 2EZ income limitations

For taxable years beginning on or after January 1, 2004, you may be able to file Form 540 2EZ if you are single or head of household and your total income for the taxable year is \$100,000 or less, or if you are married filing jointly or qualifying widow(er) and your total income for the taxable year is \$200,000 or less. Total income is defined as wages, interest, dividends, and pension income. However, if income adjustments are required due to differences between California and federal law, you may not use this form. Get Form 540, e-file, or CalFile instead.

## Military Personnel

Servicemembers domiciled outside of California, and their spouses, may exclude the member'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 in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

## Alimony Deduction

If you were a nonresident of California in 2004, you are now entitled to an alimony deduction. The deduction for alimony payments is allowed to a nonresident or part-year resident in the same ratio that "California AGI" for the entire year, computed without regard to the alimony deduction, is to "Total AGI" for the entire year, computed without regard to the alimony deduction.

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Changes in the Child and Dependent Care Expenses Credit:

- Earned income must have a source in California
- Dependent Care must be provided in California

### **Paid Family Leave Benefits**

If you received paid family leave benefits in 2004, they are not taxable by California. For additional information, get Schedule CA 540 and instructions – California Adjustments, and FTB Pub. 1001 – Supplemental Guidelines to California Adjustments.

### **Claim of Right**

If you had to repay an amount that you included in income in an earlier year, under a claim of right, 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 be able to take a credit against your tax for the year in which you repaid it. For more information, go to Schedule CA, line 40 instructions.

### **Punitive Damages**

For court actions filed after August 16, 2004 and finally adjudicated by June 30, 2006, 75 percent of punitive damage awards must be paid to the Director of the California Department of Finance (DOF). You may exclude from income the portion of a punitive damage award that is paid to the DOF.

## **Other Important Information**

### **San Joaquin Levee Break**

If you were a victim of the San Joaquin levee break, get FTB Pub. 1034, California Disaster Relief Tax Provisions and Pub. 1034A-6, San Joaquin Levee Break, for more information.

### **Mandatory e-file**

California law requires individual income tax returns prepared by certain tax practitioners to be e-filed. This law saves money and resources for the state. If you have a tax practitioner prepare your return, they may be required to e-file it. You have the right to choose not to e-file, however, we encourage you take advantage of everything e-file has to offer.

### **Vehicle License Fee (VLF) Refund**

If you paid a VLF and deducted the fee as an itemized deduction for 2003, the VLF refund you received in 2004 is treated as a recovery of the amount you claimed as an itemized deduction. For more information, get Schedule CA 540 and instructions – California Adjustments, and FTB Pub. 1001, Supplemental Guidelines for California Adjustments.

### **Teacher Retention Credit**

The Teacher Retention Credit is suspended for tax years 2004 and 2005.

### **Net Operating Loss**

For taxable years beginning on or after January 1, 2004, California has reinstated the Net Operating Loss (NOL) carryover deduction. The carryover periods for NOL deductions that were incurred:

- Beginning before January 1, 2002, has been extended for two years.
- Beginning on or after January 1, 2002, and before January 1, 2003, has been extended for one year.

### **Natural Heritage Preservation Credit**

Currently, there is no funding to award Natural Heritage Preservation Credits. Therefore, no new credits may be claimed for 2004. However, carryover of previously awarded credits is not affected. Contact the Wildlife Conservation Board (WCB) to determine if funding has been restored, if they are accepting

qualified contributions of property, and to see if they are awarding new Natural Heritage Preservation Credits. Complete form FTB 3503 to claim the credit only if the WCB has resumed awarding the credits.

To get updated information regarding current funding, qualified contributions of property, or the awarding of credits, contact the Wildlife Conservation Board at (916) 445-8448. Or, go to their Website at [www.wcb.ca.gov](http://www.wcb.ca.gov).

### **New Voluntary Contribution Funds**

You may make voluntary contributions to the California Military Family Relief Fund and/or the California Prostate Cancer Research Fund.

### **TeleFile Discontinued**

TeleFile is no longer available to file California tax returns. We discontinued TeleFile due to decreasing usage and to help save California resources. If you qualified for TeleFile, you also qualify to use our free e-file options: CalFile. Like TeleFile, CalFile is fast, direct, and easy to use. Go to [www.ftb.ca.gov](http://www.ftb.ca.gov) to use CalFile or other free options available online including California e-file options and the Federal Free File Alliance.

### **Are you registered to vote?**

In order to vote in an election, you must be registered to vote at least 15 days before that election.

### **Common Errors and How to Prevent Them**

Help us process your return quickly and accurately. When we find an error, we must stop to verify the information on the return, which slows processing. The most common errors are claiming the wrong estimated tax payments, claiming the wrong exemption credit, claiming the wrong amount of real estate withholding, and making tax computation errors.

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

When claiming estimated payments:

- Verify that the amount of estimated payments claimed on your return matches what you sent to the FTB for that year. Check our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and access the “Check Account Balance” feature to view your total estimate payments before you file your return.
- If the amount of estimated payments claimed on your tax return does not match FTB records, you will receive a Return Information Notice to explain the difference.

When totaling your exemptions:

- Be sure to add the exemption amounts correctly and transfer the total exemption amount to the correct line of the return. (See the individual line instructions for assistance).

When computing your tax:

- Check our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and access the automated tax table to compute your tax, or
- Make sure to locate the correct tax amount from the tax table (in this booklet) and transfer it to your return correctly.

When claiming real estate withholding:

- Remember to claim the amount of withholding from real estate sold in California during 2004. Your escrow company should provide you with a California Form 593-B, Real Estate Withholding Tax Statement, indicating the amount withheld. For details, see the Form 540 line 40 instructions on page 20.

By using the helpful hints listed above, you can prevent delays in processing your return and unnecessary account adjustments.

# Do I Have to File?

## Steps to Determine Filing Requirement

Step 1: Is your gross income (see footnote 1 below) 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 (see footnote 2 below) 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, you do not have a filing requirement.



Even if you do not have a filing requirement based on the chart below, you should file a return to get a refund if California state income tax was withheld from your pay, if you made California estimated tax payments or, if you had real estate withholding. Try e-file! It's fast, easy and convenient, and there are several free options. Go to [www.ftb.ca.gov](http://www.ftb.ca.gov) for the details.

On 12/31/04, my filing status was:	and on 12/31/04, my age was <sup>6</sup> :	California Gross Income <sup>1</sup>			California Adjusted Gross Income <sup>2</sup>		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household <sup>3</sup>	Under 65	12,729	21,562	28,187	10,183	19,016	25,641
	65 or older	16,979	23,604	28,904	14,433	21,058	26,358
Married filing jointly or Married filing separately <sup>4</sup>	Under 65 (both spouses)	25,457	34,290	40,915	20,365	29,198	35,823
	65 or older (one spouse)	29,707	36,332	41,632	24,615	31,240	36,540
	65 or older (both spouses)	33,957	40,582	45,882	28,865	35,490	40,790
Qualifying widow(er) <sup>3</sup>	Under 65		21,562	28,187		19,016	25,641
	65 or older		23,604	28,904		21,058	26,358
Dependent of another person Any filing status	Any age	More than your standard deduction <sup>5</sup>					

<sup>1</sup> **California gross income** is all income you received from all sources in the form of money, goods, property, and services that are not exempt from tax. Gross income does not include any adjustments or deductions.

<sup>2</sup> **California adjusted gross income** is your federal adjusted gross income from all sources reduced or increased by all California income adjustments.

<sup>3</sup> See page 9.

<sup>4</sup> The income of both spouses must be combined; both spouses may be required to file a return even if only one spouse had income over the amounts listed.

<sup>5</sup> Use the California Standard Deduction Worksheet for Dependents on page 11 or page 17 to figure your standard deduction.

<sup>6</sup> If your 65th birthday is on January 1, 2005, you are considered to be age 65 on December 31, 2004.

## Requirements for Children With Investment Income

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than \$1,600 of investment income in 2004, complete Form 540 and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child.

**Note:** If you qualify, you may elect to report your child's income of \$8,000 or less (but not less than \$800) on your 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. See "Order Forms and Publications" on the back cover or go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## Other Situations When You Must File

If you owe any of the following taxes for 2004, 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 14 who have investment income greater than \$1,600 (see paragraph above);
- Alternative minimum tax;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution from a trust.

# 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, if married, your spouse a resident of California during the entire year 2004?**

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

**No.** You must use the Long or Short Form 540NR. To download or order the California Nonresident or Part-Year Resident Income Tax Booklet, see page 67, "Where to Get Income Tax Forms and Publications."

	<b>Form 540 2EZ</b> Form not included in booklet. *See the note at the bottom of this column.	<b>Form 540A</b>	<b>Form 540</b>
<b>Filing Status</b>	Single, married filing jointly, head of household, qualifying widow(er)	Any filing status	Any filing status
<b>Dependents</b>	0-3 allowed	All dependents you are entitled to claim	All dependents you are entitled to claim
<b>Amount of Income</b>	Total income of: • \$100,000 or less if single or head of household • \$200,000 or less if married filing jointly or qualifying widow(er)	Any amount of income	Any amount of income
<b>Sources of Income</b>	Only income from: • Wages, salaries, tips • Taxable interest, dividends, and pensions • Taxable scholarship and fellowship grants (only if reported on Form(s) W-2) • Unemployment compensation • Paid family leave • U.S. Social Security • Tier 1 and tier 2 railroad retirement payments <b>Note:</b> You cannot use Form 540 2EZ if you (or your spouse, if married) can be claimed as a dependent by another taxpayer, and your TOTAL income is less than or equal to \$10,515 if single; \$20,980 if married filing jointly or qualifying widow(er); or \$14,880 if head of household.	Only income from: • Wages, salaries, tips • Taxable scholarship and fellowship grants • Interest and dividends • Unemployment compensation reported on Form 1099-G • Paid family leave • Social security benefits • Tier 1 and tier 2 railroad retirement payments • Fully and partially taxable IRA distributions, pensions, and annuities • Alimony	All sources of income
<b>Adjustment to Income</b>	No adjustments to income	Allowed if the amount is the same as your federal adjustments to income <b>Note:</b> If you claimed educator expenses or the tuition and fees deduction, do not file Form 540A.	All adjustments to income
<b>Standard Deduction</b>	Allowed	Allowed	Allowed
<b>Itemized Deductions</b>	No itemized deductions	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
<b>Payments</b>	Only withholding shown on Form(s) W-2	• Withholding shown on Form(s) W-2, W-2G, and 1099-R • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)	• Withholding shown on Form(s) W-2, W-2G, 1099, 592-B, 593-B, and 594 • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)
<b>Tax Credits</b>	• Personal exemption credit • Up to three dependent exemption credits • Nonrefundable renter's credit • Senior exemption credit	• Personal exemption credit • Senior exemption credit • Blind exemption credit • Dependent exemption credit • Nonrefundable renter's credit • Child and Dependent Care Expenses Credit	All tax credits
<b>Other Taxes</b>	Only tax computed using the 540 2EZ Table  <b>*Note:</b> If you qualify to use Form 540 2EZ, go to <a href="http://www.ftb.ca.gov">www.ftb.ca.gov</a> to e-file or to download this form, or see "Order Forms and Publications" on the back cover.	Tax computed using the tax table	All taxes: • Tax computed using the tax table • Alternative minimum tax • Tax on early distributions from IRAs or other qualified retirement plans • Tax on distributions from MSAs and education IRAs • Tax for children under age 14 with investment income of more than \$1,600 • Tax on lump-sum distributions • Recapture taxes • Deferred tax on certain installment obligations • Tax on accumulation distributions of trusts
<p>If you qualify to use 540 2EZ or 540A, go to <a href="http://www.ftb.ca.gov">www.ftb.ca.gov</a> to CalFile or e-file. You're likely to qualify for free!</p>			

# Helpful Hints (save time and e-file! See [www.ftb.ca.gov](http://www.ftb.ca.gov))



## e-file your return

- e-file for free. Go to [www.ftb.ca.gov](http://www.ftb.ca.gov) to review your e-file options.
- Get your refund fast within 5-7 days with e-file and direct deposit.
- No complicated calculations because the math is done for you.



## Filling in your return

- Use only black or blue ballpoint pen on the copy you send us.
- Enter your social security number(s) or Individual Taxpayer Identification Number(s) at the top of Form 540A or Form 540, Side 1, Step 1a.
- Print numbers and CAPITAL LETTERS inside boxes. Be sure to line up dollar amounts.
- Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.
- If you do not have an entry for a line, leave it blank unless the instructions for a line specifically tell you to enter zero. Do not enter a dash.
- Attach your label. If you don't have a label, please print your name(s) and address in CAPITAL LETTERS in Step 1, see example below.

Your first name	Initial	Last name
J O H N	A	D O E

Is your name or address too long to fit in the boxes provided? Do not shorten your name or address. Instead, ignore the boxes and fit the information in the space provided. **Example:** Jonathan A. Ziggzephyrstone would enter his name as follows:

Your first name	Initial	Last name
JONATHAN	A	ZIGGZEPHYRSTONE



## Verify Step 1, Step 1a, Step 2, and Step 3

**Step 1:** Use your first name, middle initial, last name, and complete address including ZIP Code.

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the address area labeled "PMB no."

**Step 1a:** Make sure you entered your social security number and that it agrees with your social security card. If you file a joint return, make sure that you enter the social security numbers in the same order that your names are shown.

**Step 2:** Make sure you meet all the requirements for your filing status. For more information regarding filing status, see the Step 2 instructions on page 9.

**Step 3:** Take your personal exemption credit to reduce your tax. See the instructions for Form 540A, line 18 or Form 540, line 21.



## Check other areas

**Federal Adjusted Gross Income:** Double-check that you correctly transferred your federal adjusted gross income from your federal TeleFile Tax Record, line 1; Form 1040EZ, line 4; Form 1040A, line 21; or Form 1040, line 36.

**California Standard Deduction:** Make sure you entered the California standard deduction amount and not the federal amount.

**Itemized Deductions:** Be sure you reduced your federal itemized deductions by the amount of state and local income taxes you claimed on your federal Schedule A. Form 540 filers, use Schedule CA (540), Part II, on page 38. Form 540A filers, see page 11.

**Double-check your math:** Double-check each subtraction, addition, and any other calculation.

**Paid Preparer's Information:** If you pay a person to prepare your California income tax return, that person must sign and complete the area at the bottom of Side 2, including an identification number (social security number, PTIN, or FEIN). A paid preparer must give you two copies of your return, one copy to file with FTB, and one copy to keep for your records.



## Attachments to your return

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

### Form 540A Filers:

Do not attach a copy federal 1040 return to Form 540A.

### Form 540 Filers:

Did you attach any federal forms or schedules other than Schedule A or Schedule B to your federal Form 1040?

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

If **Yes**, attach a copy of your federal 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 to Form 540.

**Note:** Please do not attach any documents to your return unless specifically instructed. This will help us reduce government processing and storage costs.

**Form(s) W-2, W-2G, 592-B, 593-B, 594, and 1099:** Make sure to attach all the Form(s) W-2 and W-2G you received to the front of your return where it says "Attach copy of your Form(s) W-2, W-2G, 592-B, 593-B, and 594." Also, attach any Form(s) 1099 showing California income tax withheld.

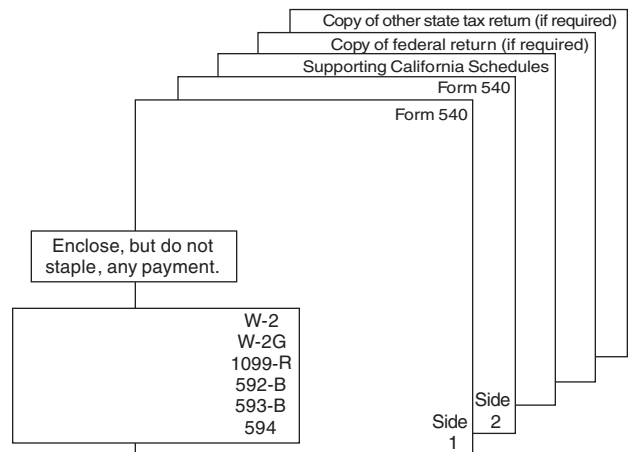
If you do not receive your Form(s) W-2 by January 31, 2005, contact your employer. Only your employer can issue or correct a Form W-2. If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms and Publications" on the back cover or go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

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 return. Wait until the Franchise Tax Board requests them from you.



## Assembling your return

Assemble your return in the order shown below.



## Mailing your return

Mail your return using the envelope provided in this booklet. If your return shows a **refund or no amount due**, be sure to attach the **green label** to the front of the envelope. The address is:

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0002

If your return has an **amount due**, be sure to attach the **white label** to the front of the envelope. The address is:

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0001

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

These instructions are based on the Internal Revenue Code (IRC) as of January 1, 2001, and the California Revenue and Taxation Code (R&TC).

## Before You Begin

You must complete your federal tax return (Form 1040, 1040A, 1040EZ, or federal Telefile Tax Record) before you begin your California Form 540A. You will use information from your federal income tax return to complete your Form 540A. Be sure to complete and mail Form 540A by April 15, 2005. If you cannot mail your return by the due date, see page 2.



You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

## Step 1 — Name(s) and Address

Is there a label with your name and address on the front of your booklet?

**Yes.** Attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information on the label.

**No.** Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540A. See page 8, Helpful Hints, "Filling in your return."

**Private Mail Box.** If you lease a private mailbox (PMB) from a private business rather than a P.O. box from the United States Postal Service, include the box number in the address area labeled "PMB no."

**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.

## Step 1a — Social Security Number (SSN)

Enter your social security number (SSN) in the spaces provided. To protect your privacy, your SSN is not printed on your label. If you file a joint return, enter the SSNs in the same order as the names.

**Note:** If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the space for the SSN. An Individual Taxpayer Identification Number (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 a social security number. It is a nine-digit number that always starts with the number 9.

## Step 2 — Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle on line 3 or line 5.

You must use the same filing status for California that you used for your federal income tax return.

**Exception:** If you file a joint 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 2004, or
- A nonresident for the entire year and had no income from California sources during 2004.

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.

**Note:** If you filed a joint return and either you or your spouse was a nonresident for 2004, you must file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

### Line 1 — Single

Fill in the circle on line 1 if **any** of the following was true on December 31, 2004:

- You were never married;
- You were either divorced under a final decree of divorce or legally separated under a final decree of legal separation or final decree of separate maintenance; or
- You were widowed before January 1, 2004, and did not remarry in 2004.

### Line 2 — Married Filing Jointly

Fill in the circle on line 2 if **any** of the following is true:

- You were married as of December 31, 2004, even if you did not live with your spouse at the end of 2004;
- Your spouse died in 2004 and you did not remarry in 2004; or
- Your spouse died in 2005 before you filed a 2004 return.

### Line 3 — Married Filing Separately

If you fill in the circle on line 3, be sure to enter your spouse's full name on line 3 and social security number or Individual Taxpayer Identification Number in Step 1a.

**Note:**

- Community property rules apply to the division of income if you use the married filing separately status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, FTB Pub. 1051A, Guidelines for Married Filing Separate Returns, or FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on the back cover.
- You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.
- You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2004.

### Line 4 — Head of Household

This filing status is for unmarried individuals and certain married individuals living apart (considered unmarried) who provide a home for certain other persons. You are entitled to use the head of household filing status only if **all** of the following apply:

- You were unmarried or considered unmarried on December 31, 2004;
- You paid more than one-half the cost of keeping up a home for the year 2004;
- For more than half the year, your home was the main home for you and another person who lived with you;
- The other person was your qualifying relative; and
- You were not a nonresident alien at any time during the year.

For further information, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or get FTB Pub. 1540, California Head of Household Filing Status Information. See code 934 on the back cover to order FTB Pub. 1540 by telephone.



**CalFile or e-file and you can close this book now!** The software you use to e-file will help you find out if you qualify to claim the head of household filing status. Most software companies also include the Head of Household Schedule (4803e), which will help verify your eligibility to the FTB. See our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

### Line 5 — Qualifying Widow(er) with Dependent Child

Fill in the circle on line 5 and use the joint return tax rates for 2004 if **all five** of the following apply:

- Your spouse died in 2002 or 2003 and you did not remarry in 2004; and
- You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
- This child lived in your home for all of 2004. Temporary absences, such as for vacation or school, count as time lived in the home; and
- You paid over half the cost of keeping up your home for this child; and

- You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

**Note:** If your spouse died in 2004, see the instructions for line 2 and line 3.

## Step 3 — Exemptions

### Line 6 – Can be Claimed as Dependent



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Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

### Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

**No** Follow the instructions on Form 540A, line 7.

**Yes** Ignore the instructions on Form 540A, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

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

**Caution:** You may not claim this credit if someone else can claim you as a dependent on his or her return.

### Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

**Caution:** You may not claim this credit if someone else can claim you as a dependent on their return.

### Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2004\*, you should claim an additional exemption credit on line 9. If you are married, each spouse 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 page 25 for information about this fund.

\*If your 65th birthday is on January 1, 2005, you are considered to be age 65 on December 31, 2004.

**Caution:** You may not claim this credit if someone else can claim you as a dependent on their return.

### Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a separate sheet of paper. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Multiply the number you entered by the pre-printed dollar amount and enter the result.

### Line 11 – Total Personal, Blind, and Senior Exemptions

Enter the total dollar amount of all exemptions, personal and dependents.

## Step 4 — Taxable Income and California Income Adjustments

Refer to your completed federal income tax return to complete Step 4.

### Line 12a – State Wages

Enter the total amount of your state wages from each of your Form(s) W-2. This amount should be on Form W-2, box 16.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 8.

### Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return.

#### Line 13a – State Income Tax Refund

Enter the amount of any state income tax refund shown on your federal Form 1040, line 10. If you filed Form 1040A or Form 1040EZ, enter -0-.

#### Line 13b – Unemployment Compensation

Enter the total of any unemployment compensation and/or Paid Family Leave Insurance benefits reported on federal Form(s) 1099-G and shown on your federal return. These types of income are not taxed by California and should not be included on line 13b and in the total for line 13g.

#### Line 13c – Social Security Benefits (and tier 1 or tier 2 railroad retirement benefits)

Enter the total of any of the following amounts shown on your federal return:

- Social security benefits and equivalent tier 1 railroad retirement benefits reported on federal Form 1040A, line 14b or Form 1040, line 20b.
- Tier 1 (non-social security equivalent) and tier 2 railroad retirement benefits included in the amount on federal Form 1040A, line 12b or Form 1040, line 16b.

**Note:** Do not include any other pension amounts on this line.

If you filed Form 1040EZ, enter -0- .

There may be differences between the taxable amounts of federal and California IRA distributions, pensions, and annuities. Enter any differences for Line 13d through Line 13f:

#### Line 13d – California Nontaxable Interest or Dividend Income

**California does not tax interest earned from:**

- United States savings bonds;
- United States Treasury bills, notes, and bonds; and
- Bonds or obligations of United States territories, and government agency obligations specifically exempted by federal law.

Enter only the amount of interest that you received from these sources and that you included in the amount reported on your federal Form 1040A, line 8a; Form 1040, line 8a; or Form 1040EZ, line 2.

#### Interest from municipal or state bonds from a state other than California:

This interest is taxed by California. You may not use Form 540A. Use Form 540, e-file, or CalFile.

#### Interest from Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities:

This interest is taxed by California. Do not enter it on line 13d.

#### Exempt-interest dividends from mutual funds:

Certain mutual funds are qualified to pay "exempt-interest dividends" if **at least 50%** of their assets consist of tax-exempt government obligations. The portion of the dividends that are tax-exempt will be shown on your annual statement from the mutual fund. If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 13d. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you may not use Form 540A. Use Form 540, e-file, or CalFile.

#### Line 13e – California Individual Retirement Arrangement (IRA) Distributions

**Note:** You cannot use Form 540A if you have Roth IRA conversions or distributions. Use Form 540, e-file, or CalFile.

The method of taxing IRA distributions is generally the same for California and federal purposes. However, there may be significant differences in the taxable amount depending on when you made your contributions.

The maximum IRA contribution you were allowed to deduct for California was less than the maximum amount allowed for federal for years 1975 and 1982 through 1986. If you made contributions during these years, report the difference between the deduction you took for federal and the deduction you took for California on this line. For more information, get FTB Pub. 1005, Pension and Annuity Guidelines. See "Order Forms and Publications" on the back cover.

Report the difference between your California and your federal taxable IRA distributions on line 13e. Be sure to attach Form 1099-R to your Form 540A if tax was withheld.

**Line 13f – Non-taxable Pensions and Annuities**

Generally, you will not make any adjustments on this line. You should not make an adjustment solely because the pension was earned in another state. Federal and State tax laws require that California residents pay state income tax on all taxable pensions, regardless of where they were earned. However, California law treats railroad retirement benefits differently. If you received tier 2 railroad retirement benefits, tier 1 (non-social security equivalent) (included in the amount on federal Form 1040A, line 12b or Form 1040, line 16b), or partially taxable distributions from a pension plan, you may need to make the adjustment described on this page.

If you received a federal Form RRB 1099 – R for railroad retirement benefits and included all or part of these benefits in federal adjusted gross income on line 12b, enter the taxable benefit amount on line 13f.

If you began receiving a retirement annuity between July 1, 1986, and January 1, 1987, and you elected to use the three-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the gross distribution shown on your Form 1099-R, box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 13f. For example: "(12,325)."

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 10-year averaging method. However, you must file Form 540 to use this method. See the instructions for Form 540 and get Schedule G-1, Tax on Lump-Sum Distributions (not in this booklet), for more information. See "Order Form and Publications" on the back cover.

California law now conforms to certain provisions of the Internal Revenue Code related to pension plans and deferred compensation, as those provisions apply for federal purposes including amendments to the Internal Revenue Code that may be enacted in the future.

**Line 13g –Total California Adjustments**

Combine line 13a through line 13f. If the result is less than zero, enter the amount in parentheses, on Form 540A, Side 1, line 13g. For example, "(13,325)."

**Line 14 – California Adjusted Gross Income**

Subtract line 13g from line 12b. If line 13g is in parentheses, treat the amount as a positive number and add it to the amount on line 12b. Enter the result on line 14.

**Line 15 – California Itemized Deductions or California Standard Deduction**

You must decide whether to itemize your actual charitable contributions, medical expenses, 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; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions, or both take the standard deduction.

Also, 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, see the California Standard Deduction Worksheet for Dependents on this page.

**Itemized deductions.** Figure your California itemized deductions by completing the California Itemized Deductions Worksheet on this page. Enter the result on Form 540A, line 15.

**Note:** If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540A, first complete a federal Schedule A, Itemized Deductions. Then complete the California Itemized Deductions Worksheet on page 12. Do not attach federal Schedule A to your Form 540A.

**Standard deduction.** Find your standard deduction on the California Standard Deduction Chart for Most People on this page unless you filled in the circle on Form 540A, line 6. In that case, use the California Standard Deduction Worksheet for Dependents on this page.

<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, if married) as a dependent on his or her tax return.	
<b>Your Filing Status</b>	<b>Enter On Line 15</b>
1 – Single	\$3,165
2 – Married filing jointly	\$6,330
3 – Married filing separately	\$3,165
4 – Head of household	\$6,330
5 – Qualifying widow(er)	\$6,330
<b>Note:</b> The California standard deduction amounts are less than the federal standard deduction amounts.	

**Note:** If you filled in the circle on Form 540A, line 6, enter your wages, salaries, and tips on the California Standard Deduction Worksheet for Dependents, line 1 below. If you have earned income other than wages, then you must file Form 540 and use the standard deduction worksheet for that form.

<b>California Standard Deduction Worksheet for Dependents</b>	
Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.	
1. Enter your total wages, salaries, and tips from all your Form(s) W-2, box 1. (You may also refer to federal Form 1040EZ, line 1; Form 1040A, line 7; or Form 1040, line 7.)	1 _____
2. _____	2 \$250.00
3. Add line 1 and line 2. Enter total here	3 _____
4. Minimum standard deduction	4 \$800.00
5. Enter the <b>larger</b> of line 3 or line 4 here	5 _____
6. Enter the amount shown for your filing status:	6 _____
• Single or married filing separately, enter \$3,165	} ...
• Married filing jointly, head of household, or qualifying widow(er) enter \$6,330	
7. <b>Standard deduction.</b> Enter the <b>smaller</b> of line 5 or line 6 here and on Form 540A, line 15	7 _____

**California Itemized Deductions Worksheet**

1. Federal itemized deductions: Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 ..... 1 \_\_\_\_\_
2. Add the following amounts from federal Schedule A and enter on line 2:
  - Line 5, state and local income tax: \_\_\_\_\_
  - State Disability Insurance (SDI): \_\_\_\_\_
  - Line 8, foreign income taxes: \_\_\_\_\_ 2 \_\_\_\_\_
3. Subtract line 2 from line 1. This amount is your total California **itemized deductions** ..... 3 \_\_\_\_\_
4. Is the amount on Form 540A, line 12b, more than the amount shown below for your filing status?
  - Single or married filing separately .... \$139,921
  - Married filing jointly or qualifying widow(er) ..... \$279,846
  - Head of household ..... \$209,885

**Yes** Continue to line 5 of this worksheet  
**No** Enter on Form 540A, line 15, the larger of:
 
  - The amount on line 3; or,
  - Your standard deduction\* shown below:
    - Single or married filing separately .... \$3,165
    - Married filing jointly, head of household, or qualifying widow(er) ..... \$6,330

**Do not complete the rest of this worksheet.**
5. Using California amounts, add the amounts on federal Schedule A, line 4, line 13, line 19, and any gambling losses included on line 27 ..... 5 \_\_\_\_\_
6. Subtract line 5 from line 3 ..... 6 \_\_\_\_\_
 

**Note:** If -0-, skip line 7 through line 12, enter the amount from line 3 on line 13 and continue to line 14.
7. Multiply line 6 by 80% (.80) ..... 7 \_\_\_\_\_
8. Amount from Form 540A, line 12b ..... 8 \_\_\_\_\_
9. Enter the amount shown below for your filing status ..... 9 \_\_\_\_\_
  - Single or married filing separately ... \$139,921
  - Married filing jointly or qualifying widow(er) ..... \$279,846
  - Head of household ..... \$209,885
10. Subtract line 9 from line 8 ..... 10 \_\_\_\_\_
 

**Note:** If -0- or less, skip line 11 and line 12, enter the amount from line 3 on line 13 and continue to line 14.
11. Multiply line 10 by 6% (.06) ..... 11 \_\_\_\_\_
12. Compare line 7 and line 11. Enter the smaller amount here ..... 12 \_\_\_\_\_
13. Total itemized deductions. Subtract line 12 from line 3 ..... 13 \_\_\_\_\_
14. Enter on Form 540A, line 15, the larger of:
  - The amount on line 13; or,
  - Your standard deduction\* shown below:
    - Single or married filing separately .... \$3,165
    - Married filing jointly, head of household, or qualifying widow(er) ..... \$6,330

**\*Standard Deduction for Dependents.**  
 If your parent, or someone else, can claim you as a dependent, use the standard deduction amount from line 7 of the "California Standard Deduction Worksheet for Dependents" on page 11 instead of the standard deduction amount shown above.

**Step 5 — Tax and Credits**

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

**Line 17 – Tax**

If your taxable income on line 16 is \$81,750 or less, use the tax table beginning on page 62. Be sure to use the correct column for your filing status. If your taxable income on line 16 is over \$81,750, figure your 2004 tax by using the following worksheet.

1. Enter your taxable income from Form 540A, line 16 .....	1	
2. ....	2	- 81,750
3. Subtract line 2 from line 1. Enter the result here	3	
4. ....	4	x .093
5. Multiply line 3 by line 4. Enter the result here. Note: If the result was not a whole number, round it to the nearest dollar. For information on rounding, see "Filling in your return" on page 8	5	
6. Enter the amount for your filing status: <ul style="list-style-type: none"> <li>• Single or married filing separately .. <b>\$5,627</b></li> <li>• Married filing jointly or qualifying widow(er) ..... <b>\$3,651</b></li> <li>• Head of household ..... <b>\$4,502</b></li> </ul>	6	
7. <b>2004 Tax.</b> Add line 5 and line 6. Enter the result here and on Form 540A, line 17 .....	7	

**Note:** To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on line 17. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).



CalFile or e-file and you won't have to do the math. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

**Line 18 – Exemption Credits**

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 12b is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is: Is Form 540A, line 12b more than:  
 Single or married filing separately ..... \$139,921  
 Married filing jointly or qualifying widow(er) ..... \$279,846  
 Head of household ..... \$209,885

**Yes** Complete the AGI Limitation Worksheet on this page.  
**No** Follow the instructions shown on Form 540A, line 18.

AGI Limitation Worksheet	
a. Enter the amount from Form 540A, line 12b	a _____
b. Enter the amount for your filing status on line b	b _____
Single or married filing separately	... \$139,921
Married filing jointly or qualifying widow(er)	..... \$279,846
Head of household	..... \$209,885
c. Subtract line b from line a	c _____
d. Divide line c by \$2,500 (\$1,250 if married filing separately)	d _____
<b>Note:</b> If the result is not a whole number, round it to the next higher whole number.	
e. Multiply line d by \$6	e _____
f. Add the numbers from the boxes on Form 540A, line 7, line 8, and line 9 (not the dollar amounts)	f _____
g. Multiply line e by line f	g _____
h. Enter the total dollar amount for line 7, line 8, and line 9	h _____
i. Subtract line g from line h. If zero or less, enter -0-	i _____
j. Enter the number from the box on Form 540A, line 10 (not the dollar amount)	j _____
k. Multiply line e by line j	k _____
l. Enter the dollar amount (that you filled in) from Form 540A, line 10	l _____
m. Subtract line k from line l. If zero or less, enter -0-	m _____
n. Add line i and line m. Enter the result here and on Form 540A, line 18	n _____

**Line 19 – Nonrefundable Renter’s Credit**

Did you pay rent for at least six months in 2004 on your principal residence located in California?

**Yes** You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 27.  
**No** Go to line 20.

**Step 6 — Overpaid Tax or Tax Due**

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 25 through line 36.

**Line 25 – California Income Tax Withheld**

Enter the total California income tax withheld on your:

- Form(s) W-2, box 17
- Form(s) W-2-G, box 14
- Form(s) 1099-R, box 10
- Form(s) 1099-MISC



**Caution:** Do not include city or county tax withheld or tax withheld by other states.

**Note:** The Franchise Tax Board verifies all withholding claimed from a Form W-2, W-2G, 1099-MISC, or 1099-R with the Employment Development Department.

If you received a Form 1099 showing California income tax withheld, include the amount withheld in the total on line 25 and attach a copy of the Form 1099 to your return.

If you do not have a Form W-2, see “Attachments to your return” on page 8.

**Line 26 – 2004 California Estimated Tax and Payment with form FTB 3519**

Enter the total of any:

- California estimated tax payments you made using 2004 Form 540-ES;
- Overpayment from your 2003 California income tax return applied to your 2004 estimated tax; and
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

**Note:** To view payments you have made and/or to obtain your current account balance, visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and click on “Check Account Balance.”

If you and your spouse paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or you may each 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. The statements should be sent to:

JOINT ESTIMATED CREDIT ALLOCATION M/S/ F-225  
 TAXPAYER SERVICES CENTER  
 FRANCHISE TAX BOARD  
 PO BOX 942840  
 SACRAMENTO, CA 94240-0040

Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining that payments have been made under both social security numbers.

**Line 27 – Excess California SDI (or VPDI) Withheld**

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

- You had **two or more** California employers during 2004;
- You received more than \$68,829 in wages; and
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540A.

If SDI (or VPDI) was withheld from your wages by a single employer at more than 1.18% of your gross wages, you may not claim excess SDI (or VPDI) on your Form 540A. Contact the employer for a refund.

To determine the amount to enter on line 27, complete the Excess SDI (or VPDI) Worksheet. If married filing jointly, figure the amount of excess SDI (or VPDI) separately for each spouse.

Excess SDI (or VPDI) Worksheet		
Follow the instructions below to figure the amount to enter on Form 540A, line 27.		
	You	Your Spouse
1. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2. Enter the total here	1	
2. 2004 SDI (or VPDI) limit	2 \$812.18	\$812.18
3. Excess SDI (or VPDI) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total on Form 540A, line 27.	3	
<b>Note:</b> If zero or less, enter -0- on line 27.		

**Line 28 through Line 31 – Child and Dependent Care Expenses Credit**

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. To claim this credit, your federal adjusted gross income must be \$100,000 or less. You must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

**Line 28 and Line 29**

Enter the qualifying person’s social security number. Do not enter more than one qualifying person’s social security number on line 28 or line 29 from form FTB 3506, Part III. If you have more than two qualifying persons, enter only the first two qualifying persons listed on form FTB 3506, Part III, line 2.

**Line 30**

Enter the amount from form FTB 3506, Part III, line 8 (do not round this amount).

**Line 31**

Enter the amount from form FTB 3506, Part III, line 12 (do not round this amount).

**Note:** If you received a refund for 2003, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

**Line 33 – Overpaid Tax**

If the amount on line 32 is more than the amount on line 24, your payments and credits are more than your tax. Subtract the amount on line 24 from the amount on line 32. Enter the result on line 33. This is the amount of your overpaid tax. If the amount on line 32 is less than the amount on line 24, go to line 36.

 Choose e-file and Direct Deposit and get your refund faster.

**Line 34 – Amount You Want Applied To Your 2005 Estimated Tax**

If you pay estimated tax, you may apply all or part of the amount on line 33 to your 2005 estimated tax. Enter on line 34 the amount of line 33 you want applied to your 2005 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 return.

**Line 35 – Overpaid Tax Available This Year**

If you entered an amount on line 34, subtract that amount from line 33. Enter the result on line 35. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 36 and go to Step 7.

**Line 36 – Tax Due**

If the amount on line 32 is less than the amount on line 24, your tax is more than your payments and credits. Subtract the amount on line 32 from the amount on line 24. Enter the result on line 36. This is the amount of your tax due.

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 36 is \$200 (\$100 if married filing separately) or more; and
- California income tax withheld on line 25 is less than 90% of the amount of your total tax on line 24.

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 obtain this form from your employer or by calling EDD at (888) 745-3886. You can download the DE 4 at [www.edd.ca.gov](http://www.edd.ca.gov) or use the online calculator by going to [www.ftb.ca.gov](http://www.ftb.ca.gov) and searching for: **DE 4**.

**Note:** Form DE 4 specifically adjusts your CA state withholding and is not the same as the federal Form W-4, Employee’s Withholding Allowance Certificate.

**Step 6a – Use Tax**

**Line 37 – Use Tax – This is not a total line.**

As explained on page 66, you may owe California use tax on your purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person). If you have questions on whether a purchase is taxable, visit the State Board of Equalization’s Website at [www.boe.ca.gov](http://www.boe.ca.gov), or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

You may report use tax on your income tax return instead of filing a use tax return with the State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet on this page.

If you owe use tax but choose not to report it on your income tax return, you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from [www.boe.ca.gov](http://www.boe.ca.gov). You can also request a copy by calling their Information Center.

**Note:** Businesses that have a California seller’s permit must continue to report business purchases subject to use tax on their sales and use tax returns.

<b>Use Tax Worksheet</b>	
Round all amounts to the nearest whole dollar.	
1. Enter your purchases from out-of-state or Internet sellers made without payment of California sales/use tax. See worksheet instructions on page 15 . . . . .	\$ _____ .00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See worksheet instructions on page 15 . . . . .	_____
3. Multiply line 1 by the tax rate on line 2. Enter result here. . . . .	\$ _____ .00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. See worksheet instructions on page 15 . . . . .	\$ _____ .00
5. Subtract line 4 from line 3. This is the total use tax due. Enter the amount due on line 37. If the amount is less than zero, enter -0-. . . . .	\$ _____ .00

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

- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine.
- 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 brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- If your filing status is "married 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 must report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on page 14).

**Note:** Do not report the following on your income tax return:

- Vehicles, vessels, and trailers that must be registered with the California 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.
- Leases of machinery, equipment, vehicles, and other tangible personal property.

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

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375.
- If you do not know the applicable rate, see the table on page 24, "Sales and Use Tax Rates by County." If you have questions regarding the use tax rate in effect in your area, please visit the State Board of Equalization's Website at [www.boe.ca.gov](http://www.boe.ca.gov) or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

**Worksheet, Line 4, Credit for Tax Paid to Another State**

- This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. 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.

**Step 7 — Contributions**

You may make contributions to the funds listed on Form 540A, Side 2, Step 7. See page 25 for a description of the funds.

**Line 38 – Total Contributions**

Enter the amount of your total contributions on line 38. If you did not make any contributions, do not enter an amount on line 38. If you show an amount on line 35, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 36, you must add the amount you contribute to your tax due.

**Step 8 — Refund or Amount You Owe and Direct Deposit (Refund Only)**

**Line 39 – Refund or No Amount Due**

If you did not enter an amount on line 37 or line 38, enter the amount from line 35 on line 39. This is the amount that will be refunded to you. If the amount is less than \$1, you must attach a written request to your Form 540A to receive the refund.

Subtract line 37 and line 38 from line 35. If the result is zero or more, enter the result on line 39. If the combined amount of line 37 and line 38 is more than line 35, enter the difference on line 40.

**Direct Deposit of Refund**

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540A, Side 2, Step 8. Please be sure to fill in all three boxes. **Do not** attach a voided check or deposit slip. See the illustration below.

The illustration on this page shows which bank numbers to transfer to the preprinted boxes on Form 540A, Side 2, Step 8. Please be sure to fill in the routing and account numbers and also indicate the account type.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

The illustration shows a check from John Doe and Mary Doe, 1234 Main Street, Anytown, CA 99999. The check is payable to the order of ANYTOWN BANK, Anytown, CA 99999. The check number is 1234. The routing number is 250250025 and the account number is 202020. A box for the check number is marked "Do not include the check number".

**Line 40 – Amount You Owe**

Add the amount on line 36, line 37, and line 38, if any, and enter the result on line 40.

To avoid a late filing penalty, file your 2004 Form 540A by the extended due date even if you cannot pay the amount you owe.

Do not combine your 2004 tax payment and any 2005 estimated tax payment in the same check. You must prepare two separate checks and mail each in a separate envelope.

**Other Payment Options**

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, you can 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. Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for: “Payment options.”
- **Check or Money Order** – Make your check or money order payable to the “Franchise Tax Board.” Do not send cash. Write your social security number and “2004 Form 540A” on the check or money order. Enclose, but do not staple, any payment to your return. A penalty may be imposed if your check is returned by your bank for insufficient funds.
- **Credit Card** – Whether you e-file or file by mail, you can use your Discover/NOVUS, MasterCard, Visa, or American Express card to pay your tax (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit the Website at [www.officialpayments.com](http://www.officialpayments.com), and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

**Convenience Fee**

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

**Example:**

Tax Payment = \$753.56    Convenience Fee = \$18.84

**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 Franchise Tax Board 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, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse’s SSN or ITIN
- First 4 letters of your and your spouse’s last name
- Tax 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. Website [www.officialpayments.com](http://www.officialpayments.com) and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

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

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

If you cannot pay the full amount or can only make a partial payment for the amount shown on line 40, you may request monthly payments. For additional information regarding Installment Payments, see Question 4 on page 28.

**Line 41 – Underpayment of Estimated Tax**

You may be subject to an estimated tax penalty if your withholding and credits are less than 90% of your current tax year liability or 100% of your prior year tax liability, or if you did not pay enough through withholding to keep the amount you owe with your 2004 return under \$200.

Is line 36 less than \$200 (\$100 if married filing separately)?

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

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

Is line 36 less than 10% of the amount on line 34?

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

**No** You may be subject to an estimate payment penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

If you complete form FTB 5805, be sure to attach it to the back of Form 540A. Enter the amount of the penalty on line 41 and fill in the circle on line 41. You must complete and attach form FTB 5805 if you claim a waiver of the penalty or use the annualized income installment method.

**Note:** The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. **Do not** reduce the amount on line 33 or increase the amount on line 36 by any penalty or interest amounts.

See page 55 for information on estimated tax payments and how to avoid the underpayment penalty.

**Line 42 – 2005 Tax Forms**

If your Form 540A is prepared by someone else or if you do not need tax forms mailed to you next year, fill in the circle on line 42.

**Step 9 — Sign Your Return**

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 “Helpful Hints” for information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

**Joint Return.** If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See “Innocent Spouse Relief” on page 66.

**Mailing Your Return**

Mail your return in the envelope provided in this booklet. If your return shows **a refund or no amount due**, be sure to attach the green label to the front of the envelope. If your return has an **amount you owe**, be sure to attach the white label to the front of the envelope.

If you have misplaced your envelope, see page 8, “Mailing your return” for the correct address.

# Instructions for Form 540 — California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 2001**, and the California Revenue and Taxation Code (R&TC).

## Before You Begin

You must complete your federal income tax return (Form 1040, 1040A, 1040EZ, or federal TeleFile Tax Record) before you begin your California Form 540. You will use information from your federal income tax return to complete your Form 540. Be sure to complete and mail Form 540 by April 15, 2005. If you cannot mail your return by the due date, see page 2.



You may qualify for the federal earned income credit. See page 2 for more information. There is no comparable state credit.

## Step 1 — Name(s) and Address

Is there a label with your name and address on the front of your booklet?

**Yes.** Attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information on the label.

**No.** Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540. See page 8, Helpful Hints, "Filling in your return."

**Private Mail Box.** If you lease a private mailbox (PMB) from a private business rather than a P.O. box from the United States Postal Service, include the box number in the address area labeled "PMB no."

**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.

### Principal Business Activity Code

Enter the numeric principal business activity code from federal Schedule C, line B.

## Step 1a through 3

For instructions on how to fill out Step 1a, Step 2, and Step 3, see Form 540A instructions for these steps on pages 9 and 10.

## Step 4 — Taxable Income

Refer to your completed federal income tax return to complete Step 4.

### Line 12 — State Wages



Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be on Form W-2, box 16.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 8.

### Line 14 — California Adjustments — Subtractions [from Schedule CA (540), line 36, column B]

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

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 45. Enter on this line the amount from Schedule CA (540), line 36, column B. If a negative amount, see Schedule CA (540), line 36 instructions, page 50.

### 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 36, column C]

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for

Schedule CA (540) beginning on page 45. Enter on this line the amount from Schedule CA (540), line 36, column C. If a negative amount, see Schedule CA (540), line 36 instructions, page 50.

### Line 18 — California Itemized Deductions or California Standard Deduction

You must decide whether to itemize your charitable contributions, medical expenses, 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; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.

Also, 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, see the California Standard Deduction Worksheet for Dependents on this page.

**Itemized deductions.** Figure your California itemized deductions by completing Schedule CA (540), Part II, line 37 through line 43. Enter the result on Form 540, line 18.

**Note:** If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540, first complete a federal Schedule A, Itemized Deductions. Then complete Schedule CA (540), Part II, line 37 through line 43.

**Standard deduction.** Find your standard deduction on the California Standard Deduction Chart for Most People on this page. If you filled in the circle on Form 540, line 6, use the California Standard Deduction Worksheet for Dependents on this page.

#### California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status	Enter On Line 18
1 — Single	\$3,165
2 — Married filing jointly	\$6,330
3 — Married filing separately	\$3,165
4 — Head of household	\$6,330
5 — Qualifying widow(er)	\$6,330

**Note:** The California standard deduction amounts are less than the federal standard deduction amounts.

#### California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

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. If you used federal TeleFile, add \$250 to the total of your wages from all Form(s) W-2, box 1 and enter the result here . . . 1 \_\_\_\_\_
2. Minimum standard deduction . . . . . 2 \$800.00
3. Enter the **larger** of line 1 or line 2 here . . . . . 3 \_\_\_\_\_
4. Enter the amount shown for your filing status:
  - Single or married filing separately, enter \$3,165 . . . . . 4 \_\_\_\_\_
  - Married filing jointly, head of household, or qualifying widow(er), enter \$6,330 . . . . . 4 \_\_\_\_\_
5. **Standard deduction.** Enter the **smaller** of line 3 or line 4 here and on Form 540, line 18 . . . 5 \_\_\_\_\_

### Step 5 — Tax

When you figure your tax, be sure to use the correct filing status and taxable income amount.

#### Line 20 – Tax



CalFile or e-file and you won't have to do the math. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

To figure your tax, use one of the following methods and fill in the matching circle on line 20:

- Tax Table.** To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on this line. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov). To figure your tax yourself, follow these instructions. If your taxable income on line 19 is \$81,750 or less, use the tax table beginning on page 62. Be sure you use the correct filing status column in the tax table.

If your taxable income on line 19 is over \$81,750, figure your 2004 tax by using the following worksheet.

1. Enter your taxable income from Form 540, line 19	1	_____
2.	2	- 81,750
3. Subtract line 2 from line 1. Enter the result here	3	_____
4.	4	x .093
5. Multiply line 3 by line 4. Enter the result here. Note: If the result was not a whole number, round it to the nearest dollar. For information on rounding, see "Filling in your return" on page 8	5	_____
6. Enter the amount for your filing status: • Single or married filing separately . . . <b>\$5,627</b> • Married filing jointly or qualifying widow(er) . . . . . <b>\$3,651</b> • Head of household . . . . . <b>\$4,502</b>	6	_____
7. <b>2004 Tax.</b> Add line 5 and line 6. Enter the result here and on Form 540, line 20	7	_____

- FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child who was under age 14 on January 1, 2005, and who had more than \$1,600 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 \$8,000 or less (but not less than \$800) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. You must 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 20. Attach form(s) FTB 3803 to your return.

**Note:** To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on this line. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).



CalFile or e-file and you won't have to do the math. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

#### Line 21 – Exemption Credits

Use your exemption credits to 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.

If your filing status is:	If Form 540, line 13 more than:
Single or married filing separately	\$139,921
Married filing jointly or qualifying widow(er)	\$279,846
Head of household	\$209,885

**Yes** Complete the AGI Limitation Worksheet on this page.

**No** Follow the instructions on Form 540, line 21.

AGI Limitation Worksheet	
<b>a</b> Enter the amount from Form 540, line 13	<b>a</b> _____
<b>b</b> Enter the amount for your filing status on line b: Single or married filing separately . . . . . \$139,921 Married filing jointly or qualifying widow(er) . . . . . \$279,846 Head of household . . . . . \$209,885	<b>b</b> _____
<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 filing separately). <b>Note:</b> 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 Form 540, line 7, line 8, and line 9 (not the dollar amounts)	<b>f</b> _____
<b>g</b> Multiply line e by line f	<b>g</b> _____
<b>h</b> Enter the total dollar amount for line 7, line 8, and line 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 Form 540, 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 dollar amount (that you filled in) from Form 540, 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 Form 540, line 21	<b>n</b> _____

#### Line 23 – Tax from Schedule G-1 and form FTB 5870A

If you received a qualified lump-sum distribution in 2004 and you were born before January 2, 1936, get 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" on the back cover.

### Step 6 — Special Credits and Nonrefundable Renter's Credit

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 the page 26 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). Answer the following questions before you claim credits on your tax return.

- Do you qualify to claim the nonrefundable renter's credit? Complete the qualification record on page 27.  
Check  **Yes** or  **No**, then go to Question 2.
- Are you claiming any other special credit listed on the Credit Chart on page 26?

**No** If you checked "Yes" for Question 1 and entered an amount on Form 540, line 31, go to line 33. If you checked "No" for Question 1, skip to the instructions for line 34.

**Yes** Figure your credit using the form, schedule, worksheet, or certificate identified in the Credit Chart. Then go to Box A to see if the total amount you may claim for all credits is limited by TMT. If you checked "Yes" for Question 1, be sure that you entered your nonrefundable renter's credit on line 31.

**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 AMT. For more information, see line 35 instructions, on page 20.):

- 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); or
- Excluded gain on the sale of qualified small business stock

**Yes** You must complete Schedule P (540). See “Order Forms and Publications” on the back cover.

**No** Go to Box B.

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

- Investment interest expense;
- Income from incentive stock options in excess of the amount reported on your return; or
- Income from installment sales of certain property.

**Yes** You must complete Schedule P (540). See “Order Forms and Publications” on the back cover.

**No** Go to Box C.

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

Single or head of household	.....	\$192,963
Married filing jointly or qualifying widow(er)	.....	\$257,284
Married filing separately	.....	\$128,641

**Yes** You must complete Schedule P (540). See “Order Forms and Publications” on the back cover.

**No** Your credits are not limited. Go to the instructions for Form 540, line 28.

**Line 28 through Line 30 – Additional Special Credits**

Each credit has a code number. To claim only one or two credits, enter the credit name, code number, and amount of the credit on line 28 and line 29. To claim more than two credits, use Schedule P (540). See “Order Forms and Publications” on the back cover. List two of the credits on line 28 and line 29. Enter the total of any remaining credits from Schedule P (540) on line 30.

**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, you may 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 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**

**Note:** You may not claim this credit if you used either the head of household or qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 2004 (or if married, you lived apart from your spouse for all of 2004 and you used the married 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, 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 separate maintenance or must be part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or separate maintenance has not yet been issued.

Use the worksheet below to figure the joint custody head of household credit.

1. Enter the amount from Form 540, line 24	.....	1	_____
2. Credit percentage — 30%	.....	2	x <u>.30</u>
3. Credit amount. Multiply line 1 by line 2.			
Enter the result or \$337, whichever is less	.....	3	_____

**Credit for Dependent Parent — Code 173**

**Note:** You may not claim the credit for dependent parent if you used the single, head of household, qualifying widow(er), or married filing jointly filing status.

You may claim this credit only if:

- You were married at the end of 2004 and you used the married filing separately filing status; and
- Your spouse was not a member of your household during the last six months of the year; and
- 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 above for the credit for joint custody head of household.

**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, 2004\*;
- Qualified as a head of household in 2002 or 2003 by providing a household for a qualifying individual who died during 2002 or 2003; and
- Did not have adjusted gross income over \$54,730 for 2004.

\*If your 65th birthday is on January 1, 2005, you are considered to be age 65 on December 31, 2004.

**Note:** If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2004 in order to claim this credit.

Use this worksheet to figure this credit.

1. Enter the amount from Form 540, line 19	.....	1	_____
2. Credit percentage — 2%	.....	2	x <u>.02</u>
3. Credit amount. Multiply line 1 by line 2.			
Enter the result or \$1,031, 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), you may 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.

You may 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. You may 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 who 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. 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 2004. You may carry over the excess credit to future years until the credit is used.

**Line 31 – Nonrefundable renter’s credit**

Did you pay rent for at least six months in 2004 on your principal residence located in California?

**Yes** You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 27.

**No** Go to line 33.

**Line 34 – Subtract the amount on line 33 from the amount on line 25.**

Enter the result on line 34. If the amount on line 33 is more than the amount on line 25, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 34. Write “IRC Section 453 interest” or “IRC Section 453A interest” and the amount on the dotted line to the left of the amount on line 34.

**Step 7 — Other Taxes**

Attach the specific form or statement required for each entry in this step.

**Line 35 – 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: \$68,610 if married filing jointly or qualifying widow(er); \$51,457 if single or head of household; or \$34,303 if married filing separately.

A child under age 14 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 \$5,500 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” on the back cover.

**Line 36 – 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 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 you are required to report additional tax, report it on line 36 and write “FTB 3805P” to the left of the amount.

If you used form(s) FTB 3501, Employer Child Care Program/Contribution Credit; FTB 3535, Manufacturers’ Investment Credit; FTB 3805Z, Enterprise Zone Deduction and Credit Summary; FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary; FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; FTB 3808, Manufacturing Enhancement Area Credit Summary; or FTB 3809, Targeted Tax Area Deduction and Credit Summary; include the additional tax, if any, on line 36. Write the form number on the dotted line to the left of the amount on line 36.

**Step 8 — Payments**

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 38 through line 45.

**Line 38 – California Income Tax Withheld**

Enter the total California income tax withheld from your:

- Form(s) W-2, box 17;
- Form(s) 1099-MISC, box 16; or
- Form(s) W-2G, box 14;
- Form(s) 1099-R, box 10.

**Note:** The Franchise Tax Board verifies all withholding claimed from a Form W-2, W-2G, 1099-MISC, or 1099-R with the Employment Development Department.

**Caution:** Do not include city, local, or county tax withheld or tax withheld by other states. Do not include withholding from Forms 592-B, 593-B, or 594, on this line. For more details, see instructions for line 40 on this page.

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

**Line 39 – 2004 CA Estimated Tax and Other Payments**

Enter the total of any:

- California estimated tax payments you made using 2004 Form 540-ES;
- Overpayment from your 2003 California income tax return that you applied to your 2004 estimated tax;
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals; and
- 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).

**Note:** To view payments you have made and/or to obtain your current account balance, visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and click on “Check Account Balance.”

If you and your spouse paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or you may each 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. The statements should be sent to:

JOINT ESTIMATED CREDIT ALLOCATION M/S F-225  
TAXPAYER SERVICES CENTER  
FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO, CA 94240-0040

If you or your spouse 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 social security numbers.

**Note:** You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2005 and did not have a California tax liability in 2004.

**Line 40 - Real Estate Withholding**

If you had California income tax withheld from the sale of your California real estate, enter the total California tax withheld from your Form 593-B, Real Estate Withholding Tax Statement. Also, if you received a nonresident withholding credit, enter the total California tax withheld from your Forms 592-B or 594 on this line. Attach a copy of Form 592-B, 593-B, or 594, or to the lower front of Form 540, Side 1.

**Caution:** Do not include withholding from Form(s) W-2s or 1099s on this line.

**Line 41 – Excess California SDI (or VPDI) Withheld**

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

- You had **two or more** California employers during 2004;
- You received more than \$68,829 in wages; and
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540.

To determine the amount to enter on line 41, complete the Excess SDI (or VPDI) Worksheet on this page. If married filing jointly, figure the amount of excess SDI (or VPDI) separately for each spouse.

If SDI (or VPDI) was withheld from your wages by a single employer, at more than 1.18% of your gross wages, you may not claim excess SDI (or VPDI) on your Form 540. Contact the employer for a refund.

Excess SDI (or VPDI) Worksheet			
Follow the instructions below to figure the amount of income tax to enter on Form 540, line 41. If you are married and file a joint return, you must figure the amount of excess SDI (or VPDI) separately for each spouse.			
		You	Your Spouse
1. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2. Enter the total here	1		
2. 2004 SDI (or VPDI) limit	2	\$812.18	\$812.18
3. Excess SDI (or VPDI) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total on Form 540, line 41	3		

**Note:** If zero or less, enter -0- on line 41.

**Line 42 through Line 45 – Child and Dependent Care Expenses Credit**

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

**Line 42 and Line 43**

Enter the qualifying person's social security number. Do not enter more than one qualifying person's social security number on line 42 or line 43 from form FTB 3506, Part III, line 2. If you have more than two qualifying persons, enter only the first two qualifying persons listed on form FTB 3506, Part III, line 2.

**Line 44**

Enter the amount from form FTB 3506, Part III, line 8 (do not round this amount).

**Line 45**

Enter the credit amount from form FTB 3506, Part III, line 12 (do not round this amount).

**Note:** If you received a refund for 2003, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

**Step 9 — Overpaid Tax or Tax Due**

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 47 through line 50.

**Line 47 – Overpaid Tax**

If the amount on line 46 is more than the amount on line 37, your payments and credits are more than your tax. Subtract the amount on line 37 from the amount on line 46. Enter the result on line 47.



Choose e-file and Direct Deposit and get your refund faster.

**Line 48 – Amount You Want Applied to Your 2005 Estimated Tax**

You may apply all or part of the amount on line 47 to your estimated tax for 2005. Enter on line 48 the amount of line 47 that you want applied to your 2005 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 return.

**Line 49 – Overpaid Tax Available This Year**

If you entered an amount on line 48, subtract it from the amount on line 47. Enter the result on line 49. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make other voluntary contributions from this amount. If you make a contribution, skip line 50 and go to Step 9a.

**Line 50 – Tax Due**

If the amount on line 46 is less than the amount on line 37, subtract the amount on line 46 from the amount on line 37. Enter the result on line 50. 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 50 is \$200 or more (\$100 or more if married filing separately); and
- The amount of state income tax withheld on line 38 is less than 90% of the amount of your total tax on line 37.

If this applies to you, go to line 69.

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 obtain this form from your employer or by calling EDD at (888) 745-3886. You can download the DE 4 at [www.edd.ca.gov](http://www.edd.ca.gov) or use the online calculator by going to [www.ftb.ca.gov](http://www.ftb.ca.gov) and searching for: **DE 4**.

**Note:** 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.

**Step 9a — Use Tax**

**Line 51 – Use Tax. This is not a total line.**

As explained on page 66, you may owe California use tax for purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person).

You may report use tax on your income tax return instead of filing a use tax return with the State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet on page 22. If you have questions on whether a purchase is taxable, visit the State Board of Equalization's website at [www.boe.ca.gov](http://www.boe.ca.gov), or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

If you owe use tax but choose not to report it on your income tax return, you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from [www.boe.ca.gov](http://www.boe.ca.gov). You can also request a copy by calling their Information Center.

**Note:** Businesses that have a California seller's permit must continue to report business purchases subject to use tax on their sales and use tax returns.

See page 66 for a general explanation of California use tax.

<b>Use Tax Worksheet</b>	
Round all amounts to the nearest whole dollar.	
1. Enter purchases from out-of-state or Internet sellers made without payment of California sales/use tax. See worksheet instructions below . . . . .	\$ _____ .00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See worksheet instructions below . . . . .	_____
3. Multiply line 1 by the tax rate on line 2. Enter result here. . . . .	\$ _____ .00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. See worksheet instructions below . . . . .	\$ _____ .00
5. Subtract line 4 from line 3. This is the total use tax due. Enter the amount due on line 51. If the amount is less than zero, enter -0-. . . . .	\$ _____ .00

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

- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine.
- 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 brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- If your filing status is "married 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 may report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on page 21).

**Note:** Do not report the following 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.
- Leases of machinery, equipment, vehicles, and other tangible personal property.

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

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375.
- If you do not know the applicable rate, see the table on page 24, "Sales and Use Tax Rates by County." If you have questions regarding the use tax rate in effect in your area, please visit the State Board of Equalization's Website at [www.boe.ca.gov](http://www.boe.ca.gov) or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

**Worksheet, Line 4, Credit for Tax Paid to Another State**

- This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. 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.

**Step 10 — Contributions**

You may make contributions to the funds listed on Form 540, Side 2, Step 10. See page 25 for a description of the funds.

**Step 11 — Refund or Amount You Owe**

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

**Line 66 – Refund or No Amount Due**

If you did not enter an amount on line 51 or line 65, enter the amount from line 49 on line 66. This is the amount that will be refunded to you.

If it is less than \$1, you must attach a written statement to your Form 540 requesting the refund.

Subtract line 51 and line 65 from line 49. If the combined amount of line 51 and line 65 is more than line 49, enter the difference on line 67.

To have your refund directly deposited into your bank account, fill in the account information on the tax return. See the illustration on page 23 for the correct numbers to transfer to your return.

**Want a fast refund?** Get your refund in 10 days or less when you e-file your return. Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) for more information.

**Line 67 – Amount You Owe**

Add the amount on line 50, line 51, and line 65, if any. Enter the result on line 67.

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

Do not combine your 2004 tax payment and any 2005 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

**Other Payment Options**

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, you can 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. Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for: "Payment options."
- **Check or Money Order** – Make your check or money order payable to the "Franchise Tax Board." Do not send cash. Write your social security number and "2004 Form 540" on the check or money order. Enclose, but do not staple, your payment to your return.  
A penalty may be imposed if your check is returned by your bank for insufficient funds.
- **Credit Card** – You may use your Discover/NOVUS, 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 visit the Website at [www.officialpayments.com](http://www.officialpayments.com), and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

**Paying by Credit Card** – Whether you e-file or file by mail, you can use your Discover/Novus, 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**

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

**Example:**

Tax Payment = \$753.56    Convenience Fee = \$18.84

**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 Franchise Tax Board 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, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse's SSN or ITIN
- First 4 letters of your and your spouse's last name
- Tax 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. Website [www.officialpayments.com](http://www.officialpayments.com) and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

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

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

If you cannot pay the full amount or can only make a partial payment for the amount shown on line 70, you may request monthly payments. For additional information regarding Installment Payments, see Question 4 on page 28.

**Step 12 — Interest and Penalties**

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

**Note:** Do not reduce the amount on line 47 or increase the amount on line 50 by any penalty or interest amounts. Enter on line 68 the amount of interest and penalties.

**Line 68 – 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.

**Late Filing of Return.** The maximum total penalty is 25% of the tax not paid if the return is filed after October 17, 2005. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance due, whichever is less.

**Late Payment of Tax.** 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.

**Other Penalties.** There are also other penalties that can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

**Line 69 – Underpayment of Estimated Tax**

You may be subject to an estimated tax penalty if your withholding and credits are less than 90% of your current tax year liability or 100% of your prior year tax liability (110% if AGI is more than \$150,000 or \$75,000 MFS), or you did not pay enough through withholding to keep the amount you owe with your return under \$200.

Is line 50 less than \$200 (\$100 if married filing separately)?

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

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

Is line 50 less than 10% of the amount on line 34 (excluding the tax on lump-sum distributions on line 23)?

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

**No** You may be subject to an estimate 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 Fisherman).

If you complete one of these forms, be sure to attach it to the back of your Form 540. Enter the amount of the penalty on line 69 and fill in the correct circle on line 69. You must 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.

The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill.

See page 2, Important due dates, for more information on estimated tax payments and how to avoid the underpayment penalty.

See the instructions for line 70 for information about figuring your payment, if any.

**Line 70 – Total Amount Due**

Is there an amount on line 67?

**Yes** Add line 67, line 68, and line 69. Enter the result and make your check or money order for this amount.

**No** Go to the next question.

Is there an amount on line 66?

**Yes** Add line 68 and line 69. If the result is:

- Less than line 66, your refund will be reduced by this amount when your return is processed. Do not enter an amount on line 70.
- More than line 66, subtract line 66 from the sum of line 68 and line 69 and enter the result. Use Web Pay to pay online. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for: "Payment options." Or, make your check or money order for the amount on line 70.

**No** Add line 68 and line 69 and enter the result.

**Line 71 – 2005 Tax Forms**

If your Form 540 is prepared by someone else, or if you do not need forms mailed to you next year, fill in the circle on line 71.

**Step 13 — Direct Deposit (Refund Only)**

**Direct Deposit of Refund**

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540, Side 2, Step 13. Please be sure to fill in the routing and account numbers and also indicate the account type. **Do not** attach a voided check or deposit slip. See the illustration below.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

**Sign Your Return**

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 "Helpful Hints," for more information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

**Joint Return.** If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may be liable. See "Innocent Spouse Relief," on page 66.

For information about Power of Attorney, visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

### Sales and Use Tax Rates by County

(Includes state, local, and district taxes)  
As of December 31, 2004

County	Rate
Alameda <sup>1</sup>	8.75%
Alpine	7.25%
Amador	7.25%
Butte	7.25%
Calaveras	7.25%
Colusa	7.25%
Contra Costa	8.25%
Del Norte	7.25%
El Dorado <sup>3</sup>	7.25%
Fresno <sup>3</sup>	7.875%
Glenn	7.25%
Humboldt <sup>3</sup>	7.25%
Imperial <sup>3</sup>	7.75%
Inyo	7.75%
Kern	7.25%
Kings	7.25%
Lake <sup>3</sup>	7.25%
Lassen	7.25%
Los Angeles <sup>3</sup>	8.25%
Madera	7.75%
Marin	7.25%
Mariposa <sup>2</sup>	7.25%
Mendocino <sup>3</sup>	7.25%
Merced	7.25%
Modoc	7.25%
Mono	7.25%
Monterey	7.25%
Napa	7.75%
Nevada <sup>3</sup>	7.375%
Orange	7.75%
Placer	7.25%
Plumas	7.25%
Riverside	7.75%
Sacramento	7.75%
San Benito	7.25%
San Bernardino	7.75%
San Diego	7.75%
San Francisco	8.50%
San Joaquin	7.75%
San Luis Obispo	7.25%
San Mateo	8.25%
Santa Barbara	7.75%
Santa Clara <sup>3</sup>	8.25%
San Bernardino	7.75%
San Diego	7.75%
San Francisco	8.50%
San Joaquin	7.75%
San Luis Obispo	7.25%
San Mateo	8.25%
Santa Barbara	7.75%
Santa Clara <sup>3</sup>	8.25%
Santa Cruz	8.00%
Shasta	7.25%
Sierra	7.25%

County	Rate
Siskiyou	7.25%
Solano	7.375%
Sonoma <sup>3</sup>	7.50%
Stanislaus	7.375%
Sutter	7.25%
Tehama	7.25%
Trinity	7.25%
Tulare <sup>3</sup>	7.25%
Tuolumne	7.25%
Ventura	7.25%
Yolo <sup>3</sup>	7.25%
Yuba	7.25%

1. The tax rate in the county of Alameda prior to July 1, 2004, was 8.25%.
2. The tax rate in the county of Mariposa prior to July 1, 2004, was 7.75%.
3. Many cities in California impose a district tax, which results in a higher sales and use tax rate than in other parts of the county. If you are reporting an item that was purchased for use in any of the following cities, please use the appropriate tax rates for those areas. The following tax rates apply within the city limits of the listed counties.

County	City	Citywide Rate
El Dorado	Placerville	7.50%
Fresno	Clovis	8.175%
Humboldt	Trinidad	(effective 10/01/2004) <sup>a</sup> 8.25%
Imperial	Calexico	8.25%
Lake	Clearlake	7.75%
Los Angeles	Avalon	8.75%
Mendocino	Point Arena	(effective 4/01/2004) <sup>b</sup> 7.75%
Mendocino	Willits	7.75%
Nevada	Town of Truckee	7.875%
Santa Cruz	Santa Cruz	(effective 7/01/2004) <sup>c</sup> 8.25%
Sonoma	Sebastopol	7.625%
Tulare	Visalia	(effective 7/01/2004) <sup>d</sup> 7.50%
Yolo	Davis	(effective 7/01/2004) <sup>e</sup> 7.75%
Yolo	West Sacramento	7.75%
Yolo	Woodland	7.75%

- <sup>a)</sup> The tax rate in Trinidad prior to October 1, 2004, was 7.25%.
- <sup>b)</sup> The tax rate in Point Arena prior to April 1, 2004, was 7.25%.
- <sup>c)</sup> The tax rate in Santa Cruz prior to July 1, 2004, was 8.00%.
- <sup>d)</sup> The tax rate in Visalia prior to July 1, 2004, was 7.25%.
- <sup>e)</sup> The tax rate in Davis prior to July 1, 2004, was 7.25%.

# Voluntary Contribution Fund Descriptions

You may make contributions to the California Seniors Special Fund or make other voluntary contributions of \$1 or more in whole dollar amounts. 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 contributed after you file your return.

If you are using:

- Form 540A, enter the amounts you want to contribute on the line for the fund on Side 2, Step 7. Enter the total contributions on line 38.
- Form 540, enter the amounts you want to contribute on the line for the fund on Side 2, Step 10. Enter the total contributions on line 65.

<b>Code</b>	<b>Fund Name and Description</b>	<b>Code</b>	<b>Fund Name and Description</b>
◀ 52 ▶	<p><b>California Seniors Special Fund.</b> If you and/or your spouse are 65 years of age* or older and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$170 or \$85 per spouse. Contributions entered to this fund will be distributed to the Area Agency of 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.</p> <p>*If your 65th birthday is on January 1, 2005, you are considered to be age 65 on December 31, 2004.</p>	◀ 59 ▶	<p><b>Emergency Food Assistance Program Fund.</b> 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.</p>
◀ 53 ▶	<p><b>Alzheimer's Disease/Related Disorders Fund.</b> Contributions will be used to conduct a program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.</p>	◀ 60 ▶	<p><b>California Peace Officer Memorial Foundation Fund.</b> 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.</p>
◀ 54 ▶	<p><b>California Fund for Senior Citizens.</b> Contributions will provide support for the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide senior related legislative proposals in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.</p>	◀ 61 ▶	<p><b>Asthma and Lung Disease Research Fund.</b> Contributions will support the American Lung Association of California's scientific peer-reviewed research program that provides grants to develop and advance the understanding of the causes of lung disease, the third leading cause of death. Find out more at <a href="http://www.californialung.org">www.californialung.org</a>.</p>
◀ 55 ▶	<p><b>Rare and Endangered Species Preservation Program.</b> 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.</p>	◀ 62 ▶	<p><b>California Missions Foundation Fund.</b> Contributions will be used to restore and repair the Spanish colonial and mission era missions in this state and to preserve the artworks and artifacts of these missions.</p>
◀ 56 ▶	<p><b>State Children's Trust Fund for the Prevention of Child Abuse.</b> Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.</p>	◀ 63 ▶	<p><b>California Military Family Relief Fund</b> Contributions will be used to provide financial aid grants to members of the California National Guard who are California residents, and have been called to active duty.</p>
◀ 57 ▶	<p><b>California Breast Cancer Research Fund.</b> 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, please see our Website at <a href="http://www.cbcrp.org">www.cbcrp.org</a>. Your contribution can help make breast cancer a disease of the past.</p>	◀ 64 ▶	<p><b>California Prostate Cancer Research Fund</b> Contributions will be used to further the research of Prostate Cancer.</p>
◀ 58 ▶	<p><b>California Firefighters' Memorial Fund.</b> 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 and children of fallen firefighters.</p>		

# CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet on page 20	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses – FTB 3506 See the instructions on page 59	None	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit and is refundable
Community Development Financial Institution Deposits – Certification Required	209	20% of each qualified deposit made to a community development financial institution Obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, 16th Floor, Sacramento CA 95814 or go to <a href="http://www.insurance.ca.gov/docs/FS-COIN.htm">www.insurance.ca.gov/docs/FS-COIN.htm</a>
Dependent Parent – Worksheet on page 19	173	Must use married filing separately status and have a dependent parent
Disabled Access for Eligible Small Businesses – 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
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: 30% of cost for establishing a child care program or constructing a child care facility
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 Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Farmworker Housing – Certification required	207	50% of new construction or rehabilitation costs for farmworker housing Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814
Joint Custody Head of Household – Worksheet on page 19	170	30% of tax up to \$337 for taxpayers who are single or married filing separately, who have a child and meet the support test
Joint Strike Fighter Wages – FTB 3534	215	A percentage of qualified wages paid or incurred in California in connection with the construction of a joint strike fighter.
Joint Strike Fighter Property Costs – FTB 3534	216	10% of the cost of property placed in service in California for ultimate use in a joint strike fighter
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRA
Long-Term Care – FTB 3504	214	\$500 multiplied by the number of qualifying individuals
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals
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.
Nonrefundable Renter's — See page 27	None	For California residents who paid rent for their principal residence for at least 6 months in 2004 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 2004
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
Rice Straw – Certification required	206	\$15 per ton of purchased rice straw grown in California Obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street, Room A-244, Sacramento, CA 95814 or go to <a href="http://www.cdffa.ca.gov">www.cdffa.ca.gov</a>
Senior Head of Household – Worksheet on page 19	163	2% of taxable income up to \$1,031 for seniors who qualified for head of household in 2002 or 2003 and whose qualifying individual died during 2002 or 2003
Solar or Wind Energy System – FTB 3508	217	The lesser of 7.5% of the cost paid or incurred for the purchase and installation of a Solar or Wind Energy System or the dollar amount per rated watt of the Solar or Wind Energy System
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses
Teacher Retention – FTB 3505	212	Credentialed teachers may be able to claim a credit of up to \$1,500 (per individual) based on years of service and the limitation based on income. The credit is suspended for taxable years 2004 and 2005.

**Repealed Credits:** The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.

Agricultural Products	175	Los Angeles Revitalization Zone (LARZ)	Ridesharing	171
Commercial Solar Electric System	196	Hiring & Sales or Use Tax	Salmon & Steelhead Trout Habitat	
Commercial Solar Energy	181	Low-Emission Vehicles	Restoration	200
Employee Ridesharing	194	Manufacturers' Investment	Solar Energy	180
Employer Ridesharing: Large employer	191	Orphan Drug	Solar Pump	179
Small employer	192	Political Contributions	Water Conservation	178
Transit passes	193	Recycling Equipment	Young Infant	161
Energy Conservation	182	Residential Rental & Farm Sales		

# Nonrefundable Renter's Credit Qualification Record



**e-file and skip this page!** The software 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 [www.ftb.ca.gov](http://www.ftb.ca.gov).

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.

**1. Were you a resident<sup>1</sup> of California for the entire year in 2004?**

- 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" on the back cover.

**2. Is your California adjusted gross income the amount on Form 540A, line 14 or Form 540, line 17:**

- \$29,955 or less if single or married filing separately; or
  - \$59,910 or less if married 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 2004, 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 2004?**

- NO.** Go to question 6.  
**YES.** Go to question 5.

**5. For more than half the year in 2004, 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<sup>2</sup> from property tax in 2004?**

- 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<sup>3</sup> anytime during 2004?**

- NO.** Go to question 8.  
**YES.** Stop here. You do not qualify for this credit.

**8. Were you single in 2004?**

- YES.** Go to question 11.  
**NO.** Go to question 9.

**9. Did your spouse claim the homeowner's property tax exemption<sup>3</sup> anytime during 2004?**

- NO.** Go to question 11.  
**YES.** Go to question 10.

**10. Did you and your spouse maintain separate residences for the entire year in 2004?**

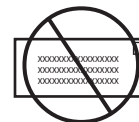
- YES.** Go to question 11.  
**NO.** Stop here. You do not qualify for this credit.

**11. If you are:**

- Single or married filing separately,<sup>4</sup> enter \$60 below.
  - Married filing jointly, head of household, or qualifying widow(er), enter \$120 below. Enter this figure on Form 540A, line 19 or Form 540, line 31.
- \$ \_\_\_\_\_

Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2004 which qualified you for this credit.

**Do Not Mail This Record**



<b>Street Address</b>	<b>City, State, and ZIP Code</b>	<b>Dates Rented in 2004 (From _____ to _____)</b>
-----------------------	----------------------------------	---

**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>
-------------	-----------------------	--

**a** \_\_\_\_\_

**b** \_\_\_\_\_

<sup>1</sup> Military personnel. If you are not a legal resident of California, you do not qualify for this credit. However, your spouse may claim this credit if he or she was a resident, did not live in military housing during 2004, and is otherwise qualified.

<sup>2</sup> Property exempt from property taxes. 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.

<sup>3</sup> Homeowner's property tax exemption. You do not qualify for this credit if you or your spouse received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse for the entire year and your spouse received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

<sup>4</sup> Married filing separate returns. If you and your spouse file separate returns, lived in the same rental property and both qualify for this credit, one spouse may claim the full amount of this credit (\$120), or each spouse may claim half of the amount (\$60 each).

# Frequently Asked Questions

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

## 1. What if I can't file by April 15, 2005, and I think I owe tax?

You must pay 100% of the amount you owe by April 15, 2005, 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 Voucher for Automatic Extension for Individuals on page 41. Mail it to the FTB with your payment by April 15, 2005, or pay online at [www.ftb.ca.gov](http://www.ftb.ca.gov). Then, when you receive all your Form(s) W-2, complete and mail your return by October 17, 2005 (you must use Form 540A or Form 540).

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



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If you do not receive all your Forms W-2 by January 31, 2005, contact your employer. Only your employer can issue or correct a Form W-2. For more information, call (800) 338-0505, select "Personal Income Tax," then "General Tax Information," and enter code 204 when instructed.

## 3. How can I get help?

There are more than 1,500 sites throughout California where trained volunteers provide 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. From January 2 through April 15, a list of locations is available on our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or you may 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 2004 return?



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Pay as much as you can when you file your return. If you cannot pay your tax in full with your return, you can request monthly payments. However, you will be charged interest and may be charged an underpayment penalty on the tax not paid by April 15, 2005, even if your request to pay in installments 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 return.

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

To order this form by phone, call (800) 338-0505, select "Personal Income Tax," then select "Order Forms and Publications," and enter code 949 when instructed, or go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).



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**Note:** You can also pay by credit card. For more information, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov), or call (800) 338-0505, select "Personal Income Tax," then select "General Tax Information," and enter code 610 when instructed.

## 5. How long will it take to get my refund?



112

If you e-file, you will get the fastest possible refund. Your refund check will be in the mail within seven to ten calendar days (or if you request direct deposit, the refund will post to your bank account within five to seven banking days) from the time the FTB receives your electronic return. For more information about e-filing, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or call (800) 338-0505, select "Personal Income Tax," then select "General Tax Information," and enter code 112 when instructed.

If you do not e-file your return, you should receive your refund check, or if you request direct deposit the refund should post to your account, within six to eight weeks after you file your return.

## 6. I expected my refund by now. How can I check on the status?

You can check on the status of your refund over the Internet. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for: Refund.

You can also call our automated phone service. See the back cover for more information.

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

If you discover that you made an error on your California income tax return after you filed it, use Form 540X, Amended Individual Income Tax Return, to correct your return. Get Form 540X online at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## 8. I found an error after FTB accepted my e-file return. What should I do?

You cannot retransmit the corrected return once we've accepted it. You can correct an error only by completing Form 540X, Amended Individual Income Tax Return, and mailing the paper copy to us. You cannot e-file an amended return. Get Form 540X online at [www.ftb.ca.gov](http://www.ftb.ca.gov).

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

If your federal income tax return is examined and changed by the IRS and you owe additional tax, you must report these changes to the FTB within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X, Amended Individual Income Tax Return, to correct the California income tax return you already filed, or you may send a copy of the federal changes to:

ATTN RAR/VOL, AUDIT SECTION  
FRANCHISE TAX BOARD  
PO BOX 1998  
SACRAMENTO CA 95812-1998

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" on the back cover.

**Note:** You do not have to file Form 540X if the changes do not affect your California tax liability.

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

We may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the due date of the return or four years from the date the return is filed. (Exception: An extended statute of limitations period may apply for California or federal tax returns that are related to or subject to a federal audit.)

Keep a copy of your 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 they are 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.

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

You can notify the FTB of your new address by using form FTB 3533, Change of Address. This form is available on our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) as a fillable form or you may call (800) 852-5711 and select option 5 to report a change of address.

After filing your return, you should 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 return.

# California Resident Income Tax Return 2004

**540A** C1 Side 1

## Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name			P AC A R RP
If joint return, spouse's first name	Initial	Last name			
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.	
City, town, or post office (If you have a foreign address, see instructions, page 9)			State	ZIP Code	

## Step 1a

Your SSN or ITIN	Spouse's SSN or ITIN
<input type="text"/>	<input type="text"/>

**IMPORTANT:**  
Your SSN or ITIN is required.

## Step 2

### Filing Status

Fill in only one.

- 1  Single
- 2  Married filing jointly (even if only one spouse had income)
- 3  Married filing separately. Enter spouse's social security number above and full name here \_\_\_\_\_
- 4  Head of household (with qualifying person). STOP. See instructions, page 9.
- 5  Qualifying widow(er) with dependent child. Enter year spouse died \_\_\_\_\_

## Step 3

### Exemptions

Enclose, but do not staple, any payment.

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle  6
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10  7  X \$85 = \$ \_\_\_\_\_
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2  8  X \$85 = \$ \_\_\_\_\_
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2  9  X \$85 = \$ \_\_\_\_\_
- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**  
\_\_\_\_\_  
\_\_\_\_\_ Total dependent exemptions  10  X \$265 = \$ \_\_\_\_\_
- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 18  11 \$ \_\_\_\_\_

## Step 4

### Taxable Income and California Income Adjustments

#### Standard Deduction

Single or Married filing separately, \$3,165

Married filing jointly, Head of household, or Qualifying widow(er), \$6,330.

- 12 a State wages from your Form(s) W-2, box 16  12a \_\_\_\_\_
- 12 b Enter federal adjusted gross income from your TeleFile Tax Record, line I; Form 1040EZ, line 4; Form 1040A, line 21; or Form 1040, line 36  12b \_\_\_\_\_
- 13 **California Income Adjustments.** See instructions, page 10 for line 13a through line 13f.
  - a State income tax refund  13a \_\_\_\_\_
  - b Unemployment compensation  13b \_\_\_\_\_
  - c U.S. social security or railroad retirement  13c \_\_\_\_\_
  - d California non-taxable interest or dividend income  13d \_\_\_\_\_
  - e California IRA distributions  13e \_\_\_\_\_
  - f Non-taxable pensions and annuities. See instructions, page 11  13f \_\_\_\_\_
  - g Total California income adjustments. Add line 13a through line 13f  13g \_\_\_\_\_
- 14 Subtract line 13g from line 12b. This is your California adjusted gross income. See instructions, page 11  14 \_\_\_\_\_
- 15 Enter the larger of your California **Itemized deductions** or **Standard deduction** (see instructions). If the circle on line 6 is filled in, STOP. See instructions, page 11  15 \_\_\_\_\_
- 16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0-  16 \_\_\_\_\_

## Step 5

### Tax and Credits

Attach copy of your Form(s) W-2 and W-2G. Also, attach any Form(s) 1099 showing California tax withheld.

- 17 Tax. See Tax Table.  17 \_\_\_\_\_
- 18 Exemption credits. Enter the amount from line 11. If line 12b is more than \$139,921, see instructions, page 13.  18 \_\_\_\_\_
- 19 Nonrefundable renter's credit. See instructions, page 13  19 \_\_\_\_\_
- 20 Total credits. Add line 18 and line 19  20 \_\_\_\_\_
- 23 Subtract line 20 from line 17. This is your total tax. If less than zero, enter -0-  23 \_\_\_\_\_

### Step 6

#### Overpaid Tax/ Tax Due

24 Enter the amount from Side 1, line 23 ..... **24** \_\_\_\_\_

25 California income tax withheld. See instructions, page 13 ■ **25** \_\_\_\_\_

26 2004 California estimated tax and payment with form FTB 3519 and amount applied from 2003 return ■ **26** \_\_\_\_\_

27 Excess SDI. To see if you qualify, see page 13 ..... ■ **27** \_\_\_\_\_

**Child and Dependent Care Expenses Credit.** See instructions, page 14. Attach form FTB 3506.

● **28** \_\_\_\_\_

● **29** \_\_\_\_\_

■ **30** \_\_\_\_\_ ■ **31** \_\_\_\_\_

32 Total payments and credits. Add line 25, line 26, line 27, and line 31 ..... **32** \_\_\_\_\_

33 Overpaid tax. If line 32 is more than line 24, subtract line 24 from line 32 ..... **33** \_\_\_\_\_

34 Enter the amount of line 33 you want applied to your **2005** estimated tax ..... ■ **34** \_\_\_\_\_

35 Overpaid tax available this year. Subtract line 34 from line 33 ..... ■ **35** \_\_\_\_\_

36 Tax due. If line 32 is less than line 24, subtract line 32 from line 24. See instructions, page 14 . **36** \_\_\_\_\_

To view your 2004 estimated payments, go to [www.ftb.ca.gov](http://www.ftb.ca.gov)

**Do not attach a copy of your federal return.**

### Step 6a

#### Use Tax

37 Use Tax. **This is not a total line.** See instructions, page 14 ● **37** \_\_\_\_\_ **00**

### Step 7

#### Contributions

CA Seniors Special Fund See instructions, page 25 ... ● <b>52</b> _____	00	CA Firefighters' Memorial Fund ... ● <b>58</b> _____	00
Alzheimer's Disease/Related Disorders Fund ..... ● <b>53</b> _____	00	Emergency Food Assistance Program Fund ..... ● <b>59</b> _____	00
CA Fund for Senior Citizens ..... ● <b>54</b> _____	00	CA Peace Officer Memorial Foundation Fund ..... ● <b>60</b> _____	00
Rare and Endangered Species Preservation Program ..... ● <b>55</b> _____	00	Asthma and Lung Disease Research Fund ..... ● <b>61</b> _____	00
State Children's Trust Fund for the Prevention of Child Abuse ... ● <b>56</b> _____	00	CA Missions Foundation Fund ... ● <b>62</b> _____	00
CA Breast Cancer Research Fund ● <b>57</b> _____	00	CA Military Family Relief Fund .... ● <b>63</b> _____	00
		CA Prostate Cancer Research Fund ● <b>64</b> _____	00

38 Add line 52 through line 64. These are your total contributions ..... ● **38** \_\_\_\_\_

### Step 8

#### Refund or Amount You Owe

39 **REFUND or NO AMOUNT DUE.** See instructions, page 15. Mail to:  
**FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002** ..... ■ **39** \_\_\_\_\_

40 **AMOUNT YOU OWE.** See instructions, page 15. Mail to:  
**FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001** ..... ■ **40** \_\_\_\_\_

Or pay online with FTB's Web Pay – Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

41 Underpayment of estimated tax. If form FTB 5805 is attached, fill in this circle ..... ○ ■ **41** \_\_\_\_\_

42 If you **do not** need California income tax forms mailed to you next year, fill in the circle .. ● **42** ○

**Get your refund faster with Direct Deposit.**

#### Direct Deposit (Refund Only)

Do not attach a voided check or a deposit slip. See instructions, page 15.

Fill in the boxes to have your refund directly deposited. Routing number ..... ● \_\_\_\_\_

Account Type: Checking ●  Savings ●  Account number ..... ● \_\_\_\_\_

### Step 9

#### Sign Here

It is unlawful to forge a spouse's signature.

Joint return? See instructions, page 16.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct, and complete. **3**

Your signature \_\_\_\_\_ Spouse's signature (if filing jointly, both must sign) \_\_\_\_\_ Daytime phone number (optional) \_\_\_\_\_

X \_\_\_\_\_ X \_\_\_\_\_ Date \_\_\_\_\_

Paid preparer's signature (*declaration of preparer is based on all information of which preparer has any knowledge*) \_\_\_\_\_ Paid preparer's SSN/PTIN \_\_\_\_\_

Firm's name (or yours if self-employed) \_\_\_\_\_ Firm's address \_\_\_\_\_ FEIN \_\_\_\_\_

# California Resident Income Tax Return 2004

540A C1 Side 1

## Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name			P AC A R RP
If joint return, spouse's first name	Initial	Last name			
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.	
City, town, or post office (If you have a foreign address, see instructions, page 9)			State	ZIP Code	

## Step 1a

Your SSN or ITIN	Spouse's SSN or ITIN
<input type="text"/>	<input type="text"/>

**IMPORTANT:**  
Your SSN or ITIN is required.

## Step 2

### Filing Status

Fill in only one.

- 1  Single
- 2  Married filing jointly (even if only one spouse had income)
- 3  Married filing separately. Enter spouse's social security number above and full name here \_\_\_\_\_
- 4  Head of household (with qualifying person). STOP. See instructions, page 9.
- 5  Qualifying widow(er) with dependent child. Enter year spouse died \_\_\_\_\_

## Step 3

### Exemptions

Enclose, but do not staple, any payment.

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle ..... ● 6
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10 ..... 7  X \$85 = \$ \_\_\_\_\_
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 ..... 8  X \$85 = \$ \_\_\_\_\_
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 ..... ● 9  X \$85 = \$ \_\_\_\_\_
- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**  
 \_\_\_\_\_  
 \_\_\_\_\_ Total dependent exemptions ..... ● 10  X \$265 = \$ \_\_\_\_\_
- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 18 ..... 11 \$ \_\_\_\_\_

## Step 4

### Taxable Income and California Income Adjustments

**Standard Deduction**

Single or Married filing separately, \$3,165

Married filing jointly, Head of household, or Qualifying widow(er), \$6,330.

- 12 a State wages from your Form(s) W-2, box 16 ..... ● 12a
- 12 b Enter federal adjusted gross income from your TeleFile Tax Record, line I; Form 1040EZ, line 4; Form 1040A, line 21; or Form 1040, line 36 ..... 12b
- 13 **California Income Adjustments.** See instructions, page 10 for line 13a through line 13f.
 

a State income tax refund	13a	<input type="text"/>
b Unemployment compensation	13b	<input type="text"/>
c U.S. social security or railroad retirement	13c	<input type="text"/>
d California non-taxable interest or dividend income	13d	<input type="text"/>
e California IRA distributions	13e	<input type="text"/>
f Non-taxable pensions and annuities. See instructions, page 11	13f	<input type="text"/>
g Total California income adjustments. Add line 13a through line 13f	● 13g	<input type="text"/>
- 14 Subtract line 13g from line 12b. This is your California adjusted gross income. See instructions, page 11 ..... ● 14
- 15 Enter the larger of your California **Itemized deductions** or **Standard deduction** (see instructions). If the circle on line 6 is filled in, STOP. See instructions, page 11 ..... ● 15
- 16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- ..... 16

## Step 5

### Tax and Credits

Attach copy of your Form(s) W-2 and W-2G. Also, attach any Form(s) 1099 showing California tax withheld.

- 17 Tax. See Tax Table. .... 17
- 18 Exemption credits. Enter the amount from line 11. If line 12b is more than \$139,921, see instructions, page 13. .... 18
- 19 Nonrefundable renter's credit. See instructions, page 13 ..... ● 19
- 20 Total credits. Add line 18 and line 19 ..... 20
- 23 Subtract line 20 from line 17. This is your total tax. If less than zero, enter -0- ..... ● 23



# California Resident Income Tax Return 2004

540 C1 Side 1

Fiscal year filers only: Enter month of year end: month \_\_\_\_\_ year 2005.

## Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name	PBA Code	P AC A R RP
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions, page 9)			State	ZIP Code

## Step 1a

SSN or ITIN

Your SSN or ITIN	Spouse's SSN or ITIN

**IMPORTANT:**  
Your SSN or ITIN is required.

## Step 2

Filing Status

Fill in only one.

- 1  Single
- 2  Married filing jointly (even if only one spouse had income)
- 3  Married filing separately. Enter spouse's social security number above and full name here \_\_\_\_\_
- 4  Head of household (with qualifying person). STOP. See instructions, page 9.
- 5  Qualifying widow(er) with dependent child. Enter year spouse died \_\_\_\_\_

## Step 3

Exemptions

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle  6
- For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10 ..... 7  X \$85 = \$ \_\_\_\_\_
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 ..... 8  X \$85 = \$ \_\_\_\_\_
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 .....  9  X \$85 = \$ \_\_\_\_\_
- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**  
\_\_\_\_\_ Total dependent exemptions .....  10  X \$265 = \$ \_\_\_\_\_
- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21 ..... 11 \$ \_\_\_\_\_

## Step 4

Taxable Income

Enclose, but do not staple, any payment.

- 12 State wages from your Form(s) W-2, box 16 .....  12 \_\_\_\_\_
- 13 Enter federal adjusted gross income from Form 1040, line 36; Form 1040A, line 21; Form 1040EZ, line 4; or TeleFile Tax Record, line 1 ..... 13 \_\_\_\_\_
- 14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 36, column B .....  14 \_\_\_\_\_
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions, page 17 ... 15 \_\_\_\_\_
- 16 California adjustments – additions. Enter the amount from Schedule CA (540), line 36, column C .....  16 \_\_\_\_\_
- 17 California adjusted gross income. Combine line 15 and line 16 .....  17 \_\_\_\_\_
- 18 Enter the **larger of:**
  - Your California **itemized deductions** from Schedule CA (540), line 43; **OR**
  - Your California **standard deduction** shown below for your filing status:
    - Single or Married filing separately ..... \$3,165
    - Married filing jointly, Head of household, or Qualifying widow(er) .... \$6,330
  - If the circle on line 6 is filled in, STOP. See instructions, page 17 .....  18 \_\_\_\_\_
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- ..... 19 \_\_\_\_\_

## Step 5

Tax

Attach copy of your Form(s) W-2, W-2G, 592-B, 593-B, and 594. Also, attach any Form(s) 1099 showing California tax withheld.

- 20 Tax. Fill in circle if from:  Tax Table  FTB 3800 or  FTB 3803 .....  20 \_\_\_\_\_  
**Caution:** If under age 14 and you have more than \$1,600 of investment income, read the line 20 instructions to see if you must attach form FTB 3800 or FTB 3803.
- 21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$139,921, see instructions, page 10 ..... 21 \_\_\_\_\_
- 22 Subtract line 21 from line 20. If less than zero, enter -0- ..... 22 \_\_\_\_\_
- 23 Tax. See instructions, page 18.  
Fill in circle if from:  Schedule G-1, Tax on Lump-Sum Distributions  
 form FTB 5870A, Tax on Accumulation Distribution of Trusts .....  23 \_\_\_\_\_
- 24 Add line 22 and line 23. Continue to Side 2 ..... 24 \_\_\_\_\_

Your name \_\_\_\_\_ Your SSN or ITIN: \_\_\_\_\_

### Step 6

Special Credits and Nonrefundable Renter's Credit

25	Amount from Side 1, line 24	.....	25	_____
28	Enter credit name _____ code no _____ and amount	▶ 28	_____	_____
29	Enter credit name _____ code no _____ and amount	▶ 29	_____	_____
30	To claim more than two credits, see instructions, page 19	● 30	_____	_____
31	Nonrefundable renter's credit. See instructions, page 18 for "Step 6"	● 31	_____	_____
33	Add line 28 through line 31. These are your total credits	.....	33	_____
34	Subtract line 33 from line 25. If less than zero, enter -0-	.....	34	_____

### Step 7

Other Taxes

35	Alternative minimum tax. Attach Schedule P (540)	.....	● 35	_____
36	Other taxes and credit recapture. See instructions, page 20	.....	● 36	_____
37	Add line 34 through line 36. This is your total tax	.....	● 37	_____

### Step 8

Payments

To view your 2004 estimated payments, go to www.ftb.ca.gov

38	California income tax withheld. See instructions, page 20	.....	■ 38	_____
39	2004 CA estimated tax and other payments. See instructions, page 20	.....	■ 39	_____
40	Real estate withholding. (Form(s) 592-B, 593-B, and 594) See instructions, page 20	.....	■ 40	_____
41	Excess SDI. To see if you qualify, see instructions, page 21	.....	■ 41	_____
Child and Dependent Care Expenses Credit. See instructions, page 21; attach form FTB 3506.				
42	_____	.....	● 42	_____
43	_____	.....	● 43	_____
44	_____	.....	■ 44	_____
45	_____	.....	■ 45	_____
46	Add line 38, line 39, line 40, line 41, and line 45. These are your total payments	.....	46	_____

### Step 9

Overpaid Tax/Tax Due

47	Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46	.....	47	_____
48	Amount of line 47 you want applied to your 2005 estimated tax	.....	■ 48	_____
49	Overpaid tax available this year. Subtract line 48 from line 47	.....	■ 49	_____
50	Tax due. If line 46 is less than line 37, subtract line 46 from line 37. See instructions, page 21	.....	50	_____

### Step 9a

Use Tax

51	Use Tax. This is not a total line. See instructions, page 21	.....	● 51	_____	00
----	--	-------	------	-------	----

### Step 10

Contributions

CA Seniors Special Fund	.....	● 52	_____	00	CA Firefighters' Memorial Fund	.....	● 58	_____	00
See instructions, page 25	.....	.....	.....	.....	Emergency Food Assistance Program Fund	.....	● 59	_____	00
Alzheimer's Disease/Related Disorders Fund	.....	● 53	_____	00	CA Peace Officer Memorial Foundation Fund	.....	● 60	_____	00
CA Fund for Senior Citizens	.....	● 54	_____	00	Asthma and Lung Disease Research Fund	.....	● 61	_____	00
Rare and Endangered Species Preservation Program	.....	● 55	_____	00	CA Missions Foundation Fund	.....	● 62	_____	00
State Children's Trust Fund for the Prevention of Child Abuse	.....	● 56	_____	00	CA Military Family Relief Fund	.....	● 63	_____	00
CA Breast Cancer Research Fund	.....	● 57	_____	00	CA Prostate Cancer Research Fund	.....	● 64	_____	00
65	Add line 52 through line 64. These are your total contributions	.....	● 65	_____	.....	.....	.....	.....	.....

### Step 11

Refund or Amount You Owe

66	REFUND OR NO AMOUNT DUE. See instructions, page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002	.....	■ 66	_____	_____	_____	_____	_____	_____	_____
67	AMOUNT YOU OWE. See instructions, page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001	.....	■ 67	_____	_____	_____	_____	_____	_____	_____

### Step 12

Interest and Penalties

68	Interest, late return penalties, and late payment penalties	.....	68	_____
69	Underpayment of estimated tax. Fill in circle: <input type="radio"/> FTB 5805 attached <input type="radio"/> FTB 5805F attached	.....	■ 69	_____
70	Total amount due. See instructions, page 23. Enclose, but do not staple, any payment	.....	70	_____
71	If you do not need California income tax forms mailed to you next year, fill in the circle	.....	● 71	<input type="radio"/>

### Step 13

Direct Deposit (Refund Only)

Do not attach a voided check or a deposit slip. See instructions, page 23  
Fill in the boxes to have your refund directly deposited. Routing number

Account Type:  Checking  Savings  Account number

### Sign Here

It is unlawful to forge a spouse's signature.

**IMPORTANT:** See the instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. 3

Your signature \_\_\_\_\_ Spouse's signature (if filing jointly, both must sign) \_\_\_\_\_ Daytime phone number (optional) \_\_\_\_\_  
( ) \_\_\_\_\_

X \_\_\_\_\_ X \_\_\_\_\_ Date \_\_\_\_\_

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) \_\_\_\_\_ Paid preparer's SSN/PTIN \_\_\_\_\_

Joint return? See instructions, page 24. Firm's name (or yours if self-employed) \_\_\_\_\_ Firm's address \_\_\_\_\_ FEIN \_\_\_\_\_

# California Resident Income Tax Return 2004

540 C1 Side 1

Fiscal year filers only: Enter month of year end: month \_\_\_\_\_ year 2005.

## Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name	PBA Code	P AC A R RP
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions, page 9)			State	ZIP Code

## Step 1a

SSN or ITIN

Your SSN or ITIN	Spouse's SSN or ITIN

**IMPORTANT:**  
Your SSN or ITIN is required.

## Step 2

Filing Status

Fill in only one.

- 1  Single
- 2  Married filing jointly (even if only one spouse had income)
- 3  Married filing separately. Enter spouse's social security number above and full name here \_\_\_\_\_
- 4  Head of household (with qualifying person). STOP. See instructions, page 9.
- 5  Qualifying widow(er) with dependent child. Enter year spouse died \_\_\_\_\_

## Step 3

Exemptions

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle  6
- For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line.
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see instructions, page 10 ..... 7  X \$85 = \$ \_\_\_\_\_
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 ..... 8  X \$85 = \$ \_\_\_\_\_
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 .....  9  X \$85 = \$ \_\_\_\_\_
- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**  
\_\_\_\_\_  
\_\_\_\_\_ Total dependent exemptions .....  10 X \$265 = \$ \_\_\_\_\_
- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21 ..... 11 \$ \_\_\_\_\_

## Step 4

Taxable Income

Enclose, but do not staple, any payment.

- 12 State wages from your Form(s) W-2, box 16 .....  12 \_\_\_\_\_
- 13 Enter federal adjusted gross income from Form 1040, line 36; Form 1040A, line 21; Form 1040EZ, line 4; or TeleFile Tax Record, line 1 ..... 13 \_\_\_\_\_
- 14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 36, column B .....  14 \_\_\_\_\_
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions, page 17 ... 15 \_\_\_\_\_
- 16 California adjustments – additions. Enter the amount from Schedule CA (540), line 36, column C .....  16 \_\_\_\_\_
- 17 California adjusted gross income. Combine line 15 and line 16 .....  17 \_\_\_\_\_
- 18 Enter the **larger of:**
  - Your California **itemized deductions** from Schedule CA (540), line 43; **OR**
  - Your California **standard deduction** shown below for your filing status:
    - Single or Married filing separately ..... \$3,165
    - Married filing jointly, Head of household, or Qualifying widow(er) .... \$6,330
  - If the circle on line 6 is filled in, STOP. See instructions, page 17 .....  18 \_\_\_\_\_
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- ..... 19 \_\_\_\_\_

## Step 5

Tax

Attach copy of your Form(s) W-2, W-2G, 592-B, 593-B, and 594. Also, attach any Form(s) 1099 showing California tax withheld.

- 20 Tax. Fill in circle if from:  Tax Table  FTB 3800 or  FTB 3803 .....  20 \_\_\_\_\_  
**Caution:** If under age 14 and you have more than \$1,600 of investment income, read the line 20 instructions to see if you must attach form FTB 3800 or FTB 3803.
- 21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$139,921, see instructions, page 10 ..... 21 \_\_\_\_\_
- 22 Subtract line 21 from line 20. If less than zero, enter -0- ..... 22 \_\_\_\_\_
- 23 Tax. See instructions, page 18.  
Fill in circle if from:  Schedule G-1, Tax on Lump-Sum Distributions  
 form FTB 5870A, Tax on Accumulation Distribution of Trusts .....  23 \_\_\_\_\_
- 24 Add line 22 and line 23. Continue to Side 2 ..... 24 \_\_\_\_\_



# 2004 California Adjustments — Residents

## CA (540)

**Important:** Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return

Social security number

**Part I Income Adjustment Schedule**

**Section A — Income**

	A Federal Amounts <small>(taxable amounts from your federal return)</small>	B Subtractions <small>See instructions</small>	C Additions <small>See instructions</small>
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7		
8 Taxable interest income	8		
9 Ordinary dividends. See instructions. (b) _____	(a)		
10 Taxable refunds, credits, offsets of state and local income taxes	10		
11 Alimony received	11		
12 Business income or (loss)	12		
13 Capital gain or (loss). See instructions	13		
14 Other gains or (losses)	14		
15 Total IRA distributions. See instructions. (a) _____	(b)		
16 Total pensions and annuities. See instructions. (a) _____	(b)		
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17		
18 Farm income or (loss)	18		
19 Unemployment compensation. Enter the same amount in column A and column B	19		
20 Social security benefits (a) _____	(b)		
21 Other income.			
a California lottery winnings		<div style="display: flex; align-items: center;"> <div style="font-size: 3em; margin-right: 5px;">}</div> <div style="margin-right: 5px;">a</div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin-right: 5px;">b</div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin-right: 5px;">c</div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin-right: 5px;">d</div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin-right: 5px;">e</div> <div style="border-bottom: 1px solid black; width: 100%;"></div> <div style="margin-right: 5px;">f</div> <div style="border-bottom: 1px solid black; width: 100%;"></div> </div>	
b Disaster loss carryover from FTB 3805V			
c Federal NOL (Form 1040, line 21)			
d NOL carryover from FTB 3805V			
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809	21		
f Other (describe) _____			
22 <b>Total.</b> Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B	22		

**Section B — Adjustments to Income**

23 Educator expense	23		
24 Certain business expenses of reservists, performing artists, and fee-basis government officials	24		
25 IRA deduction	25		
26 Student loan interest deduction	26		
27 Tuition and fees deduction	27		
28 Health savings account deduction	28		
29 Moving expenses.	29		
30 One-half of self-employment tax	30		
31 Self-employed health insurance deduction	31		
32 Self-employed SEP, SIMPLE, and qualified plans	32		
33 Penalty on early withdrawal of savings	33		
34a Alimony paid. (b) Recipient's: SSN _____ - _____ - _____ Last name _____	34a		
35 Add line 23 through line 34a in columns A, B, and C	35		
36 <b>Total.</b> Subtract line 35 from line 22 in columns A, B, and C. See instructions	36		

**Part II Adjustments to Federal Itemized Deductions**

- 37** Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 . . . . . **37** \_\_\_\_\_
- 38** Enter total of federal Schedule A (Form 1040), line 5 (state and local income tax **and** State Disability Insurance), or General Sales Tax and line 8 (foreign taxes **only**). See instructions . . . . . **38** \_\_\_\_\_
- 39** Subtract line 38 from line 37 . . . . . **39** \_\_\_\_\_
- 40** Other adjustments including California lottery losses. See instructions. Specify \_\_\_\_\_ **40** \_\_\_\_\_
- 41** Combine line 39 and line 40 . . . . . **41** \_\_\_\_\_
- 42 Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?**  
Single or married filing separately – **\$139,921** Head of household – **\$209,885** Married filing jointly or qualifying widow(er) – **\$279,846**  
**No.** Transfer the amount on line 41 to line 42  
**Yes.** Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 42 . . . . . **42**
- 43 Enter the larger of the amount on line 42 or your standard deduction listed below**  
Single or married filing separately – **\$3,165** Married filing jointly, head of household, or qualifying widow(er) – **\$6,330**  
**Transfer the amount on line 43 to Form 540, line 18** . . . . . **43**

2004

California Capital Gain or Loss Adjustment

Do not complete this schedule if all of your California gains (losses) are the same as your federal gains (losses).

D (540)

Name(s) as shown on return

Social security number

Table with 5 columns: (a) Description of property, (b) Sales price, (c) Cost or other basis, (d) Loss, (e) Gain. Rows include 1a, 1b, 2-12b.

2004

Depreciation and Amortization Adjustments

Do not complete this form if your California depreciation amounts are the same as federal amounts.

3885A

Part I Identify the activity as passive or nonpassive.

Business or activity to which form FTB 3885A relates

- 1 This form is being completed for a passive activity.
This form is being completed for a nonpassive activity.

Part II Election to Expense Certain Tangible Property (IRC Section 179).

2 Enter the amount from line 12 of the Tangible Property Expense Worksheet in the instructions

Part III Depreciation

Table with 6 columns: (a) Description of property placed in service, (b) Date placed in service, (c) California basis for depreciation, (d) Method, (e) Life or rate, (f) California depreciation deduction. Row 3.

- 4 Add the amounts on line 3, column (f)
5 California depreciation for assets placed in service prior to 2004
6 Total California depreciation from this activity.
7 Total federal depreciation from this activity.
8 a If line 6 is more than line 7, enter the difference here and see instructions
b If line 6 is less than line 7, enter the difference here and see instructions

Part IV Amortization

Table with 6 columns: (a) Description of cost amortizable, (b) Date placed in service, (c) California basis for amortization, (d) Code section, (e) Period or percentage, (f) California amortization deduction. Row 9.

- 10 Total California amortization from this activity.
11 California amortization of costs that began before 2004
12 Total California amortization from this activity.
13 Total federal amortization from this activity.
14 a If line 12 is more than line 13, enter the difference here and see instructions
b If line 12 is less than line 13, enter the difference here and see instructions

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**Visit our Website:**

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

# Instructions for Form FTB 3519

## Payment Voucher for Automatic Extension for Individuals

### General Information

Use form FTB 3519 **only** if:

- You cannot file your 2004 return\* by April 15, 2005; and
- You owe tax for 2004.

Use the worksheet below to determine if you owe tax.

- If you **do not** owe tax, you do not need to file this form. Do not complete or mail this voucher. But, you must file your return by October 17, 2005.
- If you owe tax, choose one of the following payment options. Be sure to pay by April 15, 2005 to avoid penalties and interest. See Penalties and Interest for more information.

**Web Payment:** Save a stamp. To make a payment online or to schedule a future payment (up to one year in advance), visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and select "Payment Options." **Do not mail** the voucher to us.

**Check or Money Order:** Complete the payment voucher below and mail it with your check or money order to the Franchise Tax Board (FTB).

**Credit Card:** Use your Discover/NOVUS, MasterCard, American Express, or Visa card to pay your tax. Call (800) 272-9829 or visit the Website [www.officialpayments.com](http://www.officialpayments.com). Use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service. **Do not mail** the voucher to us.

**Installment Agreement:** Can't pay the full amount you owe? Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or get FTB 3567, Installment Agreement Request Booklet.

**Name and Address.** Be sure to fill in your complete name(s), address, and social security number(s) on the voucher. If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

### Penalties and Interest

If you fail to pay your total tax liability by April 15, 2005, a late-payment penalty plus interest will be added to your tax due. If after April 15, 2005, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your additional tax with another form FTB 3519 voucher. If you do not file your tax return by October 17, 2005, you will be assessed a late-filing penalty plus interest from the original due date of the return.

### Taxpayers Residing or Traveling Outside the USA

If you are living or traveling outside the USA on April 15, 2005, the deadline to file your return and pay the tax is June 15, 2005. Interest will accrue from the original due date (April 15, 2005) until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six-month extension without filing a written request. To qualify for the extension, you must file your tax return by December 15, 2005. To avoid any late-payment penalties, you must pay 100% of your tax liability by June 15, 2005. When filing your tax return, be sure to attach a statement to the front indicating that you were "outside the USA on April 15, 2005."

\* When you do file your 2004 return, you can e-file. Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov). Otherwise, you must use Form 540A, Form 540, or Long Form 540NR. **Note:** If you use form FTB 3519, you may not file Form 540 2EZ or Short Form 540NR.

### TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1	Total tax you expect to owe. This is the amount you expect to enter on Form 540A, line 23; Form 540, line 37; or Long Form 540NR, line 46	1	_____
2	Payments and credits:		
a	California income tax withheld (including real estate and nonresident withholding)	2a	_____
b	California estimated tax payments and amount applied from your 2003 tax return ( <b>Note:</b> You can check the estimated tax payments we have received by visiting our Website at <a href="http://www.ftb.ca.gov">www.ftb.ca.gov</a> .)	2b	_____
c	Other payments and credits, including any tax payments made with any previous form FTB 3519 voucher	2c	_____
3	Total tax payments and credits. Add line 2a, line 2b, and line 2c	3	_____
4	Tax due. Is line 1 more than line 3? <ul style="list-style-type: none"> <li><b>No. Stop here.</b> You have no tax due. <b>DO NOT MAIL THE PAYMENT VOUCHER.</b> Your return, when filed by October 17, 2005, will verify that you qualified for the extension.</li> <li><b>Yes.</b> Subtract line 3 from line 1. This is your tax due. Enter the tax due amount from line 4 as the "Amount of payment" on the form FTB 3519 voucher below. Fill in your name(s), address, and social security number(s), and separate the voucher from this page where it says "DETACH HERE." Make a check or money order payable to "Franchise Tax Board." Also write your social security number and "2004 FTB 3519" on the check or money order. Enclose, but do not staple your payment with the voucher and mail to: <b>FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0051</b></li> </ul>	4	_____

✓ Keep this completed worksheet with your tax records.

Save the stamp – pay online or by credit card!

✂ DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE ✂

TAXABLE YEAR

**2004**

## Payment Voucher for Automatic Extension for Individuals

Calendar year –  
Due April 15, 2005

CALIFORNIA FORM

**3519 (PIT)**

Your first name	Initial	Last name	Your social security number
_____	_____	_____	____-____-____
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
_____	_____	_____	____-____-____
Present home address – number and street, PO Box, or rural route			Apt. no.
_____			_____
City, town, or post office			State
_____			_____
			ZIP Code
			____-____

IF PAYMENT IS DUE, MAIL TO:

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0051

If amount of payment is zero, do not mail form } ▶

Amount of payment

\_\_\_\_\_

# 540-ES Voucher 1 at bottom of page

✂ — DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE — ✂

TAXABLE YEAR

CALIFORNIA FORM

## 2005 Estimated Tax for Individuals

Due April 15, 2005

## 540-ES

Fiscal year filers, enter year ending month: Year 2006

Your first name	Initial	Last name	Your social security number	
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number	
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions)			State	ZIP Code

**Payment  
Voucher  
1**

**Do not combine this payment with payment of your tax due for 2004.** Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2005" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

TAXABLE YEAR

CALIFORNIA FORM

# 2005 Estimated Tax for Individuals

Due June 15, 2005

## 540-ES

Fiscal year filers, enter year ending month: Year 2006

Your first name	Initial	Last name	Your social security number	
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number	
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions)			State	ZIP Code

**Payment Voucher 2**

**Do not combine this payment with payment of your tax due for 2004.** Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2005" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

For Privacy Act Notice, get form FTB 1131.

540ES05103

Form 540-ES (REV. 2004)

✂ — DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE — ✂

TAXABLE YEAR

CALIFORNIA FORM

# 2005 Estimated Tax for Individuals

Due Sept. 15, 2005

## 540-ES

Fiscal year filers, enter year ending month: Year 2006

Your first name	Initial	Last name	Your social security number	
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number	
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions)			State	ZIP Code

**Payment Voucher 3**

**Do not combine this payment with payment of your tax due for 2004.** Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2005" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

For Privacy Act Notice, get form FTB 1131.

540ES05103

Form 540-ES (REV. 2004)

✂ — DETACH HERE — — — — — IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM — — — — — DETACH HERE — ✂

TAXABLE YEAR

CALIFORNIA FORM

# 2005 Estimated Tax for Individuals

Due Jan. 17, 2006

## 540-ES

Fiscal year filers, enter year ending month: Year 2006

Your first name	Initial	Last name	Your social security number	
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number	
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions)			State	ZIP Code

**Payment Voucher 4**

**Do not combine this payment with payment of your tax due for 2004.** Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2005" on it. Mail this voucher and your check or money order to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.**

Amount of payment

If No Payment is Due, Do Not Mail This Form.

See Section A of the instructions for an alternative to using this form.

For Privacy Act Notice, get form FTB 1131.

540ES05103

Form 540-ES (REV. 2004)

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# Instructions for Schedule CA (540)

These instructions are based on the Internal Revenue Code (IRC) as of January 1, 2001 and the California Revenue and Taxation Code (R&TC).

## General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2001. 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 regarding California and federal law, please visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and select "Law and Legislation." Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments and the Business Entity tax booklets.

Note, 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 tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

**Military Personnel** – Servicemembers domiciled outside of California, and their spouses, may exclude the member'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 in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. For more information, get FTB Publication 1032, Tax Information for Military Personnel.

### Differences Between California and Federal Law for 2004:

California law does not conform to federal law for:

- The tax incentives for "renewal communities." California law does, however, provide a variety of independent area tax incentives to encourage revitalization of specially designated areas. The Government Code provides for the designation of Enterprise Zones, Local Agency Military Base Recovery Areas (LAMBRAs), a Targeted Tax Area (TTA), and Manufacturing Enhancement Areas (MEAs). California law conforms to the general federal rules for expensing IRC Section 179 property with the exception that California law only allows a maximum deduction of \$25,000. In lieu of this deduction, the California Personal Income Tax Law allows a taxpayer with a business in an "Economic Development Area" to elect to expense \$20,000 to \$40,000 (depending on the designation) of certain specified equipment used in the business.
- The increased IRC Section 179 expense. Although federal law increased the IRC Section 179 expense to \$102,000, the maximum deduction amount under California law is \$25,000.
- Rebates or vouchers received from a local water agency, energy agency, or energy supplier. This includes a rebate, voucher or other financial incentive from the California Energy Commission, the Public Utility Commission, or a local publicly owned electric utility company for any expenses paid or incurred by a taxpayer for the purchase or installation of a thermal, solar or wind energy/fuel generating system.
- Interest deduction allowed for interest paid on any loan or indebtedness from a utility company to purchase energy efficient equipment and products for California residents.
- Net Operating Loss - Pierce's disease.
- The additional 30% or 50% first year depreciation allowance for qualified property.
- Educator Expense or the Tuition and Fees deduction.
- The Student loan interest deduction.
- The Clean Air Fuel first year deduction. You will need to report this adjustment on line 35, column B as part of your subtractions.
- Health Savings Account.

- Certain business expenses of reservists, performing artists, and fee-basis government officials.
- Exemption of interest on any bond or other obligation issued by the Government of American Samoa.

### California law is the same as federal law in the following areas:

**Roth IRAs.** The contribution rules and distribution rules are the same.

**Self-employed health insurance deduction.** The percentage for 2004 is 100%.

**Note:** For instructions regarding registered domestic partners, see page 4, line 31.

**Holocaust Restitution Payments.** An exclusion is provided for Holocaust reparations received by eligible individuals, their heirs or estate for Holocaust restitution payments, distributions or excludable trust.

## Purpose

Use this schedule to make adjustments to your federal adjusted gross income and to your federal itemized deductions using California law.

## Part I – Specific Line Instructions

### 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, line 7 through line 21; Form 1040A, line 7 through line 14b; or Form 1040EZ line 1, line 2, and line 3.

### Line 22 – Total

Combine the amounts on line 7 through line 21.

**Line 23 through Line 33** – Enter the same amounts you entered on your federal Form 1040, line 23 through line 33 or Form 1040A, line 16 through line 19.

**Line 34a and Line 34b** – Enter on line 34a the same amount you entered on your federal Form 1040, line 34a. Enter on line 34b the social security number and last name of the person to whom you paid alimony.

**Line 35** – Add line 23 through line 34a. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 35 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 35 on this line.

### Line 36 – Total

Subtract line 35 from line 22.

### 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 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; or
- 1100, Taxation of Nonresidents and Individuals Who Changed Residency.

To get a publication or form visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or see the back cover of your tax booklet.

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**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, Tax Information for Military Personnel, 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 Revenue and Taxation Code, 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 Medical Expenses.** California allows an exclusion from gross income for employer-provided accident, health insurance, and medical expense reimbursement for registered domestic partners and the partner's dependents if expenses were not previously deducted. Self-employed individuals may also claim a deduction for health insurance costs paid for themselves, their spouses, and dependents. In addition, self-employed individuals may also claim this deduction for health insurance costs paid for registered domestic partner and the domestic partner's dependents. Enter the amount included in federal income in column B.

**Employer-Provided Adoption Assistance Exclusion.** With regard to adoption of children with special needs, California has not conformed to the federal provisions providing for a potential increase in the exclusion for the year in which the adoption becomes final or the limitation based upon the aggregate amount paid in all years. For more information, get form FTB 5123, Employer Provided Adoption Assistance Exclusion, or FTB Pub. 1001, Supplemental Guidelines to California Adjustments (2004).

**Exclusion for compensation from exercising a California Qualified Stock Option (CQSO).** To claim this exclusion, your earned income from the corporation granting the CQSO must be \$40,000 or less; the market value of the options granted to you must be \$100,000 or less; the total number of shares must be 1,000 or less; and the corporation issuing the stock must designate that the stock issued is a California qualified stock option at the time the option is granted. If you included in federal income an amount qualifying for this exclusion, enter that amount in column B.

**Line 8 – Taxable Interest Income**

If you did not receive any of the kinds of income listed below, do not make an 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; or
- Any other bonds or obligations of the United States and its territories.

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:

- 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; and

- 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.

**Note:** Do not make 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 following sources:

- Loans made in an enterprise zone (EZ); or
- Items listed above passed through to you from S corporations, trusts, partnerships, or LLCs.

**Line 9 – Ordinary dividends**

Generally, you will not have a difference between the amount of dividends reported in Column A and the amount reported using California law. However, California taxes dividends that are derived from other states and their municipal obligations. In addition, 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.

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

- The portion of exempt interest dividends from mutual funds that meets the 50% rule above and were included in column A.
- Non-cash patronage dividends from farmers' cooperatives or mutual associations.

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

- 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.
- Controlled foreign corporation dividends in the year distributed;
- Regulated investment company (RIC) capital gains in the year distributed;
- Distributions of pre-1987 earnings from an S corporation;
- Non-cash patronage dividends from farmers' cooperatives or mutual associations.

Get FTB Pub. 1001 if you received dividends from:

- Non-cash patronage dividends from farmers' cooperatives or mutual associations;
- A controlled foreign corporation;
- Distributions of pre-1987 earnings from S corporations; or
- Undistributed capital gains for regulated investment company (RIC) shareholders.

**Line 10 – Taxable refunds, credits, or offsets of state and local income taxes**

California does not tax the state income tax refund you received in 2004. Enter in column B the amount of state tax refund you entered in column A.

**Line 11 – Alimony Received**

If you are a nonresident alien and received alimony that was 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 you use

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. You must 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 Limitation, to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C.

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); or
- Passive activities that produce gains.

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; or
- Pro-rata share of income received from a controlled foreign corporation 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 an EZ, Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or former LARZ;
- Reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation; or on or after 1/1/97 as a result of Pierce's disease;
- Expenditures for tertiary injectants;
- Property placed in service on an Indian reservation after 1/1/94 and before 1/1/05;
- Amortization of pollution control facilities;
- Discharge of real property business indebtedness;
- Employer-paid child care program;
- Employer-paid child care plan;
- 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 1/1/95 and before 1/1/97; or
- Research and experimental expenditures.

**Business expense deductions related to:**

- Wages paid in an 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;
- Business located in an EZ, LAMBRA, or TTA;
- Research expense;
- Employer wage expense for the Work Opportunity Credit and Welfare-to-Work Credit;
- Pro-rata share of deductions received from a controlled foreign corporation by a U.S. shareholder;

- Interest paid on indebtedness in connection with company-owned life insurance policies; or
- Premiums paid on life insurance policies, annuities, or endowment contracts issued after 6/8/97 where the owner of the business is directly or indirectly a policy beneficiary.

**Line 13 – Capital Gain or (Loss)**

Generally, you will not make an adjustment on this line. 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 this line.

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under 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;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations, or LLCs; or
- Capital loss carryover from your 2003 California Schedule D (540).

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987;
- 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 1/1/87; or
- Capital loss carrybacks.

**Line 14 – Other Gains or (Losses)**

Generally, you will not make any adjustments on this line. However, the California basis of your other assets may be different from the 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 – Total IRA Distributions**

Generally, you will not make any adjustments 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 may 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; or
- 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 this line, if any.

**Caution:** 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, Taxation of Nonresidents and Individuals Who Change Residency.

**Coverdell 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. Report only the taxable amount of the distribution on line 21f.

**Line 16 – Total Pensions and Annuities**

Generally, you will not make any adjustments 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 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 7/1/86 and 1/1/87 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.

**Caution:** 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. See Form 540, line 36 instruction; or Form 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts.

#### **Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, and 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 you use to figure California depreciation may be different from the recovery period or amount used for federal purposes, and you may need to make an adjustment to your income or loss. For more information, see the instructions for column B and column C, line 12.

**Note:** 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, Passive Activity Loss Limitations, for more information.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 17 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule E.

Use form FTB 3885A, Depreciation and Amortization Adjustments, 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); or
- Passive activities that produce gains.

**Note:** 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.

Use form FTB 3801, Passive Activity Loss Limitation, to figure the total adjustment for line 18 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F.

Use form FTB 3885A, Depreciation and Amortization Adjustments, 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); or
- Passive activities that produce gains.

#### **Line 19 – Unemployment Compensation**

California does not tax unemployment compensation. 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.** If you received payments from the PFL Program in 2004, enter the amount reported on your Form 1099-G in Column B, line 19. For additional information, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

#### **Line 20 – U.S. Social Security Benefits**

California does not tax U.S. social security benefits or equivalent Tier 1 railroad retirement benefits. Enter in column B the amount of U.S. social security benefits or equivalent Tier 1 railroad retirement benefits shown in column A.

#### **Line 21 – Other Income**

**a. California Lottery Winnings.** California does not tax California lottery winnings. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

**Note:** Do not make an 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 your gambling income for California lottery income, you may need to reduce the losses included in the federal itemized deductions on line 37. Enter these losses on line 40 as a negative number.

**b. Disaster Loss Carryover from form FTB 3805V, line 6.** If you have a California disaster loss carryover from your 2003 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations, enter that amount as a positive number in column B.

**c. Federal NOL deduction 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 deduction as a positive number in column C. Get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts, to figure the allowable California NOL deduction.

**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. Use form FTB 3805V to figure the allowable California NOL deduction and enter it as a positive number in column B.

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

- FTB 3805D, Net Operating Loss (NOL) Computation and Limitation – Pierce's Disease;
- FTB 3805Z, Enterprise Zone Deduction and Credit Summary, line 4b;
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 2b,
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, line 4b; or
- FTB 3809, Targeted Tax Area Deduction and Credit Summary, line 3b.

#### **f. Other (describe).**

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

**Note:** 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 this type of income that you 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 that you included in the amount on line 21 in 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 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 in 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.

**Compensation for False Imprisonment.** California excludes compensation for false imprisonment from income. Enter the amount of compensation on line 21f, column B.

**Coverdell (ESA) Distributions.** If you received a distribution from a Coverdell ESA, report only the taxable amount of the distribution on line 21f.

**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.

**Vehicle License Fee (VLF) Refund.** If you paid a VLF and included the fee in itemized deductions in 2003, the VLF refund received in 2004 is treated as a recovery of the amount you deducted as an itemized deduction. Generally, the amount of the refund is included in income in the year received and taxed the same by federal and California. If the taxable amount is smaller for California than federal, enter the difference in column B, line 21f. If the taxable amount is larger for California than federal, enter the difference in column C, line 21f. For additional information, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

**Caution:** If you itemized for California in 2003 and used the standard deduction for federal, report the taxable portion of the refund in column C, line 21f. If you itemized for federal and used the standard deduction for California, the refund is not taxable for California. Enter the amount of the refund included in federal income in column B, line 21f.

**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 33 –** California law is the same as federal law with the exception of the following:

- Line 23 (Educator expense), transfer the amount from column A, line 23, to column B, line 23.
- Line 24 (Certain business expenses of fee-basis government officials), transfer the amount from column A, line 24, to column B, line 24.

**Note:** If you filed a federal Form 2106, Employee Business Expense, or Form 2106-EZ, Unreimbursed Employee Business Expense, you may have an adjustment in column C.

- Line 25 (IRA deduction) – If you are an active duty military domiciled outside of California, you may have an adjustment. See line 35 instructions.
- Line 26 (Student Loan Interest Deduction), California only allows a deduction for interest required to be paid in the first 60 months. California also has a different phase-out deduction amount. If you

claimed the student loan interest deduction on your federal return, complete the worksheet to compute the amount to enter on line 26, column B.

**Student Loan Interest Deduction Worksheet**

1. Enter the total amount from Schedule CA, (540), line 26, Column A . . . . . 1. \_\_\_\_\_

**Caution:** If the amount on line 1 is zero. STOP. Enter zero on Schedule CA (540), line 26, column B. You are not allowed a deduction for California.

2. Enter the total interest you paid in 2004 on qualified student loans. Do not include interest that was required to be paid after the first 60 months or interest for voluntary payments . . . . . 2. \_\_\_\_\_

3. Enter the smaller of line 2 or \$2,500 . . . . . 3. \_\_\_\_\_

4. Enter the amount from Form 540, line 13 (**Note:** Use the federal AGI NOT California AGI) . . . . . 4. \_\_\_\_\_

5. Add line 1 and line 4 . . . . . 5. \_\_\_\_\_

6. Did you file federal Form 2555, 2555-EZ, or 4563, or are you excluding income from sources within Puerto Rico or American Samoa from your federal income?

**No.** Skip line 6a through 6d. Enter the amount from line 5 on line 7 and go to line 8.

**Yes.** Continue to line 6a.

6a. Enter any foreign earned income exclusion (federal Form 2555, line 40 or Form 2555-EZ, line 18) 6a. \_\_\_\_\_

6b. Enter any housing exclusion and/or deduction (federal Form 2555, line 34 and line 48) . . . . . 6b. \_\_\_\_\_

6c. Enter the amount of income from Puerto Rico that you are excluding from federal income . . . . . 6c. \_\_\_\_\_

6d. Enter the amount of income from American Samoa that you are excluding (federal Form 4563, line 15) . . . . . 6d. \_\_\_\_\_

7. Add line 5 through line 6d. . . . . 7. \_\_\_\_\_

8. Enter the amount shown below for your filing status

- Single, head of household, or qualifying widow(er) – \$40,000
- Married filing jointly – \$60,000

8. \_\_\_\_\_

9. Is the amount on line 7 more than the amount on line 8?

**No.** Skip lines 9 and 10, enter -0- on line 11, and go to line 12.

**Yes.** Subtract line 8 from line 7 9. \_\_\_\_\_

10. Divide line 9 by \$15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000" . . . . . 10. \_\_\_\_\_

11. Multiply line 3 by line 10 . . . . . 11. \_\_\_\_\_

12. Student loan interest deduction. Subtract line 11 from line 3 . . . . . 12. \_\_\_\_\_

13. Student loan interest adjustment. Subtract line 12 from line 1. Enter the result here and on Schedule CA (540), line 26, column B . . . . . 13. \_\_\_\_\_

- Line 27 (Tuition and Fees deductions), transfer the amount from column A, line 27, to column B, line 27.
- Line 28 (Health Savings Account 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 28, to column B, line 28.

- Line 31 (Self-Employed Health Insurance Deduction), most people do not have an entry in column B or column C. For the purposes of this deduction, California allows you to treat your registered domestic partner as your spouse.

Enter on column C, line 31, the amount paid for health insurance coverage (established under your business) for your registered domestic partner and their dependents. Your total California deduction cannot exceed the limitations explained in the federal instructions. Do not include health insurance costs for any month you were eligible to participate in any subsidized health plan maintained by your or your domestic partner's employer.

Enter on column B, line 31, the amount of health insurance cost included in column A, line 31, for any month you were eligible to participate in any subsidized health plan maintained by your registered domestic partner's employer.

#### Line 34a – Alimony Paid

Enter the social security number and last name of the person to whom you paid alimony.

**Note:** If you are a nonresident alien and did not deduct alimony on your federal return, enter the amount you paid in column C.

**Line 35 – Add line 23 through line 34a in column B and column C.** If you claimed the clean fuel deduction, include that amount in the total you enter in column B, line 35. Enter the amount and "Clean Fuel" on the dotted line next to line 35. If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 35. Enter the amount and "Form 2555" or "Form 2555-EZ" on the dotted line next to line 35. If you're an active duty military and you're 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 25, column A, enter the difference between the two amounts in Column C, line 35. Enter the amount and "MPA Adjustment" on the dotted line next to line 35.

#### Line 36 – Total

Subtract line 35 from line 22 in column B and column C.

Also, transfer the amount from:

- Line 36, column B to Form 540, Side 1, line 14

**Caution:** If column B is a negative number, transfer the amount as a positive number to line 16.

- Line 36, column C to Form 540, Side 1, line 16

**Caution:** If column C is a negative number, transfer the amount as a positive number to line 14.

**Note:** If you plan to itemize deductions, go to Part II.

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## Part II – Specific Line Instructions

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### Line 37 – Federal Itemized Deductions

Enter the total amount of itemized deductions from your federal Form 1040, Schedule A, lines 4, 9, 14, 18, 19, 26, and 27. **Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, first complete federal Schedule A. Then complete Schedule CA (540), Part II, line 37 through line 43.

### Line 38 – State, Local, and Foreign Income Taxes; General Sales Tax

Enter the state and local income tax from federal Form 1040, Schedule A, line 5 and only the portion relating to foreign income taxes from line 8. Include state disability insurance (SDI), limited partnership tax, and income or franchise tax paid by S corporations.

If you are deducting general sales taxes on your federal Schedule A, line 5, enter this amount on Schedule CA, line 38.

**Note:** For tax years beginning in 2004 and 2005, the American Jobs Creation Act of 2004 allows taxpayers to elect to claim state and local general sales and use taxes as an itemized deduction, instead of claiming an itemized deduction for state and local income taxes. The Act gives taxpayers a choice of deducting actual taxes or a tabular

amount, increased by certain actual taxes. California has not conformed to this Act.

### Line 40 – Other Adjustments

**Adoption-Related Expenses.** If you deducted adoption-related expenses on your federal Form 1040, Schedule A 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 40.

**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 40.

**Nontaxable Income Expenses.** If, on federal Schedule A, 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 40. 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 40.

**Employee Business Expense.** If you completed federal Form 2106, Employee Business Expense, or Form 2106-EZ, Unreimbursed Employee Business Expense, prepare a second set of forms reflecting your employee business expense using California amounts (i.e., following California law).

Compare lines 10 on the federal form and the form completed using California amounts. If the federal amount is larger, enter the difference as a negative number on line 40 (bracket the number). If the California amount is larger, enter the difference as a positive number on line 40.

**Investment Interest Expense.** Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 40.

**Interest Expense Deduction.** Your California interest expense deduction may be different from your federal deduction. A deduction is allowed for interest paid on any loan or financed indebtedness from a utility company to purchase energy efficient equipment and products for California residences. Enter as a positive number on line 40.

**Gambling Losses.** California lottery losses are not deductible for California. Enter the amount of California lottery losses shown on federal Schedule A as a negative number on line 40.

**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 as a negative number on line 40.

**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 as a negative number on line 40.

**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 40.

**Charitable Contribution Carryover Deduction.** If you are 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 40.

**Carryover Deduction Appreciated Stock Contributed to a Private Foundation prior to 1/1/02.** If you are deducting a charitable contribution carryover of appreciated stock donated to a private operating foundation prior to 1/1/02, 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 40.

**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 40.

**Medical benefits paid on behalf of registered domestic partners.** Taxpayer benefits are extended to include the taxpayer's registered domestic partner and their dependent(s) for medical expenses and health insurance benefits that occur on or after January 1, 2002. Federal law does not include this provision. Enter the amount as a positive number on line 40.

**Claim of Right.** If you claimed a credit for the repayment on your federal return and are deducting the repayment for California, enter the allowable deduction, as a positive amount on Schedule CA, line 40. Deductions of \$3,000 or less are subject to the 2% federal AGI limit. If you deducted the repayment on your federal return and are taking a credit for California, enter the amount of the federal deduction as a negative amount on Schedule CA, line 40.

To help you determine whether to take a credit or deduction, see the Repayment section of federal Pub 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 46, the total payment line of Form 540. To the left of the total, write "IRC 1341" and the amount of the credit.

**Line 42 – California Itemized Deductions**

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

Single or married filing separately	\$139,921
Married filing jointly or qualifying widow(er)	\$279,846
Head of household	\$209,885

**NO** Transfer the amount from line 41 to line 42. Do not complete the worksheet.

**YES** Complete the Itemized Deductions Worksheet.

**Note:**

- If you are married and filing a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.
- Also, if someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. See instructions for the "California Standard Deduction Worksheet for Dependents" to figure your standard deduction.

**Itemized Deductions Worksheet**

1. Amount from Schedule CA (540), line 41	1	_____
2. Using California amounts, add the amounts on federal Form 1040, Schedule A, line 4, line 13, and line 19 plus any gambling losses included on line 27	2	_____
3. Subtract line 2 from line 1	3	_____
<b>Note:</b> If -0-, stop. Enter the amount from line 1 on Schedule CA (540), line 42.		
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	7	_____
<b>Note:</b> If -0- or less, stop. Enter the amount from line 1 on Schedule CA (540), line 42.		
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 42	10	_____

# Instructions for California Schedule D (540)

## California Capital Gain or Loss Adjustment

### General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2001. 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 regarding California and federal law, please visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and select "Law and Legislation." 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. Note, 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 tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

**Caution:** Although federal law increased the IRC Section 179 expense to \$102,000, the maximum deduction amount under California law is \$25,000.

### Purpose

Use California Schedule D (540) **only** if there is a difference between your California and federal capital gains and losses.

For more information about the following, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments:

- Disposition of property inherited before 1987;
- Disposition of S corporation stock acquired 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; or
- Capital loss carryback.

**Exclusion of Gain on Qualified Small Business Stock.** California law (R&TC Section 18152.5) provides an exclusion (similar to the federal exclusion under IRC Section 1202) of 50% of the gain on the sale of qualifying small business stock originally issued after 8/10/93 that was held for more than five years. However, for California purposes, at least 80% of the issuing corporation's payroll must be attributable to employment located within California, and at least 80% of the value of the corporation's assets must be used by the corporation to actively conduct one or more qualified trades or businesses in California.

**Note:** If you have gain on the sale of qualified small business stock that qualifies for the federal Section 1202 exclusion, go to the specific line instructions for line 1b.

**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, you must 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 2004, for an installment sale made in an earlier year.

**Note:** 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 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 you have 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 1a – 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, 1099-S, or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums 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 is 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 are:

#### Depreciation Methods and Property Expensing

Before 1987, California law did not allow the use of accelerated cost recovery system (ACRS) and did not allow the use of an asset depreciation range 20% above or below the standard rate. Before 1999, California had 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, LAMBRA, Targeted Tax Area, or Los Angeles Revitalization Zone (LARZ).

**Inherited Property** – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse, get FTB Pub. 1039, Basis of Property – Decedent/Surviving Spouse, for more information.

**S Corporation Stock** – Prior to 1987, California law did not recognize S corporations and 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 1/1/02, 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.

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 1b – R&TC Section 18152.5 Exclusion.** If the gain qualifying for the IRC Section 1202 exclusion also qualifies for the California exclusion under R&TC Section 18152.5: Enter in column (a) "Section 18152.5 Exclusion." Complete column (b) and column (c) according to the instructions for line 1a. Enter in column (d) the amount of gain that qualifies for the California exclusion. Enter in column (e) the entire gain realized. **If the gain qualifying for the IRC Section 1202 exclusion does**

**not qualify for the California exclusion:** Complete column (a), column (b), and column (c) according to the instructions for line 1a. Enter -0- in column (d) and enter the entire gain realized in 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. If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

**Line 6 – 2003 California Capital Loss Carryover.** If you were a resident of California for all prior years, enter your California capital loss carryover from 2003. However, if you were a nonresident of California during any taxable year that generated a portion of your 2003 capital loss carryover, you must recalculate your 2003 capital carryover loss as if you were a resident of 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 2003 on line 6 as a negative number.

**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 2005.

**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 filing a separate return).

**Line 12a –** Compare the amounts entered on line 10 and 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 2005	8 _____

## Instructions for Form FTB 3885A

### Depreciation and Amortization Adjustments

#### General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2001. 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 regarding California and federal law, please visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and select "Law and Legislation." 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.

Note, 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 tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information on differences between California and federal law for the following items:

- Amortization of certain intangibles (IRC Section 197);
- Qualified Indian Reservation property;
- Grapevines subject to Phylloxera or Pierce's disease; and
- Bonus depreciation

#### Purpose

Use form FTB 3885A **only** if there is a difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed using federal law. California law and federal law have not always allowed the same depreciation methods, special credits, or accelerated write-offs. As a result, the recovery periods or the basis on which the depreciation is figured for California may be different from the amounts used for federal purposes. You will probably have reportable differences if all or part of your assets were placed in service:

- **Before 1/1/87.** California did not allow depreciation under the federal accelerated cost recovery system (ACRS). Continue to figure California depreciation for those assets in the same manner as in prior years for those assets.
- **On or after 1/1/87.** California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993; therefore, the California basis or recovery periods may be different for some assets.

- **On or after 9/11/01.** 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.

Federal law increased the additional first-year depreciation deduction and Alternative Minimum Tax depreciation adjustment of the adjusted basis of qualified property from 30% to 50%. The deduction is allowable for property acquired after May 5, 2003, and placed in service before January 1, 2005. California has not conformed to the Jobs and Growth Tax Act of 2003 which allows this increase in deduction.

- California generally conforms to the federal 2003 increase (IRC Section 280F) for the limitation on luxury automobile depreciation. However, California does not conform to the IRC Section 168(k) provisions (30% and 50% additional first year depreciation). In addition, SUVs and minivans that are built on a truck chassis are now included in the definition of trucks and vans when applying the 6,000 pound gross weight limit.

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. You may also get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If you are reporting differences 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 40.

## Specific Line Instructions

**Note:** Prepare and file a separate form FTB 3885A for each business or activity on your 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. **Caution:** 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

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 do so, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 2004, or have a carryover of unused cost from 2003. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense. The maximum Section 179 expense allowed for 2004 is \$25,000.

Complete the worksheet below 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 for 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 column (c), line 6 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 2003	<b>10</b>	
<b>11</b>	Enter the smaller of business income (not less than -0-) 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 2005. 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. Be sure to use the California basis for assets on which you elected to take the Section 179 deduction. It 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 activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F 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; and 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. Be sure to 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; and 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; and on line 18 for federal Schedule F activities.

# 2005 Instructions for Form 540-ES Estimated Tax For Individuals

## What's New

Proposition 63, approved by voters on November 2, 2004, enacted the Mental Health Services Act, which imposes an additional 1% tax on taxable incomes over \$1,000,000.

## A Purpose

Use this form, with the instructions and the 2005 Estimated Tax Worksheet, to determine if you owe estimated tax for 2005 and to figure the required amounts. Estimated tax is the tax you expect to owe in 2005 after subtracting the credits you plan to take and tax you expect to have withheld.

**Note:** If you need to make a payment for your 2004 tax liability or make a separate payment for any balance due on your 2004 tax return, use form FTB 3519, Payment Voucher for Automatic Extension for Individuals, or form FTB 3567, Installment Agreement Request, or call (800) 338-0505.

Generally, the required estimated tax amount is based on the lesser of 90% of the current year's tax or 100% of the prior year's tax.

**Note:** Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C for more information. You can check the estimated payments we've received by going to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and clicking "Check account balance."

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 obtain this form from your employer, or by calling EDD at (888) 745-3886. You can download the DE 4 at [www.edd.ca.gov](http://www.edd.ca.gov) or use the online calculator by going to [www.ftb.ca.gov](http://www.ftb.ca.gov) and searching for: **DE 4**.

**Note:** 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 \$200 (\$100 if married filing separately) in tax for 2005 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

- 90% of the tax shown on your 2005 tax return; or
- The tax shown on your 2004 tax return.

### Note:

- You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2005 and did not have a California tax liability in 2004.
- If you are a military servicemember not domiciled in California, do not include your military pay in your computation of estimated tax payments. For additional information, get FTB Pub. 1032, Tax Information for Military Personnel.

If you and your spouse paid joint estimated tax payments, but are now filing separate 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 the end of the tax year in which you wish to file separate 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 M/S F-225  
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 payments, and whose 2004 adjusted gross income is more than \$150,000 (or \$75,000 if married filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2005 or 110% of their tax for 2004. This rule does not apply to farmers or fishermen.

## D When to Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The payment periods and due dates are:

For the payment period:	Due date:
January 1 through March 31, 2005	April 15, 2005
April 1 through May 31, 2005	June 15, 2005
June 1 through August 31, 2005	September 15, 2005
Sept. 1 through Dec. 31, 2005	January 17, 2006

**Filing an Early Return in Place of the 4th Installment.** If you file your 2005 tax return by January 31, 2006, 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 2004 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 2004 and 2005 gross income is from farming or fishing, you may:

- Pay all of your estimated tax by January 17, 2006; or
- File your tax return for 2005 on or before March 1, 2006, and pay the total tax due. In this case, you need not make estimated tax payments for 2005. Use 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 return.

**Fiscal Year.** If you file your 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 Saturday, Sunday, 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, compute the Mental Health Services tax below.

A. Taxable income from Form 540A, line 16, Form 540, line 19 or Long Form 540NR, line 22 .....	
B. Less: .....	\$(1,000,000)
C. Subtotal .....	
D. Multiply line C by 1% .....	x .01
E. <b>Mental Health Services Tax</b> – Enter this amount on line 17 of the 2005 Estimated Tax Worksheet on the next page .....	

## E How to Use Form 540-ES Payment Voucher

Use the Estimated Tax Worksheet and your 2004 California income tax return as a guide for figuring your 2005 estimated tax. Be sure that the amount shown on line 21 of the Estimated Tax Worksheet has been reduced by any overpaid tax on your 2004 tax return which you chose to apply toward your 2005 estimated tax payment.

### Note:

- This form is not an application for an installment agreement. If you are not able to pay your income tax, get FTB 3567, Installment Agreement Request Booklet or complete the form online. Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).
- If you filed Form 540 2EZ for 2004, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2004 California Resident Income Tax Booklet.

There is a separate payment voucher for each due date. Please be sure you use the voucher with the correct due date shown in the top margin of the voucher. Complete Form 540-ES using black or blue ink:

- Print your name, address, and social security number 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 payment box of the voucher by entering the amount of the payment that you are sending. Your entry must match the amount you are sending.
- Paying your tax:  
**Web Payment** – To make a payment online or to schedule a future payment (up to one year in advance), visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for "Payment options." **Do not mail** the voucher to us if you make a Web payment.  
**Credit card** – Visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or call (800) 272-9829. You will be charged a fee for this service. **Do not mail** the voucher if you pay by credit card.  
**Check or money order** – make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2005" on it and mail to the address on the voucher.
- Complete the Record of Estimated Tax Payments on page 2 for your files.
- Fiscal year filers:** Enter the month of your fiscal year end (located directly below the form's title).

## F Failure to Make Estimated Tax Payments

If you are required to make estimated tax payments and do not 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. Refer to the 2004 form FTB 5805 for more information.

**2005 Estimated Tax Worksheet** Keep this worksheet for your records.

- 1 Residents:** Enter your estimated 2005 California AGI. **Nonresidents and part-year residents:** Enter your estimated 2005 total AGI from all sources. **If you are a military service member not domiciled in California, do not include your military pay** **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:  
 \$3,165 single or married filing separately  
 \$6,330 married 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 2004 tax table for Form 540, Form 540A, or Long Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Children with Investment Income; 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 California taxable income from Schedule CA (540NR), Part IV, line 48 . . . . . **5a** \_\_\_\_\_  
**b** Compute the CA Tax Rate: Tax on total taxable income from line 4 . . . . . **5b** \_\_\_\_\_  
 Total taxable income from line 3  
**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 2004 instructions for Form 540 or Form 540A . . . . . **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 . . . . . **9** \_\_\_\_\_
- 10** Add line 8 and line 9 . . . . . **10** \_\_\_\_\_
- 11** Credits for joint custody head of household, dependent parent, senior head of household, child and dependent care expenses, and long-term care . . . . . **11** \_\_\_\_\_  
**Nonresidents and part-year residents:** For the child and dependent care expenses credit, use the amount from your 2004 Long Form 540NR, line 54. For the other credits listed on line 11, multiply the total 2004 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 2004 instructions for Form 540, Form 540A, 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 from page 1 . . . . . **17** \_\_\_\_\_
- 18** 2005 Estimated Tax. Add line 14 through 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 100% of the tax shown on your 2004 Form 540, line 34; Form 540A, line 23; or Long Form 540NR, line 43 . . . . . **19b** \_\_\_\_\_  
**c** Enter the amount from your 2004 Form 540, line 17; Form 540A, line 14; or Long Form 540NR, line 21 . . . . . **19c** \_\_\_\_\_  
**d** Is the amount on line 19c more than \$150,000 (\$75,000 if married filing a separate return)?  
**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 the tax shown on your 2004 Form 540, line 34; Form 540A, line 23; or Long Form 540NR, line 43. . . . . **19e** \_\_\_\_\_  
**f** Enter the lesser of line 19a or line 19e and go to line 20 . . . . . **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 2005 estimated tax (line 18).
- 20** California income tax withheld and estimated to be withheld during 2004 (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 \$200 (or less than \$100, if married filing separately), you do not have to make a payment at this time . . . . . **21** \_\_\_\_\_
- 22 Installment** amount. Divide the amount on line 21 by 4. Enter the result here and on each of your Forms 540-ES. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D . . . . . **22** \_\_\_\_\_

**Record of Estimated Tax Payments**

Payment voucher number	(a) Date	(b) Web Pay/Credit Card and confirmation number	(c) Amount paid	(d) 2004 overpayment applied	(e) Total amount paid and credited add (b), (c) and (d)
<b>1</b>			\$	\$	\$
<b>2</b>					
<b>3</b>					
<b>4</b>					
<b>Total</b>			\$	\$	\$

2004 Child and Dependent Care Expenses Credit

3506

Attach to your California Form 540, 540A, or Long Form 540NR.

Name(s) as shown on return

Social Security Number

Part I Unearned Income and Other Funds Received in 2004. See instructions

Table with 4 columns: SOURCE OF INCOME/FUNDS, AMOUNT, SOURCE OF INCOME/FUNDS, AMOUNT

Part II Persons or Organizations Who Provided the Care in California - You must complete this part. See instructions.

1 Enter the following information for each person or organization that provided care in California. (Only care provided in California qualifies for the credit.) If you need more space, attach a separate sheet.

Table with 3 columns: Care provider's name, Provider, Provider

Did you receive dependent care benefits? No Complete Part III below. Yes Complete Part IV before Part III.

Part III Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s). See instructions

Table with 5 columns: (a) Qualifying person's name, (b) Qualifying person's social security number, (c) Qualifying person's date of birth (DOB) or if disabled, (d) Percentage of physical custody, (e) Qualified expenses you incurred and paid in 2004 for the qualifying person's care in California

Table with 3 columns: Description of lines 3-12, Line number, Amount

**Part IV Dependent Care Benefits**

<b>13</b>	Enter the total amount of dependent care benefits you received for 2004. This amount should be shown in box 10 of your Form(s) W-2. <b>Do not</b> include amounts that were reported to you as wages in box 1 of Form(s) W-2. Include amounts you received under a dependent care assistance program from your sole proprietorship or partnership . . . . .	<b>13</b>		
<b>14</b>	Enter the amount forfeited, if any. See instructions . . . . .	<b>14</b>		
<b>15</b>	Subtract line 14 from line 13 . . . . .	<b>15</b>		
<b>16</b>	Enter the total amount of <b>qualified expenses</b> incurred in 2004 for the care of the <b>qualifying person(s)</b> . See instructions . . . . .	<b>16</b>		[Hatched Area]
<b>17</b>	Enter the <b>smaller</b> of line 15 or line 16 . . . . .	<b>17</b>		
<b>18</b>	Enter YOUR <b>earned income</b> . . . . .	<b>18</b>		
<b>19</b>	If married filing a joint return, enter YOUR SPOUSE'S earned income (if your spouse was a student or was disabled, see the instructions for line 5); if married filing a separate return, see the instructions for the amount to enter; <b>all others</b> , enter the amount from line 18 . . . . .	<b>19</b>		
<b>20</b>	Enter the <b>smallest</b> of line 17, line 18, or line 19 . . . . .	<b>20</b>		
<b>21</b>	Enter the amount from line 13 that you received from your sole proprietorship or partnership. If you did not receive any amounts, enter -0- . . . . .	<b>21</b>		
<b>22</b>	Subtract line 21 from line 15 . . . . .	<b>22</b>		
<b>23</b>	Enter \$5,000 (\$2,500 if married filing separately <b>and</b> you were required to enter your spouse's earned income on line 19) . . . . .	<b>23</b>		
<b>24</b>	<b>Deductible benefits.</b> Enter the smallest of line 20, 21, or 23. Also, include this amount on the appropriate line(s) of your return . . . . .	<b>24</b>		
<b>25</b>	Enter the smaller of line 20 or 23 . . . . .	<b>25</b>		
<b>26</b>	Enter the amount from line 24 . . . . .	<b>26</b>		
<b>27</b>	<b>Excluded benefits.</b> Subtract line 26 from line 25. If zero or less, enter -0- . . . . .	<b>27</b>		
<b>28</b>	<b>Taxable benefits.</b> Subtract line 27 from line 22. If zero or less, enter -0- . . . . .	<b>28</b>		
<b>29</b>	Enter \$3,000 (\$6,000 if two or more qualifying persons) . . . . .	<b>29</b>		
<b>30</b>	Enter the amount from line 24 and 27 . . . . .	<b>30</b>		
<b>31</b>	Subtract the amount on line 30 from the amount on line 29. If zero or less, <b>stop</b> . You <b>do not qualify</b> for the credit. <b>Exception</b> – If you paid 2003 expenses in 2004, see instructions for line 11 . . . . .	<b>31</b>		
<b>32</b>	Complete Side 1, Part III, line 2. <b>Do not</b> include in column (e) any benefits shown on line 30 above. Add the amounts in column (e) and enter the total here . . . . .	<b>32</b>		
<b>33</b>	Enter the <b>smaller</b> of line 31 or line 32. Also, enter this amount on Side 1, line 3 on the front of this form and complete line 4 through line 12 . . . . .	<b>33</b>		

**Worksheet – Credit for 2003 Expenses Paid in 2004**

1)	Enter your 2003 qualified expenses paid in 2003. If you did not claim the credit for these expenses on your 2003 return, get and complete a 2003 form FTB 3506 for these expenses. You may need to amend your 2003 return . . . . .	
2)	Enter your 2003 qualified expenses paid in 2004 . . . . .	
3)	Add the amounts on line 1 and line 2 . . . . .	
4)	Enter \$3,000 if care was for one qualifying person (\$6,000 for two or more) . . . . .	
5)	Enter any dependent care benefits received for 2003 and excluded from your income (from line 24 of 2003 form FTB 3506) . . . . .	
6)	Subtract amount on line 5 from amount on line 4 and enter the result . . . . .	
7)	Compare your and your spouse's earned income for 2003 and enter the smaller amount . . . . .	
8)	Compare the amounts on line 3, line 6, and line 7 and enter the smallest amount . . . . .	
9)	Enter the amount on your 2003 form FTB 3506, line 6. Important: If you were instructed on line 1 to get and complete a 2003 form FTB 3506, enter the amount from line 6 of that form . . . . .	
10)	Subtract amount on line 9 from amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses . . . . .	X.
11)	Enter your 2003 federal adjusted gross income (AGI) (from your 2003 Form 540, line 13; 540A, line 12b; or Long Form 540NR, line 13) . . . . .	X.
12)	2003 federal AGI decimal amount (from 2003 form FTB 3506, instructions for line 7) . . . . .	
13)	Multiply line 10 by line 12 . . . . .	
14)	2003 California AGI decimal amount (from 2003 form FTB 3506, instructions for line 9) . . . . .	
15)	Multiply line 13 by line 14. Enter the result here and on line 11 of your 2004 form FTB 3506 . . . . .	

# Instructions for Form FTB 3506

## Child and Dependent Care Expenses Credit

### What's New

Beginning with taxable year 2004, the following changes were made:

- 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 requirement to maintain a home in California has been eliminated.
- Federal adjusted gross income must be \$100,000 or less.
- If you are a military servicemember domiciled outside of California and earned military compensation, your military compensation is not considered as sourced in California and should not be used in computing this credit. For additional information, get FTB Pub. 1032, Tax Information for Military Personnel.

### General Information

You must attach the completed form FTB 3506 to your return if you claim the child and dependent care expenses credit.

### A Purpose

If you paid someone in California to care for your child or other qualifying person so you (and your spouse, if married) could work or look for work in 2004, you may be able to claim the credit for child and dependent care expenses. However, 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 2004 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.

### 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.
- Federal adjusted gross income must be \$100,000 or less to qualify for the California credit.
- Federal law increased the amount of earned income a disabled or full-time student spouse is treated as having earned. California did not conform.
- The California credit is a percentage of the federal credit as modified by California law.
- The California credit is refundable.

### C Qualifications

You may take the credit if **all nine** of the following apply.

1. If you are married, you must file a joint return. For an exception, see Section E, Married Persons Filing Separate Returns, on page 2.
2. Care must be provided in California for one or more qualifying persons. See Section D, Qualifying Person Defined, on this page.
3. You paid for care so you (and your spouse, if married) 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 was a student or disabled, see the instructions for Part III, line 5, on page 3.
4. You (and your spouse, if married) must have earned income (wages or self-employment income) during the year. See the instructions for Part III, line 4, on page 3 for more information on earned income.
5. You (and your spouse, if married) paid over half the cost of keeping up your home for the qualifying person(s). The cost includes rent, mortgage interest, real estate taxes, utilities, home repairs, and food eaten in the home.
6. You and the qualifying person(s) live in the same home.
7. The person who provided care was not your spouse or a person for whom you can claim a dependent exemption. Generally, the person who provided the care cannot be a parent of the individual for whom care was provided. If your child provided the care, the child must have been age 19 or older by the end of 2004.

8. 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.
9. Your federal adjusted gross income is \$100,000 or less.

### D Qualifying Person Defined

Rules for Most People
<p>A qualifying person is:</p> <ol style="list-style-type: none"> <li>1. A child under age 13. You must qualify to claim the dependent exemption credit for this child. Children turning 13 during the year qualify only for the part of the year they were 12 years old.</li> <li>2. Your spouse who was physically or mentally incapable of self-care.</li> <li>3. Your dependent who was physically or mentally incapable of self-care. You must qualify for the dependent exemption credit for this person (or you could have claimed the dependent exemption credit except the person had gross income of \$3,100 or more).</li> </ol>

#### Custodial Parent

You are the custodial parent if you had physical custody of your child longer than the other parent during the calendar year. On days where custody is shared, the parent having custody of the child for more than 12 hours is considered to have custody for that day. If you and the other parent have physical custody for the same number of days, then neither you nor the other parent is the custodial parent.

#### Divorced, Separated, or Never Married Parents

For divorced, separated, or never married parents, there are special rules for determining if your child is your qualifying person. A child can only be the qualifying person of one parent when the parents are filing separate returns. 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 still meet all the qualifications in Section C, Qualifications, to claim the credit. Use the table below to see if your child is your qualifying person.

RULES FOR DIVORCED, SEPARATED, OR NEVER MARRIED PARENTS		
IF	AND	THEN
<p>ALL <b>four</b> of the following apply:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. One of the following applies:               <ol style="list-style-type: none"> <li>a. You are divorced or legally separated from the other parent</li> <li>b. 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.)</li> </ol> </li> <li>3. One or both parents had custody of the child for more than half the year.</li> <li>4. One or both parents provided more than half the child's support for the year.</li> </ol>	<p>You were the custodial parent and you can claim the dependent exemption credit for the child.</p>	<p>The child is your qualifying person.</p>
	<p>You were the custodial parent <b>and</b> you met all the dependent exemption requirements <b>except</b> that you did not provide more than half of the child's support during the year.</p>	<p>The child is your qualifying person.</p>
	<p>You are <b>not</b> the custodial parent.</p>	<p>The child is <b>not</b> your qualifying person. You are <b>not</b> entitled to the dependent exemption credit.</p>
	<p>You and the other parent have custody for the same number of days during the year.</p>	<p>The child is <b>not</b> the qualifying person of <b>either</b> parent. You are <b>not</b> entitled to the credit.</p>
<p>One or more of the four statements above do not apply.</p>		<p>Use the "Rules for Most People" on this page.</p>

## E Married Persons Filing Separate Returns

Generally, if you are married, you must file a joint return to claim the credit. However, you can take the credit on your separate return if:

1. You meet all three requirements below:
  - You lived apart from your spouse at all times during the last six months of 2004.
  - The qualifying person(s) lived in your home more than half of 2004.
  - You provided over half the cost of keeping up your home.
2. You meet all the other qualifications in Section C, Qualifications.

## F Nonresidents and Part-Year Residents

1. 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, your credit may be disallowed.
2. Nonresidents must have earned income from California sources to qualify for the credit. Beginning with tax year 2004, a nonresident servicemember's military wages are not considered earned income from a California source for the purpose of qualifying for the credit.
3. 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.

## Specific Line Instructions

### Part I

#### Unearned Income and Other Funds

List the source and amount of **any** money you received in 2004 that is not included in your earned income (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, or dividends.

### Part II

#### 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. You can use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for 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, your credit may be disallowed 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). 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
Not an individual	The provider's federal employer identification number (FEIN)
A tax-exempt organization	"Tax-exempt"

#### Line 1f

Enter the complete address where the care was provided. Only care provided in California qualifies for the credit.

#### Line 1g

Enter the total amount you **actually paid** in 2004 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.

## Part III

### Line 2

Complete column (a) through column (e) for each qualifying person for whom care was provided in California. If you have more than three qualifying persons, attach a sheet of paper to your return with the required information and write "see attached." Be sure to put your name and social security number on the sheet.

#### Column (a)

Enter each qualifying person's name.

#### Column (b)

Enter each qualifying person's social security number. Be sure that the name and social security number match the qualifying person's social security card. Otherwise, we may reduce or disallow your credit. If the person was born in, and later died in, 2004, and does not have a social security number, enter "Deceased" in column (b) and attach a copy of the person's birth and death certificates.

Enter the social security numbers of the first two qualifying persons on Form 540, line 42 and line 43; Form 540A, line 28 and line 29; or Long Form 540NR, line 51 and line 52.

#### Column (c)

Enter the qualifying person's date of birth in the space provided or if the qualifying person is disabled (physically or mentally incapable of self-care), check the "Yes" box.

#### Column (d)

If you shared custody of the qualifying person(s), enter the percentage of time you had physical custody during 2004.

#### Column (e)

Enter the qualified expenses you incurred and paid in 2004 for the qualifying person. 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 under 13. Do not include in column (e) qualified expenses:

- You incurred in 2004 but did not pay until 2005. You may be able to use these expenses to increase your 2005 credit.
- You incurred in 2003 but did not pay until 2004. Instead, see instructions for line 11.
- You prepaid in 2004 for care to be provided in 2005. These expenses may only be used to figure your 2005 credit.

**Note:** A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

## 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</li> <li>Net earnings from self-employment</li> <li>Strike benefits</li> <li>Disability payments you report as wages</li> <li>Any nontaxable employee compensation</li> </ul>	<ul style="list-style-type: none"> <li>Military pay of a servicemember domiciled outside of California even if stationed in California.</li> <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>Homeowner and Renter Assistance</li> </ul>
<b>Nonresidents and Part-Year Residents Only: Earned income from California sources includes:</b>	
<ul style="list-style-type: none"> <li>Wages, salary, tips, and other taxable employee compensation for working in California</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> </ul>	

## Line 5

### Spouse Who Was a Student or Disabled

Your spouse was a **student** if he or she was enrolled as a full-time student at a school during any 5 months of 2004. A school does not include a night school or correspondence school.

Your spouse was **disabled** if he or she was not capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month your spouse was a full-time student or disabled, enter on line 5 the larger of

- Your spouse's actual earned income for that month, or
- \$200 (\$400, if you have 2 or more qualifying persons).

If, in the same month, both you and your spouse were either full-time students or disabled, only one of you can be treated as having earned income of \$200 (or \$400) in that month. For any month that your spouse was not a full-time student or disabled, use your spouse's actual earned income for that month.

## Line 7

Use the chart on this page to determine the decimal amount to enter on line 7. Your federal adjusted gross income (AGI) is on Form 540A, line 12b; Form 540, line 13; or Long Form 540NR, line 13.

If your Federal AGI is:		The decimal amount
Over	But not over	on Line 7 is:
\$0	\$15,000	.35
15,000	17,000	.34
17,000	19,000	.33
19,000	21,000	.32
21,000	23,000	.31
23,000	25,000	.30
25,000	27,000	.29
27,000	29,000	.28
29,000	31,000	.27
31,000	33,000	.26
33,000	35,000	.25
35,000	37,000	.24
37,000	39,000	.23
39,000	41,000	.22
41,000	43,000	.21
43,000	No limit	.20

## Line 9

Use the chart below to determine the decimal amount to enter on line 9.

If your federal AGI from Form 540A, line 12b; Form 540, line 13; or Long Form 540NR, line 13 is:	The decimal amount to enter on Line 9 is:
\$40,000 or less	.50
Over \$40,000 but not over \$70,000	.43
Over \$70,000 but not over \$100,000	.34
Over \$100,000	<b>Stop.</b> You <b>do not qualify</b> for this credit.

## Line 11

If you had qualified expenses for care that was provided in 2003, but that you paid for in 2004, you may be able to increase your credit for 2004. Complete the worksheet on Side 2 of form FTB 3506. You will need a copy of your 2003 California return to complete the worksheet.

## Part IV

### Line 13

Dependent care benefits are:

- Amounts an employer paid directly to you (or your spouse, if married), 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 2004 Form(s) W-2.

### Line 14

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 16

Enter the total of all qualified expenses incurred in 2004. It does not matter when the expenses were paid.

**Note:** 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 2004. The \$2,000 is shown in box 10 of your Form W-2. You incurred \$900 of qualified expenses in 2004 for the care of your 5-year-old dependent child. You would enter \$900 on line 16, but would 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 Publication 503.

## Worksheet

### Line 12 and line 14

You will need to get the 2003 form FTB 3506 instructions to complete the Credit for 2003 Expenses Paid in 2004 Worksheet. You can get forms from our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or by calling (800) 338-0505.

### Line 12

Enter the decimal amount from the chart in the line 7 instructions of the 2003 form FTB 3506 that corresponds to your 2003 federal adjusted gross income.

### Line 14

Enter the decimal amount from the chart in the line 9 instructions of the 2003 form FTB 3506 that corresponds to your 2003 California adjusted gross income.

# 2004 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 or Form 540A, line 16.
- 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 Filing Separately)			2 or 5 (Married 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	69	65	65	12,951	13,050	199	137	137
51	150	1	1	1	6,551	6,650	71	66	66	13,051	13,150	201	139	139
151	250	2	2	2	6,651	6,750	73	67	67	13,151	13,250	203	141	141
251	350	3	3	3	6,751	6,850	75	68	68	13,251	13,350	205	143	143
351	450	4	4	4	6,851	6,950	77	69	69	13,351	13,450	207	145	145
451	550	5	5	5	6,951	7,050	79	70	70	13,451	13,550	209	147	147
551	650	6	6	6	7,051	7,150	81	71	71	13,551	13,650	211	149	149
651	750	7	7	7	7,151	7,250	83	72	72	13,651	13,750	213	151	151
751	850	8	8	8	7,251	7,350	85	73	73	13,751	13,850	215	153	153
851	950	9	9	9	7,351	7,450	87	74	74	13,851	13,950	217	155	155
951	1,050	10	10	10	7,451	7,550	89	75	75	13,951	14,050	219	157	157
1,051	1,150	11	11	11	7,551	7,650	91	76	76	14,051	14,150	221	159	159
1,151	1,250	12	12	12	7,651	7,750	93	77	77	14,151	14,250	223	161	161
1,251	1,350	13	13	13	7,751	7,850	95	78	78	14,251	14,350	225	163	163
1,351	1,450	14	14	14	7,851	7,950	97	79	79	14,351	14,450	227	165	165
1,451	1,550	15	15	15	7,951	8,050	99	80	80	14,451	14,550	229	167	167
1,551	1,650	16	16	16	8,051	8,150	101	81	81	14,551	14,650	231	169	169
1,651	1,750	17	17	17	8,151	8,250	103	82	82	14,651	14,750	235	171	171
1,751	1,850	18	18	18	8,251	8,350	105	83	83	14,751	14,850	239	173	173
1,851	1,950	19	19	19	8,351	8,450	107	84	84	14,851	14,950	243	175	175
1,951	2,050	20	20	20	8,451	8,550	109	85	85	14,951	15,050	247	177	177
2,051	2,150	21	21	21	8,551	8,650	111	86	86	15,051	15,150	251	179	179
2,151	2,250	22	22	22	8,651	8,750	113	87	87	15,151	15,250	255	181	181
2,251	2,350	23	23	23	8,751	8,850	115	88	88	15,251	15,350	259	183	183
2,351	2,450	24	24	24	8,851	8,950	117	89	89	15,351	15,450	263	185	185
2,451	2,550	25	25	25	8,951	9,050	119	90	90	15,451	15,550	267	187	187
2,551	2,650	26	26	26	9,051	9,150	121	91	91	15,551	15,650	271	189	189
2,651	2,750	27	27	27	9,151	9,250	123	92	92	15,651	15,750	275	191	191
2,751	2,850	28	28	28	9,251	9,350	125	93	93	15,751	15,850	279	193	193
2,851	2,950	29	29	29	9,351	9,450	127	94	94	15,851	15,950	283	195	195
2,951	3,050	30	30	30	9,451	9,550	129	95	95	15,951	16,050	287	197	197
3,051	3,150	31	31	31	9,551	9,650	131	96	96	16,051	16,150	291	199	199
3,151	3,250	32	32	32	9,651	9,750	133	97	97	16,151	16,250	295	201	201
3,251	3,350	33	33	33	9,751	9,850	135	98	98	16,251	16,350	299	203	203
3,351	3,450	34	34	34	9,851	9,950	137	99	99	16,351	16,450	303	205	205
3,451	3,550	35	35	35	9,951	10,050	139	100	100	16,451	16,550	307	207	207
3,551	3,650	36	36	36	10,051	10,150	141	101	101	16,551	16,650	311	209	209
3,651	3,750	37	37	37	10,151	10,250	143	102	102	16,651	16,750	315	211	211
3,751	3,850	38	38	38	10,251	10,350	145	103	103	16,751	16,850	319	213	213
3,851	3,950	39	39	39	10,351	10,450	147	104	104	16,851	16,950	323	215	215
3,951	4,050	40	40	40	10,451	10,550	149	105	105	16,951	17,050	327	217	217
4,051	4,150	41	41	41	10,551	10,650	151	106	106	17,051	17,150	331	219	219
4,151	4,250	42	42	42	10,651	10,750	153	107	107	17,151	17,250	335	221	221
4,251	4,350	43	43	43	10,751	10,850	155	108	108	17,251	17,350	339	223	223
4,351	4,450	44	44	44	10,851	10,950	157	109	109	17,351	17,450	343	225	225
4,451	4,550	45	45	45	10,951	11,050	159	110	110	17,451	17,550	347	227	227
4,551	4,650	46	46	46	11,051	11,150	161	111	111	17,551	17,650	351	229	229
4,651	4,750	47	47	47	11,151	11,250	163	112	112	17,651	17,750	355	231	231
4,751	4,850	48	48	48	11,251	11,350	165	113	113	17,751	17,850	359	233	233
4,851	4,950	49	49	49	11,351	11,450	167	114	114	17,851	17,950	363	235	235
4,951	5,050	50	50	50	11,451	11,550	169	115	115	17,951	18,050	367	237	237
5,051	5,150	51	51	51	11,551	11,650	171	116	116	18,051	18,150	371	239	239
5,151	5,250	52	52	52	11,651	11,750	173	117	117	18,151	18,250	375	241	241
5,251	5,350	53	53	53	11,751	11,850	175	118	118	18,251	18,350	379	243	243
5,351	5,450	54	54	54	11,851	11,950	177	119	119	18,351	18,450	383	245	245
5,451	5,550	55	55	55	11,951	12,050	179	120	120	18,451	18,550	387	247	247
5,551	5,650	56	56	56	12,051	12,150	181	121	121	18,551	18,650	391	249	249
5,651	5,750	57	57	57	12,151	12,250	183	122	122	18,651	18,750	395	251	251
5,751	5,850	58	58	58	12,251	12,350	185	123	123	18,751	18,850	399	253	253
5,851	5,950	59	59	59	12,351	12,450	187	125	125	18,851	18,950	403	255	255
5,951	6,050	60	60	60	12,451	12,550	189	127	127	18,951	19,050	407	257	257
6,051	6,150	61	61	61	12,551	12,650	191	129	129	19,051	19,150	411	259	259
6,151	6,250	63	62	62	12,651	12,750	193	131	131	19,151	19,250	415	261	261
6,251	6,350	65	63	63	12,751	12,850	195	133	133	19,251	19,350	419	263	263
6,351	6,450	67	64	64	12,851	12,950	197	135	135	19,351	19,450	423	265	265

Continued on next page.

# 2004 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately)		2 or 5 (Married 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
19,451	19,550	427	267	267	26,451	26,550	777	407	407	33,451	33,550	1,229	634	634
19,551	19,650	431	269	269	26,551	26,650	783	409	409	33,551	33,650	1,237	638	638
19,651	19,750	435	271	271	26,651	26,750	789	411	411	33,651	33,750	1,245	642	642
19,751	19,850	439	273	273	26,751	26,850	795	413	413	33,751	33,850	1,253	646	646
19,851	19,950	443	275	275	26,851	26,950	801	415	415	33,851	33,950	1,261	650	650
19,951	20,050	447	277	277	26,951	27,050	807	417	417	33,951	34,050	1,269	654	654
20,051	20,150	451	279	279	27,051	27,150	813	419	419	34,051	34,150	1,277	658	658
20,151	20,250	455	281	281	27,151	27,250	819	421	421	34,151	34,250	1,285	662	662
20,251	20,350	459	283	283	27,251	27,350	825	423	423	34,251	34,350	1,293	666	666
20,351	20,450	463	285	285	27,351	27,450	831	425	425	34,351	34,450	1,301	670	670
20,451	20,550	467	287	287	27,451	27,550	837	427	427	34,451	34,550	1,309	674	674
20,551	20,650	471	289	289	27,551	27,650	843	429	429	34,551	34,650	1,317	678	678
20,651	20,750	475	291	291	27,651	27,750	849	431	431	34,651	34,750	1,325	682	682
20,751	20,850	479	293	293	27,751	27,850	855	433	433	34,751	34,850	1,333	686	686
20,851	20,950	483	295	295	27,851	27,950	861	435	435	34,851	34,950	1,341	690	690
20,951	21,050	487	297	297	27,951	28,050	867	437	437	34,951	35,050	1,349	694	694
21,051	21,150	491	299	299	28,051	28,150	873	439	439	35,051	35,150	1,357	698	698
21,151	21,250	495	301	301	28,151	28,250	879	441	441	35,151	35,250	1,365	702	702
21,251	21,350	499	303	303	28,251	28,350	885	443	443	35,251	35,350	1,373	706	706
21,351	21,450	503	305	305	28,351	28,450	891	445	445	35,351	35,450	1,381	710	710
21,451	21,550	507	307	307	28,451	28,550	897	447	447	35,451	35,550	1,389	714	714
21,551	21,650	511	309	309	28,551	28,650	903	449	449	35,551	35,650	1,397	718	718
21,651	21,750	515	311	311	28,651	28,750	909	451	451	35,651	35,750	1,405	722	722
21,751	21,850	519	313	313	28,751	28,850	915	453	453	35,751	35,850	1,413	726	726
21,851	21,950	523	315	315	28,851	28,950	921	455	455	35,851	35,950	1,421	730	730
21,951	22,050	527	317	317	28,951	29,050	927	457	457	35,951	36,050	1,429	734	734
22,051	22,150	531	319	319	29,051	29,150	933	459	459	36,051	36,150	1,437	738	738
22,151	22,250	535	321	321	29,151	29,250	939	462	462	36,151	36,250	1,445	742	742
22,251	22,350	539	323	323	29,251	29,350	945	466	466	36,251	36,350	1,453	746	746
22,351	22,450	543	325	325	29,351	29,450	951	470	470	36,351	36,450	1,461	750	750
22,451	22,550	547	327	327	29,451	29,550	957	474	474	36,451	36,550	1,469	754	754
22,551	22,650	551	329	329	29,551	29,650	963	478	478	36,551	36,650	1,477	758	758
22,651	22,750	555	331	331	29,651	29,750	969	482	482	36,651	36,750	1,485	762	762
22,751	22,850	559	333	333	29,751	29,850	975	486	486	36,751	36,850	1,493	766	766
22,851	22,950	563	335	335	29,851	29,950	981	490	490	36,851	36,950	1,501	770	770
22,951	23,050	567	337	337	29,951	30,050	987	494	494	36,951	37,050	1,509	774	774
23,051	23,150	573	339	339	30,051	30,150	993	498	498	37,051	37,150	1,517	778	778
23,151	23,250	579	341	341	30,151	30,250	999	502	502	37,151	37,250	1,525	782	782
23,251	23,350	585	343	343	30,251	30,350	1,005	506	506	37,251	37,350	1,533	786	786
23,351	23,450	591	345	345	30,351	30,450	1,011	510	510	37,351	37,450	1,541	790	790
23,451	23,550	597	347	347	30,451	30,550	1,017	514	514	37,451	37,550	1,549	794	794
23,551	23,650	603	349	349	30,551	30,650	1,023	518	518	37,551	37,650	1,557	798	798
23,651	23,750	609	351	351	30,651	30,750	1,029	522	522	37,651	37,750	1,565	802	802
23,751	23,850	615	353	353	30,751	30,850	1,035	526	526	37,751	37,850	1,573	806	806
23,851	23,950	621	355	355	30,851	30,950	1,041	530	530	37,851	37,950	1,581	810	810
23,951	24,050	627	357	357	30,951	31,050	1,047	534	534	37,951	38,050	1,589	814	814
24,051	24,150	633	359	359	31,051	31,150	1,053	538	538	38,051	38,150	1,597	818	818
24,151	24,250	639	361	361	31,151	31,250	1,059	542	542	38,151	38,250	1,605	822	822
24,251	24,350	645	363	363	31,251	31,350	1,065	546	546	38,251	38,350	1,613	826	826
24,351	24,450	651	365	365	31,351	31,450	1,071	550	550	38,351	38,450	1,621	830	830
24,451	24,550	657	367	367	31,451	31,550	1,077	554	554	38,451	38,550	1,629	834	834
24,551	24,650	663	369	369	31,551	31,650	1,083	558	558	38,551	38,650	1,637	838	838
24,651	24,750	669	371	371	31,651	31,750	1,089	562	562	38,651	38,750	1,645	842	842
24,751	24,850	675	373	373	31,751	31,850	1,095	566	566	38,751	38,850	1,653	846	846
24,851	24,950	681	375	375	31,851	31,950	1,101	570	570	38,851	38,950	1,661	850	850
24,951	25,050	687	377	377	31,951	32,050	1,109	574	574	38,951	39,050	1,669	854	854
25,051	25,150	693	379	379	32,051	32,150	1,117	578	578	39,051	39,150	1,677	858	858
25,151	25,250	699	381	381	32,151	32,250	1,125	582	582	39,151	39,250	1,685	862	862
25,251	25,350	705	383	383	32,251	32,350	1,133	586	586	39,251	39,350	1,693	866	866
25,351	25,450	711	385	385	32,351	32,450	1,141	590	590	39,351	39,450	1,701	870	870
25,451	25,550	717	387	387	32,451	32,550	1,149	594	594	39,451	39,550	1,709	874	874
25,551	25,650	723	389	389	32,551	32,650	1,157	598	598	39,551	39,650	1,717	878	878
25,651	25,750	729	391	391	32,651	32,750	1,165	602	602	39,651	39,750	1,725	882	882
25,751	25,850	735	393	393	32,751	32,850	1,173	606	606	39,751	39,850	1,733	886	886
25,851	25,950	741	395	395	32,851	32,950	1,181	610	610	39,851	39,950	1,741	890	890
25,951	26,050	747	397	397	32,951	33,050	1,189	614	614	39,951	40,050	1,749	894	894
26,051	26,150	753	399	399	33,051	33,150	1,197	618	618	40,051	40,150	1,757	898	898
26,151	26,250	759	401	401	33,151	33,250	1,205	622	622	40,151	40,250	1,765	902	902
26,251	26,350	765	403	403	33,251	33,350	1,213	626	626	40,251	40,350	1,773	906	906
26,351	26,450	771	405	405	33,351	33,450	1,221	630	630	40,351	40,450	1,781	910	910

Continued on next page.

# 2004 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately)		2 or 5 (Married 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
40,451	40,550	1,791	914	973	47,451	47,550	2,442	1,224	1,413	54,451	54,550	3,093	1,644	1,973
40,551	40,650	1,800	918	979	47,551	47,650	2,451	1,230	1,421	54,551	54,650	3,102	1,650	1,981
40,651	40,750	1,809	922	985	47,651	47,750	2,460	1,236	1,429	54,651	54,750	3,111	1,656	1,989
40,751	40,850	1,819	926	991	47,751	47,850	2,470	1,242	1,437	54,751	54,850	3,121	1,662	1,997
40,851	40,950	1,828	930	997	47,851	47,950	2,479	1,248	1,445	54,851	54,950	3,130	1,668	2,005
40,951	41,050	1,837	934	1,003	47,951	48,050	2,488	1,254	1,453	54,951	55,050	3,139	1,674	2,014
41,051	41,150	1,846	938	1,009	48,051	48,150	2,497	1,260	1,461	55,051	55,150	3,148	1,680	2,023
41,151	41,250	1,856	942	1,015	48,151	48,250	2,507	1,266	1,469	55,151	55,250	3,158	1,686	2,033
41,251	41,350	1,865	946	1,021	48,251	48,350	2,516	1,272	1,477	55,251	55,350	3,167	1,692	2,042
41,351	41,450	1,874	950	1,027	48,351	48,450	2,525	1,278	1,485	55,351	55,450	3,176	1,698	2,051
41,451	41,550	1,884	954	1,033	48,451	48,550	2,535	1,284	1,493	55,451	55,550	3,186	1,704	2,060
41,551	41,650	1,893	958	1,039	48,551	48,650	2,544	1,290	1,501	55,551	55,650	3,195	1,710	2,070
41,651	41,750	1,902	962	1,045	48,651	48,750	2,553	1,296	1,509	55,651	55,750	3,204	1,716	2,079
41,751	41,850	1,912	966	1,051	48,751	48,850	2,563	1,302	1,517	55,751	55,850	3,214	1,722	2,088
41,851	41,950	1,921	970	1,057	48,851	48,950	2,572	1,308	1,525	55,851	55,950	3,223	1,728	2,098
41,951	42,050	1,930	974	1,063	48,951	49,050	2,581	1,314	1,533	55,951	56,050	3,232	1,734	2,107
42,051	42,150	1,939	978	1,069	49,051	49,150	2,590	1,320	1,541	56,051	56,150	3,241	1,740	2,116
42,151	42,250	1,949	982	1,075	49,151	49,250	2,600	1,326	1,549	56,151	56,250	3,251	1,746	2,126
42,251	42,350	1,958	986	1,081	49,251	49,350	2,609	1,332	1,557	56,251	56,350	3,260	1,752	2,135
42,351	42,450	1,967	990	1,087	49,351	49,450	2,618	1,338	1,565	56,351	56,450	3,269	1,758	2,144
42,451	42,550	1,977	994	1,093	49,451	49,550	2,628	1,344	1,573	56,451	56,550	3,279	1,764	2,153
42,551	42,650	1,986	998	1,099	49,551	49,650	2,637	1,350	1,581	56,551	56,650	3,288	1,770	2,163
42,651	42,750	1,995	1,002	1,105	49,651	49,750	2,646	1,356	1,589	56,651	56,750	3,297	1,776	2,172
42,751	42,850	2,005	1,006	1,111	49,751	49,850	2,656	1,362	1,597	56,751	56,850	3,307	1,782	2,181
42,851	42,950	2,014	1,010	1,117	49,851	49,950	2,665	1,368	1,605	56,851	56,950	3,316	1,788	2,191
42,951	43,050	2,023	1,014	1,123	49,951	50,050	2,674	1,374	1,613	56,951	57,050	3,325	1,794	2,200
43,051	43,150	2,032	1,018	1,129	50,051	50,150	2,683	1,380	1,621	57,051	57,150	3,334	1,800	2,209
43,151	43,250	2,042	1,022	1,135	50,151	50,250	2,693	1,386	1,629	57,151	57,250	3,344	1,806	2,219
43,251	43,350	2,051	1,026	1,141	50,251	50,350	2,702	1,392	1,637	57,251	57,350	3,353	1,812	2,228
43,351	43,450	2,060	1,030	1,147	50,351	50,450	2,711	1,398	1,645	57,351	57,450	3,362	1,818	2,237
43,451	43,550	2,070	1,034	1,153	50,451	50,550	2,721	1,404	1,653	57,451	57,550	3,372	1,824	2,246
43,551	43,650	2,079	1,038	1,159	50,551	50,650	2,730	1,410	1,661	57,551	57,650	3,381	1,830	2,256
43,651	43,750	2,088	1,042	1,165	50,651	50,750	2,739	1,416	1,669	57,651	57,750	3,390	1,836	2,265
43,751	43,850	2,098	1,046	1,171	50,751	50,850	2,749	1,422	1,677	57,751	57,850	3,400	1,842	2,274
43,851	43,950	2,107	1,050	1,177	50,851	50,950	2,758	1,428	1,685	57,851	57,950	3,409	1,848	2,284
43,951	44,050	2,116	1,054	1,183	50,951	51,050	2,767	1,434	1,693	57,951	58,050	3,418	1,854	2,293
44,051	44,150	2,125	1,058	1,189	51,051	51,150	2,776	1,440	1,701	58,051	58,150	3,427	1,860	2,302
44,151	44,250	2,135	1,062	1,195	51,151	51,250	2,786	1,446	1,709	58,151	58,250	3,437	1,866	2,312
44,251	44,350	2,144	1,066	1,201	51,251	51,350	2,795	1,452	1,717	58,251	58,350	3,446	1,872	2,321
44,351	44,450	2,153	1,070	1,207	51,351	51,450	2,804	1,458	1,725	58,351	58,450	3,455	1,878	2,330
44,451	44,550	2,163	1,074	1,213	51,451	51,550	2,814	1,464	1,733	58,451	58,550	3,465	1,884	2,339
44,551	44,650	2,172	1,078	1,219	51,551	51,650	2,823	1,470	1,741	58,551	58,650	3,474	1,890	2,349
44,651	44,750	2,181	1,082	1,225	51,651	51,750	2,832	1,476	1,749	58,651	58,750	3,483	1,896	2,358
44,751	44,850	2,191	1,086	1,231	51,751	51,850	2,842	1,482	1,757	58,751	58,850	3,493	1,902	2,367
44,851	44,950	2,200	1,090	1,237	51,851	51,950	2,851	1,488	1,765	58,851	58,950	3,502	1,908	2,377
44,951	45,050	2,209	1,094	1,243	51,951	52,050	2,860	1,494	1,773	58,951	59,050	3,511	1,914	2,386
45,051	45,150	2,218	1,098	1,249	52,051	52,150	2,869	1,500	1,781	59,051	59,150	3,520	1,920	2,395
45,151	45,250	2,228	1,102	1,255	52,151	52,250	2,879	1,506	1,789	59,151	59,250	3,530	1,926	2,405
45,251	45,350	2,237	1,106	1,261	52,251	52,350	2,888	1,512	1,797	59,251	59,350	3,539	1,932	2,414
45,351	45,450	2,246	1,110	1,267	52,351	52,450	2,897	1,518	1,805	59,351	59,450	3,548	1,938	2,423
45,451	45,550	2,256	1,114	1,273	52,451	52,550	2,907	1,524	1,813	59,451	59,550	3,558	1,944	2,432
45,551	45,650	2,265	1,118	1,279	52,551	52,650	2,916	1,530	1,821	59,551	59,650	3,567	1,950	2,442
45,651	45,750	2,274	1,122	1,285	52,651	52,750	2,925	1,536	1,829	59,651	59,750	3,576	1,956	2,451
45,751	45,850	2,284	1,126	1,291	52,751	52,850	2,935	1,542	1,837	59,751	59,850	3,586	1,962	2,460
45,851	45,950	2,293	1,130	1,297	52,851	52,950	2,944	1,548	1,845	59,851	59,950	3,595	1,968	2,470
45,951	46,050	2,302	1,134	1,303	52,951	53,050	2,953	1,554	1,853	59,951	60,050	3,604	1,974	2,479
46,051	46,150	2,311	1,140	1,309	53,051	53,150	2,962	1,560	1,861	60,051	60,150	3,613	1,980	2,488
46,151	46,250	2,321	1,146	1,315	53,151	53,250	2,972	1,566	1,869	60,151	60,250	3,623	1,986	2,498
46,251	46,350	2,330	1,152	1,321	53,251	53,350	2,981	1,572	1,877	60,251	60,350	3,632	1,992	2,507
46,351	46,450	2,339	1,158	1,327	53,351	53,450	2,990	1,578	1,885	60,351	60,450	3,641	1,998	2,516
46,451	46,550	2,349	1,164	1,333	53,451	53,550	3,000	1,584	1,893	60,451	60,550	3,651	2,004	2,525
46,551	46,650	2,358	1,170	1,341	53,551	53,650	3,009	1,590	1,901	60,551	60,650	3,660	2,010	2,535
46,651	46,750	2,367	1,176	1,349	53,651	53,750	3,018	1,596	1,909	60,651	60,750	3,669	2,016	2,544
46,751	46,850	2,377	1,182	1,357	53,751	53,850	3,028	1,602	1,917	60,751	60,850	3,679	2,022	2,553
46,851	46,950	2,386	1,188	1,365	53,851	53,950	3,037	1,608	1,925	60,851	60,950	3,688	2,028	2,563
46,951	47,050	2,395	1,194	1,373	53,951	54,050	3,046	1,614	1,933	60,951	61,050	3,697	2,034	2,572
47,051	47,150	2,404	1,200	1,381	54,051	54,150	3,055	1,620	1,941	61,051	61,150	3,706	2,040	2,581
47,151	47,250	2,414	1,206	1,389	54,151	54,250	3,065	1,626	1,949	61,151	61,250	3,716	2,046	2,591
47,251	47,350	2,423	1,212	1,397	54,251	54,350	3,074	1,632	1,957	61,251	61,350	3,725	2,052	2,600
47,351	47,450	2,432	1,218	1,405	54,351	54,450	3,083	1,638	1,965	61,351	61,450	3,734	2,058	2,609

Continued on next page.

# 2004 California Tax Table

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married 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
61,451	61,550	3,744	2,064	2,618	68,451	68,550	4,395	2,577	3,269	75,451	75,550	5,046	3,137	3,920
61,551	61,650	3,753	2,070	2,628	68,551	68,650	4,404	2,585	3,279	75,551	75,650	5,055	3,145	3,930
61,651	61,750	3,762	2,076	2,637	68,651	68,750	4,413	2,593	3,288	75,651	75,750	5,064	3,153	3,939
61,751	61,850	3,772	2,082	2,646	68,751	68,850	4,423	2,601	3,297	75,751	75,850	5,074	3,161	3,948
61,851	61,950	3,781	2,088	2,656	68,851	68,950	4,432	2,609	3,307	75,851	75,950	5,083	3,169	3,958
61,951	62,050	3,790	2,094	2,665	68,951	69,050	4,441	2,617	3,316	75,951	76,050	5,092	3,177	3,967
62,051	62,150	3,799	2,100	2,674	69,051	69,150	4,450	2,625	3,325	76,051	76,150	5,101	3,185	3,976
62,151	62,250	3,809	2,106	2,684	69,151	69,250	4,460	2,633	3,335	76,151	76,250	5,111	3,193	3,986
62,251	62,350	3,818	2,112	2,693	69,251	69,350	4,469	2,641	3,344	76,251	76,350	5,120	3,201	3,995
62,351	62,450	3,827	2,118	2,702	69,351	69,450	4,478	2,649	3,353	76,351	76,450	5,129	3,209	4,004
62,451	62,550	3,837	2,124	2,711	69,451	69,550	4,488	2,657	3,362	76,451	76,550	5,139	3,217	4,013
62,551	62,650	3,846	2,130	2,721	69,551	69,650	4,497	2,665	3,372	76,551	76,650	5,148	3,225	4,023
62,651	62,750	3,855	2,136	2,730	69,651	69,750	4,506	2,673	3,381	76,651	76,750	5,157	3,233	4,032
62,751	62,850	3,865	2,142	2,739	69,751	69,850	4,516	2,681	3,390	76,751	76,850	5,167	3,241	4,041
62,851	62,950	3,874	2,148	2,749	69,851	69,950	4,525	2,689	3,400	76,851	76,950	5,176	3,249	4,051
62,951	63,050	3,883	2,154	2,758	69,951	70,050	4,534	2,697	3,409	76,951	77,050	5,185	3,257	4,060
63,051	63,150	3,892	2,160	2,767	70,051	70,150	4,543	2,705	3,418	77,051	77,150	5,194	3,265	4,069
63,151	63,250	3,902	2,166	2,777	70,151	70,250	4,553	2,713	3,428	77,151	77,250	5,204	3,273	4,079
63,251	63,350	3,911	2,172	2,786	70,251	70,350	4,562	2,721	3,437	77,251	77,350	5,213	3,281	4,088
63,351	63,450	3,920	2,178	2,795	70,351	70,450	4,571	2,729	3,446	77,351	77,450	5,222	3,289	4,097
63,451	63,550	3,930	2,184	2,804	70,451	70,550	4,581	2,737	3,455	77,451	77,550	5,232	3,297	4,106
63,551	63,650	3,939	2,190	2,814	70,551	70,650	4,590	2,745	3,465	77,551	77,650	5,241	3,305	4,116
63,651	63,750	3,948	2,196	2,823	70,651	70,750	4,599	2,753	3,474	77,651	77,750	5,250	3,313	4,125
63,751	63,850	3,958	2,202	2,832	70,751	70,850	4,609	2,761	3,483	77,751	77,850	5,260	3,321	4,134
63,851	63,950	3,967	2,209	2,842	70,851	70,950	4,618	2,769	3,493	77,851	77,950	5,269	3,329	4,144
63,951	64,050	3,976	2,217	2,851	70,951	71,050	4,627	2,777	3,502	77,951	78,050	5,278	3,337	4,153
64,051	64,150	3,985	2,225	2,860	71,051	71,150	4,636	2,785	3,511	78,051	78,150	5,287	3,345	4,162
64,151	64,250	3,995	2,233	2,870	71,151	71,250	4,646	2,793	3,521	78,151	78,250	5,297	3,353	4,172
64,251	64,350	4,004	2,241	2,879	71,251	71,350	4,655	2,801	3,530	78,251	78,350	5,306	3,361	4,181
64,351	64,450	4,013	2,249	2,888	71,351	71,450	4,664	2,809	3,539	78,351	78,450	5,315	3,369	4,190
64,451	64,550	4,023	2,257	2,897	71,451	71,550	4,674	2,817	3,548	78,451	78,550	5,325	3,377	4,199
64,551	64,650	4,032	2,265	2,907	71,551	71,650	4,683	2,825	3,558	78,551	78,650	5,334	3,385	4,209
64,651	64,750	4,041	2,273	2,916	71,651	71,750	4,692	2,833	3,567	78,651	78,750	5,343	3,393	4,218
64,751	64,850	4,051	2,281	2,925	71,751	71,850	4,702	2,841	3,576	78,751	78,850	5,353	3,401	4,227
64,851	64,950	4,060	2,289	2,935	71,851	71,950	4,711	2,849	3,586	78,851	78,950	5,362	3,409	4,237
64,951	65,050	4,069	2,297	2,944	71,951	72,050	4,720	2,857	3,595	78,951	79,050	5,371	3,417	4,246
65,051	65,150	4,078	2,305	2,953	72,051	72,150	4,729	2,865	3,604	79,051	79,150	5,380	3,425	4,255
65,151	65,250	4,088	2,313	2,963	72,151	72,250	4,739	2,873	3,614	79,151	79,250	5,390	3,433	4,265
65,251	65,350	4,097	2,321	2,972	72,251	72,350	4,748	2,881	3,623	79,251	79,350	5,399	3,441	4,274
65,351	65,450	4,106	2,329	2,981	72,351	72,450	4,757	2,889	3,632	79,351	79,450	5,408	3,449	4,283
65,451	65,550	4,116	2,337	2,990	72,451	72,550	4,767	2,897	3,641	79,451	79,550	5,418	3,457	4,292
65,551	65,650	4,125	2,345	3,000	72,551	72,650	4,776	2,905	3,651	79,551	79,650	5,427	3,465	4,302
65,651	65,750	4,134	2,353	3,009	72,651	72,750	4,785	2,913	3,660	79,651	79,750	5,436	3,473	4,311
65,751	65,850	4,144	2,361	3,018	72,751	72,850	4,795	2,921	3,669	79,751	79,850	5,446	3,481	4,320
65,851	65,950	4,153	2,369	3,028	72,851	72,950	4,804	2,929	3,679	79,851	79,950	5,455	3,489	4,330
65,951	66,050	4,162	2,377	3,037	72,951	73,050	4,813	2,937	3,688	79,951	80,050	5,464	3,497	4,339
66,051	66,150	4,171	2,385	3,046	73,051	73,150	4,822	2,945	3,697	80,051	80,150	5,473	3,505	4,348
66,151	66,250	4,181	2,393	3,056	73,151	73,250	4,832	2,953	3,707	80,151	80,250	5,483	3,513	4,358
66,251	66,350	4,190	2,401	3,065	73,251	73,350	4,841	2,961	3,716	80,251	80,350	5,492	3,521	4,367
66,351	66,450	4,199	2,409	3,074	73,351	73,450	4,850	2,969	3,725	80,351	80,450	5,501	3,529	4,376
66,451	66,550	4,209	2,417	3,083	73,451	73,550	4,860	2,977	3,734	80,451	80,550	5,511	3,537	4,385
66,551	66,650	4,218	2,425	3,093	73,551	73,650	4,869	2,985	3,744	80,551	80,650	5,520	3,545	4,395
66,651	66,750	4,227	2,433	3,102	73,651	73,750	4,878	2,993	3,753	80,651	80,750	5,529	3,553	4,404
66,751	66,850	4,237	2,441	3,111	73,751	73,850	4,888	3,001	3,762	80,751	80,850	5,539	3,563	4,413
66,851	66,950	4,246	2,449	3,121	73,851	73,950	4,897	3,009	3,772	80,851	80,950	5,548	3,572	4,423
66,951	67,050	4,255	2,457	3,130	73,951	74,050	4,906	3,017	3,781	80,951	81,050	5,557	3,581	4,432
67,051	67,150	4,264	2,465	3,139	74,051	74,150	4,915	3,025	3,790	81,051	81,150	5,566	3,591	4,441
67,151	67,250	4,274	2,473	3,149	74,151	74,250	4,925	3,033	3,800	81,151	81,250	5,576	3,600	4,451
67,251	67,350	4,283	2,481	3,158	74,251	74,350	4,934	3,041	3,809	81,251	81,350	5,585	3,609	4,460
67,351	67,450	4,292	2,489	3,167	74,351	74,450	4,943	3,049	3,818	81,351	81,450	5,594	3,619	4,469
67,451	67,550	4,302	2,497	3,176	74,451	74,550	4,953	3,057	3,827	81,451	81,550	5,604	3,628	4,478
67,551	67,650	4,311	2,505	3,186	74,551	74,650	4,962	3,065	3,837	81,551	81,650	5,613	3,637	4,488
67,651	67,750	4,320	2,513	3,195	74,651	74,750	4,971	3,073	3,846	81,651	81,750	5,622	3,646	4,497
67,751	67,850	4,330	2,521	3,204	74,751	74,850	4,981	3,081	3,855	<b>Over \$81,750</b> See the instructions for Form 540A, line 17, or Form 540, line 20. Or, go to <a href="http://www.ftb.ca.gov">www.ftb.ca.gov</a> and use the online tax calculator, or call (800) 852-5711.				
67,851	67,950	4,339	2,529	3,214	74,851	74,950	4,990	3,089	3,865					
67,951	68,050	4,348	2,537	3,223	74,951	75,050	4,999	3,097	3,874					
68,051	68,150	4,357	2,545	3,232	75,051	75,150	5,008	3,105	3,883					
68,151	68,250	4,367	2,553	3,242	75,151	75,250	5,018	3,113	3,893					
68,251	68,350	4,376	2,561	3,251	75,251	75,350	5,027	3,121	3,902					
68,351	68,450	4,385	2,569	3,260	75,351	75,450	5,036	3,129	3,911					

# Additional Information

## California Use Tax General Information

The use tax has been in effect in California since July 1, 1935. It applies to purchases from out-of-state sellers and is similar to the sales tax paid on purchases you make in California.

In general, you must pay California use tax on purchases made from out of state (for example, by telephone, over the Internet, by mail, or in person) if

- The seller does not collect California sales or use tax, and
- You use, give away, 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.

**Complete the Use Tax Worksheet** on page 14 or page 22 to calculate the amount due.

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

**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 your the original return contact the State Board of Equalization.

For assistance with your use tax questions, please visit the State Board of Equalization's Website at [www.boe.ca.gov](http://www.boe.ca.gov) or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929. Income tax information is not available at this number.

## 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 2004 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 2004. Indicate next to your signature that you are the surviving spouse.

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

If you file a 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, you must 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 return and claim a refund due.

## Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (1) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (2) you are divorced, legally separated, or no longer living with your spouse, **and** (3) given all the facts and circumstances, it would be unfair to hold you liable for the tax. Get FTB Pub. 705, "Innocent Spouse – Are you eligible?," for more information.

## Homeowner and Renter Assistance

**Homeowner assistance** is a once-a-year payment from the State of California as a reimbursement for part of the property taxes you paid on your home. If eligible, you could receive up to 96% of the property taxes you paid in the prior year. In 2004, you would have qualified for this assistance if you:

- Were one of the following on December 31, 2003: 62 years of age or older, blind, or disabled; and
- Owned your home and lived in it on December 31, 2003, had total household income of \$38,505 or less, and were a U.S. citizen, designated alien, or qualified alien, when you file your claim.

**Renter assistance** is a once-a-year payment from the State of California as a reimbursement for part of the property taxes that you pay indirectly when you pay your rent. In 2004, you would have qualified for this assistance if you:

- Were one of the following on December 31, 2003: 62 years of age or older, blind, or disabled; and
- Paid \$50 or more rent per month in the prior year, had total household income of \$38,505 or less, and were a U.S. citizen, designated alien, or qualified alien when you file your claim.

The 2004 filing season ends June 30, 2005.

The 2005 filing season for these programs begins July 1, 2005. For more information, call **(800) 868-4171** or visit us at our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## Military Personnel

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

## 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. If you need to get a copy of a return from those years, you must request it by writing a letter or by completing form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, there is a \$20 fee for each tax year you request. However, there is no charge if you were the victim of a designated California or federal disaster; or you request copies from a field office that assisted you in completing your return. See "Order Forms and Publications" on the back cover.

## Vehicle License Fees for Federal Schedule A

On your federal Schedule A, 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.

## 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; and
- 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. To obtain a Voter Registration Card, call the California Secretary of State's office toll-free voter hotline at (800) 345-VOTE or visit their Website at [www.ss.ca.gov](http://www.ss.ca.gov).

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

## Where To Get Income Tax Forms and Publications

**By Internet** – You can download, view, and print California income tax forms and publications from our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) 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 2002 – 2004 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.
- Select “Personal Income Tax.”
- Select “To Order Forms and Publications.”
- Enter the three-digit form code when you are instructed.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

**In person** – Many post offices and libraries provide free California tax booklets during the filing season. Most libraries and some quick print businesses have forms and schedules for you to photocopy (a nominal fee may apply).

**Note:** Employees at libraries, post offices, and quick print businesses 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 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.

## General Toll-Free Phone Service

Telephone assistance is available year-round from 7 a.m. until 7 p.m. Monday through Friday, except state holidays. We may modify these hours without notice to meet operational needs.

From within the United States, call . . . . . (800) 852-5711  
From outside the United States, call (not toll-free) . . . . (916) 845-6500  
For federal tax questions, call the IRS at . . . . . (800) 829-1040

### Assistance for persons with disabilities

We comply with the Americans with Disabilities Act. Persons with a hearing or speech impairment please call:

TTY/TDD . . . . . (800) 822-6268

**Large-print forms and instructions** – The Resident Booklet is available in large print upon request and is also available on cassette tape. See “Where To Get Income Tax Forms and Publications” on this page.

### Asistencia bilingüe en español

Asistencia telefónica esta disponible todo el año durante las 7 a.m. y las 7 p.m. Lunes a viernes, excepto días festivos estatales. Sin embargo, podríamos modificar este horario sin aviso previo para cumplir necesidades de operación.

Dentro de los Estados Unidos, llame a . . . . . (800) 852-5711  
Fuera de los Estados Unidos, llame al (cargos aplican) . (916) 845-6500  
Para preguntas sobre impuestos federales,  
llame el IRS al . . . . . (800) 829-1040

Página Electrónica:  
[www.ftb.ca.gov](http://www.ftb.ca.gov)

**Asistencia para personas discapacitadas:** Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos o de habla, pueden llamar al (800) 822-6268 con un aparato de telecomunicación TTY/TTD.

## Your Rights As A Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, California Taxpayers’ Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers’ Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See “Where To Get Income Tax Forms and Publications,” on this page.

## Privacy Act Notice

The Franchise Tax Board considers the privacy of your tax information to be of the utmost importance.

### Your Rights:

You have a right to see our records that contain your personal information, and we must tell you why we ask for your tax information and to whom we may provide that information. You also have the right to question the correctness of the information that is contained within your file.

### Your Responsibility:

If you meet certain income requirements, the California Revenue & Taxation Code requires you to file a return on the forms we prescribe (see sections 18501 and 18621). When you file these forms and related documents, you must include your social security number for identification and return processing (section 18624).

### Reasons for Information Requests:

We ask for return information so that we can administer the tax law fairly and correctly. We may request additional information to resolve audit or collection issues. It is mandatory that you furnish all requested information.

If you do not file a return, do not provide the information we ask for, or if you provide fraudulent information, you may be charged penalties and interest, and, in certain cases, you may be criminally prosecuted. Additionally, we may disallow your claimed exemptions, exclusions, credits, deductions, or adjustments. This could increase your tax liability, or delay or reduce any refund.

### Information Disclosure:

We may give your tax information to the Internal Revenue Service, to income tax officials of other states, to the Multistate Tax Commission, and to certain California government agencies and officials, as provided by law. Also, as provided by law, we may give your tax information to other persons as necessary to determine your tax liability or to collect the amount of tax you owe. If you owe the Franchise Tax Board money, the amount due may be disclosed to employers, financial institutions, county recorders, vacation trust funds, process agents, or others who hold assets belonging to you.

### Responsibility for the Records:

To obtain information about your records,

- 1) write to: Disclosure Officer, Mailstop B-1 Franchise Tax Board, PO Box 1468, Sacramento CA 95812-1468, or
- 2) call: (800) 852-5711 within the United States, or (916) 845-6500 outside of the United States.

Our automated toll-free phone service is available 24 hours a day, 7 days a week, in English and Spanish to callers with touch-tone telephones. You can:

- Order California and federal tax forms and publications;
- Get current year tax refund information;
- Get balance due and payment information; and
- Hear recorded answers to many of your questions about California taxes.

Have paper and pencil ready to take notes.

Call from within the

United States . . . . . (800) 338-0505

Call from outside the

United States . . . . . (916) 845-6500  
(not toll-free)

### Order Forms and Publications

If your current address is on file, you can order California tax forms for the current and previous two years. See the following list of forms and follow the instructions for ordering forms on the previous page.

#### Code California Tax Forms and Publications

- 900 California Resident Income Tax Booklet: Form 540, Resident Income Tax Return Form 540A, Resident Income Tax Return
- 965 Form 540 2EZ Tax Booklet
- 903 Schedule CA (540), California Adjustments: FTB 3885A, Depreciation & Amortization Adjustments Schedule D, California Capital Gain or Loss Adjustment
- 969 Large Print Resident Booklet
- 970 Resident Booklet on Cassette
- 907 540-ES, Estimated Tax for Individuals
- 908 540X, Amended Individual Income Tax Return
- 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
- 933 FTB 3504, Long-Term Care Credit
- 932 FTB 3506, Child and Dependent Care Expenses Credit
- 937 FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return
- 921 FTB 3519, Payment Voucher for Automatic Extension for Individuals
- 972 FTB 3520, Power of Attorney Form and FTB Pub. 1144, Power of Attorney

- Frequently Asked Questions
- 922 FTB 3525, Substitute for W-2 Wage and Tax Statement
- 923 FTB 3526, Investment Interest Expense Deduction
- 931 FTB 3534, Joint Strike Fighter Credits
- 940 FTB 3540, Credit Carryover Summary
- 949 FTB 3567, Installment Agreement Request
- 924 FTB 3800, Tax Computation for Children with Investment Income
- 929 FTB 3801, Passive Activity Loss Limitations
- 930 FTB 3803, Parents' Election to Report Child's Interest and Dividends
- 935 FTB 3805D, Net Operating Loss (NOL) Computation and Limitations – Pierce's Disease
- 925 FTB 3805E, Installment Sale Income
- 928 FTB 3805P, Additional Taxes from Qualified Retirement Plans
- 926 FTB 3805V, Net Operating Loss (NOL) — Individuals
- 901 FTB 3805Z, Enterprise Zone Businesses
- 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
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights
- 941 FTB Pub. 1031, Guidelines for Determining Resident Status
- 942 FTB Pub. 1032, Tax Information for Military Personnel
- 951 FTB Pub. 1051A, Guidelines for Married Filing Separate Returns
- 934 FTB Pub. 1540, California Head of Household Filing Status Information

### Current Year Refund Information

If you file by mail, you should wait at least 8 weeks after you file your tax return before you call to find out about your refund. You will need your social security number, the numbers in your street address, box number or route number, and your ZIP Code to use this service.

### Balance Due and Payment Information

You should wait at least 45 days from the date you mailed your payment before you call to verify receipt of your payment. You will need your social security number, the numbers in your street address, box number or route number, and your ZIP Code to use this service.

### Answers To Tax Questions

Call our automated phone service, select "Personal Income Tax Information," then "General Tax Information," and enter the 3-digit question code.

#### Code Filing Assistance:

- 100 Do I need to file a 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 return?
- 209 I lived in California for part of the year. Do I have to file a return?
- 210 I did not live in California. Do I have to file a 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 return?

#### Miscellaneous

- 611 What address do I send my payment to?
- 619 How do I report a change of address?