

2015 Instructions for Short Form 540NR California Nonresident or Part-Year Resident Income Tax Return

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

Before You Begin

Complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, or Form 1040NR-EZ) before you begin your Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. You will use information from your federal income tax return to complete your Short Form 540NR. Complete and mail Short Form 540NR by April 18, 2016. Due to the Emancipation Day holiday on April 16, 2016, tax returns filed and payments mailed or submitted on April 18, 2016, will be considered timely. If unable to mail your tax return by this date, see page 2.

To get forms and publications referred to in these instructions, go to ftb.ca.gov or see "Where To Get Income Tax Forms and Publications."

You cannot use Short Form 540NR if any of the items below apply to you. Instead use Long Form 540NR.

- Your filing status is married/RDP filing separately.
- You or your spouse/RDP are 65 or older.
- You are claiming more than five dependents.
- Your total income is more than \$100,000.
- You have interest income from U.S. Obligations, U.S. Treasury Bills, Notes, Bonds, or other sources that is taxable for federal purposes and exempt for state purposes.
- You qualify for the California Nonrefundable Child and Dependent Care Expenses Credit.
- You have withholding from Form 592-B, Resident and Nonresident Withholding Tax Statement or Form 593, Real Estate Withholding Tax Statement.
- You made estimated tax payments or have an estimated tax transfer available from 2014.



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

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

Name(s) and Address

Print your first name, middle initial, last name, and street address, in black or blue ink, in the spaces provided at the top of Short Form 540NR.

Suffix

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

Additional Information

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

Foreign Address

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

Date of Birth (DOB)

Enter your DOBs (mm/dd/yyyy) in the spaces provided. If you file a joint tax return, enter the DOBs in the same order as the names.

Prior Name

If you or your spouse/RDP filed your 2014 tax return under a different name, write the last name **only** from the 2014 tax return.

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

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

If you do not have an SSN because you are a nonresident or a resident alien for federal tax purposes, and the IRS issued you an ITIN, enter the ITIN in the space provided for the SSN.

An ITIN is a tax processing number issued by the IRS to foreign nationals and others who have a federal tax filing requirement and do not qualify for an SSN. It is a nine-digit number that always starts with the number 9.

Filing Status

Line 1 through Line 5 – Filing Status

See page 3 for the requirements for each of the filing statuses. Then check the box on the Short Form 540NR that applies to you. If your filing status is married/RDP filing separately, use the Long Form 540NR.

Nonresident Alien

A joint tax return may be filed if, in the case of a nonresident alien married/RDP to a United States citizen or resident, both spouses/RDPs elect to treat the nonresident alien spouse/RDP as a resident for tax purposes.

Residency

Complete the residency portion by checking all of the boxes that apply to you and your spouse/RDP, and provide the applicable information.

"Residence" is the place where you have the closest ties.

"Domicile" is the place where you voluntarily establish yourself and your family, not merely for a special or limited purpose, but with a present intention of making it your true, fixed and permanent home and principal establishment. It is the place where, whenever you are absent or away, you intend to return.

Get FTB Pub. 1031, Guidelines for Determining Resident Status, for more information. Go to ftb.ca.gov or see "Where To Get Income Tax Forms and Publications."

Exemptions

Caution: If you or your spouse/RDP are 65 or older, use the Long Form 540NR.

Line 6 – Can be Claimed as Dependent

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

Line 7 – Personal Exemptions

Did you check the box on line 6?

No Follow the instructions on Short Form 540NR, line 7.

Yes Ignore the instructions on Short Form 540NR, line 7. Instead, enter the amount shown below for your filing status:

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

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

Line 8 – Blind Exemptions

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

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

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, you must write each dependent's first and last name, SSN and relationship to you in the space provided. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total in the box on line 10. Multiply the number you entered by the pre-printed dollar amount and enter the result.

If you are claiming more than three dependents attach a separate schedule. If you are claiming more than five dependents, use Long Form 540NR.

If your dependent child was born and died in 2015 and you do not have an SSN for the child, enter "Died" in the space provided for the SSN and include a copy of the child's birth certificate, death certificate, or hospital records. The document must show the child was born alive.

Line 11 – Exemption Amount

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

Total Taxable Income

Refer to your completed federal income tax return to complete this section. If your total income from federal Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 36; or Form 1040NR-EZ, line 10 is more than \$100,000, you cannot file this form. File the Long Form 540NR.

Line 12 – Total California Wages

Enter the total amount of your California wages from your Form(s) W-2, Wage and Tax Statement. This amount is reported on Form W-2, box 16.

Line 14 – California Adjustments To Income

California does not tax unemployment compensation or Paid Family Leave Insurance benefits. Enter the total of any unemployment compensation and/or Paid Family Leave Insurance benefits reported on federal Form(s) 1099-G, Certain Government Payments, and shown on your federal Form 1040EZ, line 3; Form 1040A, line 13; Form 1040, line 19; or Form 1040NR, line 20.

If you have interest income from U.S. Obligations, U.S. Treasury Bills, Notes, Bonds, or other sources that is taxable for federal purposes and exempt for state purposes, you cannot file this form. File the Long Form 540NR.

Military Pay Adjustment

Compensation for military service of a servicemember domiciled outside of California is exempt from California tax. It is excluded from adjusted gross income. If you are an active duty military servicemember domiciled outside of California, your active duty military pay is excluded from adjusted gross income.

To claim your adjustment, write "MPA" on the dotted line to the left of line 14. Add this amount to any unemployment compensation and/or Paid Family Leave Insurance benefits and enter on line 14. You will also exclude this amount from adjusted gross income on line 32. Attach a copy of your Form(s) W-2, reflecting your military compensation, to your tax return. See "Assembling Your Tax Return."

Line 18 – California Standard Deduction

Did you check the box on line 6? If yes, use the California Standard Deduction Worksheet for Dependents on page 25 of the Long Form 540NR instructions. If no, use the standard deduction amount for your filing status.

California Taxable Income

e-file and you won't have to do the math. Go to ftb.ca.gov and search for **efile**.

Line 31 – Tax on Total Taxable Income

Figure the tax on the amount on line 19 (see California tax table that begins on page 75). Use the correct filing status and taxable income amount.

To automatically figure your tax or to verify your tax calculation, use our online tax calculator. Go to ftb.ca.gov and search for **tax calculator**.

Line 32 – CA Adjusted Gross Income

If married/RDP filing jointly, each spouse/RDP reports income based on his or her residency status.

Full-year nonresident – Enter your California wages from Form(s) W-2, box 16.

Part-year resident – Enter your:

- California wages from Form(s) W-2, box 16.
- Non-California wages received while you were a California resident from Form(s) W-2, box 16.
- Interest income received while you were a California resident.

Full-year resident – Enter your:

- California and non-California wages from all your Form(s) W-2, box 16.
- All of your interest income.

Line 36 – CA Tax Rate

In this computation, the Franchise Tax Board (FTB) rounds the tax rate to four digits after the decimal. If your computation is different, you may receive a notice due to the difference in rounding. Contact us at 800.852.5711 if you disagree with this notice.

Line 38 – CA Exemption Credit Percentage

Divide the California Taxable Income (line 35) by Total Taxable Income (line 19). This percentage does not apply to the Nonrefundable Renter's Credit, Other State Tax Credit, or credits that are conditional upon a transaction occurring wholly within California. **If more than 1, enter 1.0000.**

Credits**Line 61 – Nonrefundable Renter's Credit**

If you paid rent on your principal California residence in 2015, you may be eligible for a credit to reduce your tax. See "Nonrefundable Renter's Credit Qualification Record" to find out if you qualify.

Nonrefundable Child and Dependent Care Expenses Credit – You may be eligible for the California nonrefundable child and dependent care expenses credit. If you qualify for the credit, file the Long Form 540NR. See line 50 for more information.

Payments**Line 81 – California Income Tax Withheld**

Enter your total California income tax withheld from your Form(s) W-2, box 17. Attach a copy of your Form(s) W-2, to your tax return. See "Assembling Your Tax Return."

Line 85 – Earned Income Tax Credit (EITC)

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

Contributions

You can make contributions to the funds listed on Short Form 540NR, Side 2. See "Voluntary Contribution Fund Descriptions" for more information.

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

Amount You Owe

Line 121 – Amount You Owe

If you did not enter an amount on line 120, enter the amount from line 104 on line 121. This is the amount you owe with your Short Form 540NR.

If you entered an amount on line 120, add line 104 and line 120. Enter the total on line 121. This is the amount you owe with your Short Form 540NR.

If you have an amount on line 103 and line 120, subtract line 120 from line 103. If line 120 is more than line 103 enter the difference on line 121. This is the amount you owe with your Short Form 540NR.

Web Pay – Pay the amount you owe using our secure online payment service. Go to ftb.ca.gov for more information.

Using black or blue ink, make your check or money order payable to the "Franchise Tax Board" for this amount, or see "Paying Your Taxes." **Do not send cash.** Write your SSN or ITIN and "2015 Short Form 540NR" on the check or money order. Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution. Enclose, but do not staple, your payment with your return.

To avoid a late filing penalty, file your Short Form 540NR by the due date even if unable to pay the amount you owe.

Refund and Direct Deposit

Line 125 – Refund or No Amount Due

If you did not enter an amount on line 120, enter the amount from line 103.

If you entered an amount on line 120, subtract that amount from the amount on line 103. If the result is zero or more, enter the amount on line 125. If the result is less than zero, your contributions are more than your overpaid tax available on line 103. In this case, do not enter an amount on line 125. Enter the result on line 121 and see the instructions for line 121.

Line 126 and Line 127 – 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 Short Form 540NR, Side 3, line 126 and line 127. Fill in the routing and account numbers and indicate the account type. Verify routing and account numbers with your financial institution. See the illustration below. **Do not** attach a voided check or deposit slip.

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

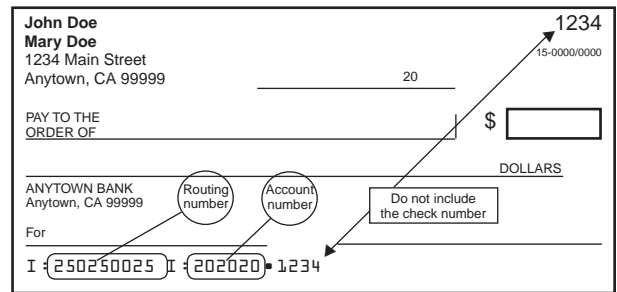
The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens, but omit spaces and special symbols. On the sample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

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

Enter the portion of your refund you want directly deposited into each account. Each deposit must be at least \$1. The total of line 126 and line 127 must equal the total amount of your refund on line 125. If line 126 and line 127 do not equal line 125, the FTB will issue a paper check.

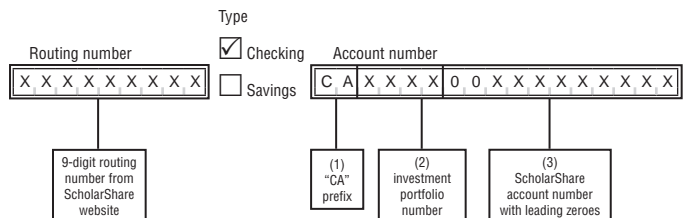
Caution: Check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The FTB is not responsible for a lost refund due to incorrect account information entered by you or your representative.

Some financial institutions will not allow a joint refund to be deposited to an individual account. If the direct deposit is rejected, the FTB will issue a paper check.



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

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



Sign Your Tax Return

Sign your tax return in the designated space on Side 3. If you file a joint tax return, your spouse/RDP must sign the tax return also.

Include your phone number and email address in case the FTB needs to contact you for information needed to process your tax return. By providing this information the FTB will be able to process your tax return or issue your refund faster.

Joint Tax Return. If you file a joint tax return, both you and your spouse/RDP are generally responsible for the tax and any interest or penalties due on the tax return. If one spouse/RDP neglects to pay the tax, the other spouse/RDP may have to pay. See "Innocent Joint Filer Relief" for more information.

Paid Preparer Information. If you pay a person to prepare your Short Form 540NR, that person signs and completes the area near the bottom of Side 3 including an identification number. Effective January 1, 2011, the IRS requires a paid tax preparer to get and use a preparer tax identification number (PTIN). Tax preparers must provide their PTIN on the tax returns they prepare. Preparers who want a PTIN should go to the IRS website at irs.gov and search for **ptin**. If the preparer has a federal employer identification number (FEIN), it should be entered only in the space provided. A paid preparer must give you a copy of your tax return.

Third Party Designee. If you want to allow your preparer, a friend, family member, or any other person you choose to discuss your 2015 tax return with the FTB, check the "Yes" box in the signature area of your tax return. Also print the designee's name and telephone number.

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

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

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the FTB. If you want to expand or change the designee's authorization, go to ftb.ca.gov and search for **poa**.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2016 tax return. This is April 15, 2017, for most people. If you wish to revoke the authorization before it ends, notify us by telephone at 800.852.5711 or by writing to Franchise Tax Board, PO Box 942840, Sacramento, CA 94240-0040, include your name, SSN, and the designee's name.

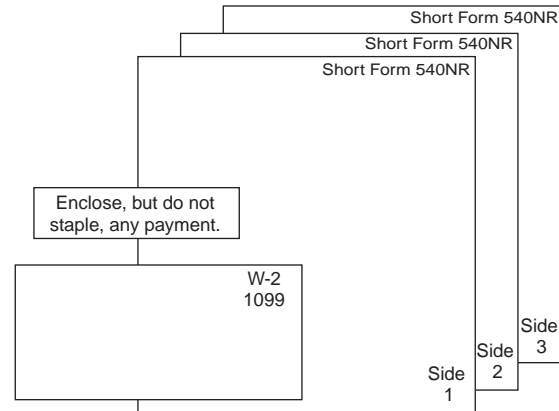
Power of Attorney. If another person prepared your tax return, he or she is not automatically granted access to your tax information in future

dealings with us. At some point, you may wish to designate someone to act on your behalf in matters related or unrelated to your 2015 tax return (e.g., an audit examination). To protect your privacy, you must submit to us a legal document called a "Power of Attorney" (POA) authorizing another person to discuss or receive personal information about your income tax records.

For more information, go to ftb.ca.gov and search for **poa**.

Assembling Your Tax Return

Assemble your tax return in the order shown below.



Make sure to attach all federal Form(s) W-2 and 1099 you received to the front of your tax return.

Do not attach a copy of your federal tax return or any other document to your Short Form 540NR unless specifically instructed. This will help us reduce government processing and storage costs.

Mailing Your Tax Return

If you owe, mail your tax return to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

If you have a refund, or if no amount due, mail your tax return to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0001

California RDP Adjustments Worksheet — 2015 Recalculated Federal Adjusted Gross Income

Name(s) as shown on return

SSN or ITIN

Part I Income Adjustment Worksheet

Section A – Income

	A Taxpayer One (taxable amounts from your original federal return)	B Taxpayer Two (taxable amounts from your original federal return)	C Adjustments	D Adjusted Federal Amounts (using the same rules applicable to spouses)
7 Wages, salaries, tips, etc	7			
8 Taxable interest. (b) TP1 _____				
(b) TP2 _____ (a)				
9 Ordinary dividends. (b) TP1 _____				
(b) TP2 _____ (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)	13			
14 Other gains or (losses)	14			
15 IRA distributions.				
(a) TP1 _____				
(a) TP2 _____ (b)				
16 Pensions and annuities.				
(a) TP1 _____				
(a) TP2 _____ (b)				
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17			
18 Farm income or (loss)	18			
19 Unemployment compensation	19			
20 Social security benefits.				
(a) TP1 _____				
(a) TP2 _____ (b)				
21 Other income	21			
22 Total. Combine line 7 through line 21 in column D. Go to Section B	22			

Section B – Adjustments to Income

23 Educator expenses	23			
24 Certain business expenses of reservists, performing artists, and fee-basis government officials	24			
25 Health savings account deduction	25			
26 Moving expenses	26			
27 Deductible part of self-employment tax	27			
28 Self-employed SEP, SIMPLE, and qualified plans	28			
29 Self-employed health insurance deduction	29			
30 Penalty on early withdrawal of savings	30			
31 Alimony paid	31			
32 IRA deduction	32			
33 Student loan interest deduction	33			
34 Tuition and fees	34			
35 Domestic production activities deduction	35			
36 Add line 23 through line 35 in column D	36			
37 Total. Subtract line 36 from line 22 in column D. Enter the amount here and on Form 540 or 540NR (Long and Short), line 13.	37			

Part II Adjustments to Federal Itemized Deductions

38 Federal itemized deductions. Add the amounts on each taxpayer's federal Schedule A (Form 1040), lines 4, 9, 15, 19, 20, 27, and 28. Enter the amount here and on line 38, Schedule CA (540) 38

Note: Apply the 7.5% limitation rule to your federal adjusted gross income to arrive at the amount for line 4. Apply the 2% limitation rule to your adjusted gross income to arrive at the amount for line 27. There are other itemized deductions that are also subject to the 2% limitation rule and some itemized deductions are subject to an overall limitation rule. Get federal Publication 17, Your Federal Income Tax, Part Five, Standard Deduction and Itemized Deductions.