

# 2006 Limited Liability Company Return of Income

# 568

For calendar year 2006 or fiscal year beginning month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_, and ending month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_.

<b>A</b> Principal business activity name (same as federal)	Limited liability company name (type or print)	<b>D</b> Secretary of State file number
<b>B</b> Principal product or service (same as federal)	DBA	<b>E</b> Date business started in California
<b>C</b> Principal business activity code (same as federal)	Number and street (or PO Box, rural route, or PMB no.)	<b>F</b> Enter total assets at end of year. See instructions.
	City State ZIP Code	<b>G</b> \$
<b>G</b> Check accounting method: <input checked="" type="checkbox"/> (1) Cash <input type="checkbox"/> (2) Accrual <input type="checkbox"/> (3) Other (attach explanation)	<b>H</b> FEIN	<b>I</b> Check applicable box <input type="checkbox"/> (1) Initial return <input checked="" type="checkbox"/> (2) <b>FINAL RETURN</b> <input type="checkbox"/> (3) Amended return

<b>Enclose, but do not staple, any payment.</b>	<b>1</b> Total income from Limited Liability Company Income Worksheet. See instructions . . . . .	●	<b>1</b>		
	<b>2</b> Limited Liability Company fee. See instructions . . . . .	●	<b>2</b>		
	<b>3</b> 2006 annual Limited Liability Company tax. See instructions . . . . .	●	<b>3</b>		
	<b>4</b> Nonconsenting nonresident members' tax liability from Schedule T (Side 3) . . . . .	■	<b>4</b>		
	<b>5 Total tax and fee.</b> Add line 2, line 3, and line 4 . . . . .	■	<b>5</b>		
	<b>6</b> Amount paid with form FTB 3537 and 2006 form FTB 3522 . . . . .	■	<b>6</b>		
	<b>7</b> Overpayment from prior year allowed as a credit . . . . .	■	<b>7</b>		
	<b>8</b> Nonresident Withholding Credit. See instructions . . . . .	■	<b>8</b>		
	<b>9 Total payments.</b> Add line 6, line 7, and line 8 . . . . .	■	<b>9</b>		
	<b>10 Tax and fee due.</b> If line 5 is more than line 9, subtract line 9 from line 5 . . . . .	■	<b>10</b>		
	<b>11 Overpayment.</b> If line 9 is more than line 5, subtract line 5 from line 9 . . . . .	■	<b>11</b>		
	<b>12</b> Amount of line 11 to be credited to 2007 tax or fee . . . . .	■	<b>12</b>		
	<b>13 Use Tax.</b> See instructions . . . . .	●	<b>13</b>		<b>00</b>
	<b>14 Refund.</b> If the total of line 12 and line 13 is less than line 11; subtract the total from line 11 . . . . .	■	<b>14</b>		
	<b>15</b> Penalties and interest. See instructions . . . . .	■	<b>15</b>		
	<b>16 Total amount due.</b> Add line 10, line 12, line 13, and line 15, then subtract line 11 from the result . . . . .	■	<b>16</b>		

Single Member LLC Information and Consent — Complete only if the LLC is disregarded.	Federal TIN/SSN ●
Sole Owner's name (as shown on owner's return)	SOS File No.

Street Address, City, State, and ZIP Code	Return filed with the FTB by the Owner ●
Member's Consent Statement: I consent to the jurisdiction of the State of California to tax my LLC income and agree to file returns and pay tax as may be required by the Franchise Tax Board.	<input type="checkbox"/> (1) Form 540 <input type="checkbox"/> (5) Form 541
	<input type="checkbox"/> (2) Form 100 <input type="checkbox"/> (6) Form 100S
	<input type="checkbox"/> (3) Form 565 <input type="checkbox"/> (7) Form 568
	<input type="checkbox"/> (4) Other _____

Signature ►	Date	Title
<b>Please Sign Here</b>	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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.	
Signature of officer	Date	Telephone ( )
<b>Paid Preparer's Use Only</b>	Paid preparer's signature ►	Date
	Firm's name (or yours, if self-employed) and address	Check if self-employed <input type="checkbox"/>
		Paid preparer's SSN/PTIN
		FEIN
		Telephone ( )

<b>J</b> Enter the maximum number of members in the LLC at any time during the year. Attach a California Schedule K-1 (568) for each of these members . . . . . ●		
<b>K</b> Is this LLC an investment partnership? See General Information O . . . . . ●	Yes	No
<b>L</b> Is this LLC apportioning income to California using Schedule R? . . . . . ●	Yes	No
<b>M</b> Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year? . . . . . ●	Yes	No
<b>O (1)</b> If this LLC (or any legal entity in which it holds a controlling or majority interest) owned or leased real property in California, was there a change in control or majority ownership of any one of them this year? . . . . . ●	Yes	No
<b>(2)</b> For this taxable year, did this LLC (or any legal entity in which it holds a controlling or majority interest) acquire control or majority ownership of any other legal entity that owned or leased real property in California? . . . . . ●	Yes	No
<b>(3)</b> If this LLC (or any legal entity in which it holds a controlling or majority interest) owned or leased real property in California, has more than 50% of the LLC ownership interest cumulatively transferred in one or more transactions since March 1, 1975? . . . . . ●	Yes	No
<b>(Penalties May Apply – See Instructions.)</b>		
<b>P (1)</b> Does the LLC have any foreign nonresident members? . . . . . ●	Yes	No
<b>(2)</b> Does the LLC have any nonresident members? . . . . . ●	Yes	No
<b>(3)</b> Were Form 592, Form 592-A, and Form 592-B filed for these members? . . . . . ●	Yes	No
<b>Q</b> Are any members in this LLC also LLCs or partnerships? . . . . .	Yes	No
<b>S</b> Is this LLC a member or partner in another LLC or partnership? . . . . .	Yes	No
<b>T</b> Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)? . . . . .	Yes	No
<b>U (1)</b> Is this LLC a business entity disregarded for tax purposes? . . . . . ●	Yes	No
<b>(2)</b> If “Yes,” see instructions and complete Side 1, Side 2 and Side 4. Are there credits or credit carryovers attributable to the disregarded entity? . . . . . ●	Yes	No
<b>V</b> Has the LLC included a Reportable Transaction, Listed Transaction, or Registered Tax Shelter within this return? (See Instructions for definitions). If “Yes,” complete and attach federal Form 8886 and/or Form 8271 for each transaction . . . . . ●	Yes	No
<b>W</b> Did this LLC file the Federal Schedule M-3 (federal Form 1065)? . . . . . ●	Yes	No
<b>X</b> Is this LLC a direct owner of an entity that filed a federal Schedule M-3? . . . . . ●	Yes	No
<b>Y</b> Does the LLC have a beneficial interest in a trust or is it a grantor of a Trust? . . . . . ●	Yes	No

Attach schedule of trusts and federal identification numbers.

**Schedule A Cost of Goods Sold**

1	Inventory at beginning of year	1		
2	Purchases less cost of items withdrawn for personal use	2		
3	Cost of labor	3		
4	Additional IRC Section 263A costs. Attach schedule	4		
5	Other costs. Attach schedule	5		
6	<b>Total.</b> Add line 1 through line 5	6		
7	Inventory at end of year	7		
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Schedule B, line 2	8		

9 a Check all methods used for valuing closing inventory:  
 (1)  Cost (2)  Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3)  Write down of "subnormal" goods as described in Treas. Reg. Section 1.471-2(c) (4)  Other. Specify method used and attach explanation \_\_\_\_\_  
 b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970   
 c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC?  Yes  No  
 d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation  Yes  No

**Schedule B Income and Deductions**

**Caution:** Include **only** trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales \$ _____ b Less returns and allowances \$ _____ c Balance ●	1c		
	2 Cost of goods sold (Schedule A, line 8)	2		
	3 GROSS PROFIT. Subtract line 2 from line 1c	3		
	4 Total ordinary income from other LLCs, partnerships, and fiduciaries. Attach schedule	4		
	5 Total ordinary loss from other LLCs, partnerships, and fiduciaries. Attach schedule	5		
	6 Total farm profit. Attach federal Schedule F (Form 1040)	6		
	7 Total farm loss. Attach federal Schedule F (Form 1040)	7		
	8 Total gains included on Schedule D-1, Part II, line 17 (gain only)	8		
	9 Total losses included on Schedule D-1, Part II, line 17 (loss only)	9		
	10 Other income. Attach schedule	10		
	11 Other loss. Attach schedule	11		
	12 <b>Total income (loss).</b> Combine line 3 through line 11	12		
Deductions	13 Salaries and wages (other than to members)	13		
	14 Guaranteed payments to members	14		
	15 Bad debts ●	15		
	16 Deductible interest expense not claimed elsewhere on return	16		
	17 a Depreciation and amortization. Attach form FTB 3885L \$ _____ b Less depreciation reported on Schedule A and elsewhere on return \$ _____ c Balance	17c		
	18 Depletion. Do not deduct oil and gas depletion	18		
	19 Retirement plans, etc.	19		
	20 Employee benefit programs	20		
	21 Other deductions. Attach schedule ●	21		
	22 <b>Total deductions.</b> Add line 13 through line 21	22		
	23 Ordinary income (loss) from trade or business activities. Subtract line 22 from line 12 ●	23		

**Schedule T Nonconsenting Nonresident Members' Tax Liability**

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Member's name	SSN, ITIN, or FEIN	Distributive share of income	Tax rate	Member's total tax due (see instructions)	Amount withheld by this LLC on this member – reported on Form 592-B	Member's net tax due

Total the amount of tax due. Enter the total here and on Side 1, line 4 \_\_\_\_\_  
 Attach additional sheets if necessary.

**Schedule K Members' Shares of Income, Deductions, Credits, Etc.**

		(a) Distributive share items	(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law			
Income (Loss)	1	Ordinary income (loss) from trade or business activities (Side 3, line 23) . . .	1	●				
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825	2					
	3	a	Gross income from other rental activities . . . . .	3a				
		b	Less expenses. Attach schedule . . . . .	3b				
		c	Net income (loss) from other rental activities. Subtract line 3b from line 3a . . . . .	3c		●		
	4	Portfolio income (loss). See instructions:						
		a	Interest income . . . . .	4a		●		
		b	Dividend income . . . . .	4b		●		
		c	Royalty income . . . . .	4c		●		
		d	Net capital gain (loss) (Schedule D (568)). . . . .	4d				
	Deductions	5	Guaranteed payments to members . . . . .	5		●		
6		a	Total Gain under IRC Section 1231 (other than due to casualty or theft)	6a	●			
		b	Total Loss under IRC Section 1231 (other than due to casualty or theft)	6b		●		
7		a	Total other income. Attach schedule . . . . .	7a				
		b	Total other loss. Attach schedule . . . . .	7b				
8		Charitable contributions. See instructions. Attach schedule . . . . .	8					
9		Expense deduction for recovery property (R&TC Sections 17267.2, 17268, and IRC Section 179). Attach schedule or worksheet for 179 deductions. . . . .	9					
10	Deductions related to portfolio income . . . . .	10						
11	Other deductions. Attach schedule . . . . .	11						
Investment Interest	12	a	Interest expense on investment debts . . . . .	12a	●			
		b	(1) Investment income included on lines 4a, 4b, 4c, and line 4e above. . . . .	12b(1)				
	(2) Investment expenses included on line 10 above. . . . .	12b(2)						
Credits	13	a	Withholding on LLC allocated to all members . . . . .	13a				
		b	Low-income housing credit . . . . .	13b				
		c	Credit(s) other than credits shown on line 13b related to rental real estate activities. Attach schedule . . . . .	13c				
		d	Credit(s) related to other rental activities. Attach schedule . . . . .	13d				
	14	Other credits. See instructions. Attach schedule . . . . .	14		●			
Adjustments and Tax Preference Items	15	a	Depreciation adjustment on property placed in service after 1986 . .	15a				
		b	Adjusted gain or loss . . . . .	15b				
		c	Depletion (other than oil and gas) . . . . .	15c				
		d	(1) Gross income from oil, gas, and geothermal properties. . . . .	15d(1)				
		(2) Deductions allocable to oil, gas, and geothermal properties. . . .	15d(2)					
		e	Other adjustments and tax preference items. Attach schedule. . . . .	15e				
Other	16	a	Total expenditures to which IRC Section 59(e) election may apply. Attach schedule . . . . .	16a				
		b	Type of expenditures _____ . . . . .	16b				
	17	Tax-exempt interest income . . . . .	17					
	18	Other tax-exempt income . . . . .	18		●			
	19	Nondeductible expenses . . . . .	19					
	20	Distributions of money (cash and marketable securities) . . . . .	20					
	21	Distribution of property other than money . . . . .	21					
22	Other items and amounts reported separately to members. See instructions. Attach schedule . . . . .	22						
Analysis	23	a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 7b. From the result, subtract the sum of lines 8 through 12a and 16a. . . . .	23	●			
b Analysis of members:		(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization	(e) Nominee/ Other	(f) LLC
Members			i. Active	ii. Passive				

**Schedule L Balance Sheets.** See the instructions for Schedule L, before completing Schedules L, M-1, and M-2.

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash				
2 a Trade notes and accounts receivable				
b Less allowance for bad debts	( )		( )	
3 Inventories				●
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets. Attach schedule				●
7 Mortgage and real estate loans				
8 Other investments. Attach schedule				●
9 a Buildings and other depreciable assets				
b Less accumulated depreciation	( )		( )	●
10 a Depletable assets				
b Less accumulated depletion	( )		( )	
11 Land (net of any amortization)				●
12 a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
13 Other assets. Attach schedule				●
14 Total assets				
<b>Liabilities and Capital</b>				
15 Accounts payable				●
16 Mortgages, notes, bonds payable in less than 1 year				●
17 Other current liabilities. Attach schedule				
18 All nonrecourse loans				●
19 Mortgages, notes, bonds payable in 1 year or more				●
20 Other liabilities. Attach schedule				●
21 Members' capital accounts				●
22 Total liabilities and capital				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.** Use total amount under California law.

If the partnership completed federal Schedule M-3 (federal Form 1065), see instructions.

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, line 1 through line 7. Itemize:	
2 Income included on Schedule K, line 1 through line 7, not recorded on books this year. Itemize: ●		a Tax-exempt interest \$ _____	●
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, line 1 through line 12a and line 16a, not charged against book income this year. Itemize:	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 12a and line 16a. Itemize:		a Depreciation \$ _____	●
a Depreciation \$ _____		8 Total of line 6 and line 7	
b Travel and entertainment \$ _____		9 Income (loss) (Schedule K, line 23a). Subtract line 8 from line 5.	
c Annual LLC tax \$ _____			
5 Total of line 1 through line 4			

**Schedule M-2 Analysis of Members' Capital Accounts.** Use California amounts.

1 Balance at beginning of year		6 Distributions: a Cash	●
2 Capital contributed during year ●		b Property	●
3 Net income (loss) per books		7 Other decreases. Itemize	●
4 Other increases. Itemize ●		8 Total of line 6 and line 7	
5 Total of line 1 through line 4		9 Balance at end of year. Subtract line 8 from line 5.	

**Schedule O Amounts from Liquidation used to Capitalize a Limited Liability Company.** (Complete only if initial return box is checked on Side 1, Question I.)

Name of entity liquidated (if more than one, attach a schedule)

Type of entity: ●  (1) C Corporation     (2) S Corporation     (3) Partnership     (4) Limited Partnership     (5) Sole Proprietor     (6) Farmer  
 Entity identification number(s) ● FEIN \_\_\_\_\_ ● SSN or ITIN \_\_\_\_\_ ● Corporation \_\_\_\_\_ ● SOS \_\_\_\_\_  
 Amount of liquidation gains recognized to capitalize the LLC ● \_\_\_\_\_