

Forms & Instructions

# California 540NR

## 2010 Nonresident or Part-Year Resident Booklet

**Members of the  
Franchise Tax Board**

John Chiang, Chair  
Betty T. Yee, Member  
Ana J. Matosantos, Member

COVER GRAPHICS OMITTED FOR DOWNLOADING SPEED

F  
R  
A  
N  
C  
H  
I  
S  
E  
  
T  
A  
X  
  
B  
O  
A  
R  
D

# Table of Contents

Important Due Dates . . . . .	2	<b>Schedule CA (540NR)</b> , California Adjustments -	
Do I Have to File? . . . . .	3	Nonresidents or Part-Year Residents . . . . .	35
What's New and Other Important Information for 2010 . . . . .	4	<b>Instructions for Schedule CA (540NR)</b> . . . . .	37
Which Form Should I Use? . . . . .	5	<b>Schedule D (540NR)</b> , California Capital Gain or	
How Nonresidents and Part-Year Residents are Taxed . . . . .	6	Loss Adjustment . . . . .	47
Additional Information . . . . .	7	Paying Your Taxes . . . . .	50
Frequently Asked Questions . . . . .	8	<b>FTB 3519</b> , Payment for Automatic Extension for Individuals . . . . .	51
<b>Instructions for Short Form 540NR</b> . . . . .	9	<b>FTB 3885A</b> , Depreciation and Amortization Adjustments . . . . .	53
<b>Short Form 540NR</b> , California Nonresident or		Voluntary Contribution Fund Descriptions . . . . .	55
Part-Year Resident Income Tax Return . . . . .	13	Credit Chart . . . . .	56
<b>Instructions for Long Form 540NR</b> . . . . .	15	Nonrefundable Renter's Credit Qualification Record . . . . .	57
<b>Long Form 540NR</b> , California Nonresident or		How To Get California Tax Information . . . . .	58
Part-Year Resident Income Tax Return . . . . .	25	Privacy Notice . . . . .	58
2010 California Tax Table . . . . .	29	Automated Phone Service . . . . .	59
2010 California Tax Rate Schedules . . . . .	34		

## Important Due Dates

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

April 15, 2011**	Last day to file and pay the 2010 amount you owe to avoid penalties and interest.* See form FTB 3519 on page 51 for more information. *If you are living or traveling outside the United States on April 15, 2011, the due dates for filing your tax return and paying your tax are different. See form FTB 3519 on page 51 for more information. ** Due to the federal Emancipation Day holiday on April 15, 2011, tax returns filed and payments received on April 18, 2011, will be considered timely.
October 17, 2011	Last day to file or e-file your 2010 tax return to avoid penalties and interest computed from the original due date of April 15, 2011.
April 15, 2011* June 15, 2011 September 15, 2011 January 17, 2012	Due dates for 2011 estimated tax payments. Generally, you do not have to make estimated tax payments if your California withholding in each payment period totals 90% 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 tax return under \$500 (\$250 if married/registered domestic partner (RDP) filing separately). However, if you do not pay enough tax either through withholding or by making estimated tax payments, you may have an underpayment of estimated tax penalty. For more information call 800.338.0505, select personal income tax, then select frequently asked questions, and enter code 208. *Due to the federal Emancipation Day holiday on April 15, 2011, tax returns filed and payments received on April 18, 2011, will be considered timely.

### \$\$\$ for You

**Earned Income Tax Credit (EITC)** – EITC reduces your federal tax obligation, or allows a refund if no federal tax is due. You may qualify if:

- You earned less than \$43,352 (\$48,362 if married filing jointly) and you have qualifying children.
- You have no qualifying children and you earned less than \$13,460 (\$18,470 if married filing jointly).

Call the IRS at 800.829.4477, when instructed enter topic 601, see the federal income tax booklet, or go to the IRS website at [irs.gov](http://irs.gov) and search for **eitc assistant**. Currently, no comparable state credit exists.

**Refund of Excess State Disability Insurance (SDI)** – If you worked for at least two employers during 2010 who together paid you more than \$93,316 in wages, you may qualify for a refund of excess SDI. See the instructions on page 21.

### Common Errors and How to Prevent Them

Help us process your tax return quickly and accurately. When we find an error, it requires us to stop to verify the information on the tax return, which slows processing. The most common errors consist of:

- Claiming the wrong amount of estimated tax payments
- Claiming the wrong amount of standard deduction or itemized deductions
- Making tax computation errors
- Calculating the wrong amount of total credits

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

#### Claiming estimated tax payments:

- Verify the amount of estimated tax payments claimed on your tax return matches what you sent to the Franchise Tax Board (FTB) for that year. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account** to view your total estimated tax payments before you file your tax return.
- Verify the overpayment amount from your 2009 tax return you requested to be applied to your 2010 estimated tax.
- If the FTB records do not match the amount of estimated tax payments claimed, a "Return Information Notice" will be sent explaining the difference.

#### Claiming standard deduction or itemized deductions:

- See Form 540NR, line 18 instructions and worksheets for the amount of standard deduction or itemized deductions you can claim.

#### Computing your tax:

- Verify the total tax amount on Form 540NR, line 74 is calculated correctly.
- Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **tax calculator** to compute your tax with the tax calculator or with the tax tables.
- Locate the correct tax amount from the tax table (page 29) and transfer it to your tax return correctly.
- Verify any affected schedule to ensure that the total tax amount is correctly transferred over.

#### Calculating total credits:

- Verify the total credits on Long Form 540NR, line 63 to ensure the amount is calculated correctly.

By using the helpful hints above, you assist in preventing delays in processing your tax return and unnecessary account adjustments.

# Do I Have to File?

## Steps to Determine Filing Requirement

If you are a nonresident of California and received income in 2010 with sources in California, go to Step 1. For more details see page 6.

**Step 1:** Is your gross income (gross income is computed under California law and consists of all income you received from all sources in the form of money, goods, property, and services, that is not exempt from tax) 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 (adjusted gross income is computed under California law and consists of your federal adjusted gross income from all sources, reduced or increased by all California income adjustments) 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, go to Step 3.

**Step 3:** If your income is less than the amounts on the chart you may still have a filing requirement. See "Requirements for Children with Investment Income" and "Other Situations When You Must File" on this page. Do those instructions apply to you? If yes, you have a filing requirement. If no, go to step 4.

**Step 4:** Are you married/registered domestic partner (RDP) filing separately with separate property income? If no, you do not have a filing requirement. If yes, prepare a tax return. If you owe tax, you have a filing requirement.

Active duty military personnel, get FTB Pub. 1032, Tax Information for Military Personnel.

On 12/31/10, my filing status was:	and on 12/31/10, my age was: (If your 65th birthday is on January 1, 2011, you are considered to be age 65 on December 31, 2010)	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household	Under 65 65 or older	14,754 19,704	18,054 22,179	20,529 24,159	11,803 16,753	15,103 19,228	17,578 21,208
Married/RDP filing jointly Married/RDP filing separately (The income of both spouses/RDPs must be combined; both spouses/RDPs may be required to file a tax return even if only one spouse/RDP had income over the amounts listed.)	Under 65 (both spouses/RDPs) 65 or older (one spouse/RDP) 65 or older (both spouses/RDPs)	29,508 34,458 39,408	32,808 36,933 41,883	35,283 38,913 43,863	23,607 28,557 33,507	26,907 31,032 35,982	29,382 33,012 37,962
Qualifying widow(er)	Under 65 65 or older		18,054 22,179	20,529 24,159		15,103 19,228	17,578 21,208
Dependent of another person Any filing status	Any age	More than your standard deduction (Use the California Standard Deduction Worksheet for Dependents on page 17 to figure your standard deduction.)					

## Requirements for Children with Investment Income

For taxable years beginning on or after January 1, 2010, California law conforms to federal law which allows parents' election to report a child's interest and dividend income from children under age 19 or a student under age 24 on their tax return. For each child under age 19 and student under age 24 who received more than \$1,900 of investment income in 2010, complete Long Form 540NR and form FTB 3800, Tax Computation for Certain Children with Investment Income, to figure the tax on a separate Long Form 540NR for your child.

If you qualify, you may elect to report your child's income of \$9,500 or less (but not less than \$950) 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 page 59 or go to [ftb.ca.gov](http://ftb.ca.gov).

## Other Situations When You Must File

If you have a tax liability for 2010 or owe any of the following taxes for 2010, you must file Long Form 540NR.

- 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 19 or a student under age 24 who have investment income greater than \$1,900 (see paragraph above).
- Alternative minimum tax.
- Recapture taxes.
- Deferred tax on certain installment obligations.
- Tax on an accumulation distribution from a trust.

## Filing Status

Use the same filing status for California that you used for your federal income tax return, unless you are in a same-sex marriage or a registered domestic partnership (RDP). If you are a same-sex married individual or an RDP and file single for federal, you must file married/RDP filing jointly or married/RDP filing separately for California. If you are a same-sex married individual or an RDP and file head of household for federal, you may file head of household for California only if you meet the requirements to be considered not in a domestic partnership.

**Exception:** If you file a joint tax 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 2010.
- A nonresident for the entire year and had no income from California sources during 2010.

**Community Property States:** If the spouse earning the California source income is domiciled in a community property state, community income will be split equally between the spouses. Both spouses will have California source income and they will not qualify for the nonresident spouse exception.

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.

### Single

You are single if **any** of the following is true on December 31, 2010:

- You were never married or an RDP.
- You were divorced under a final decree of divorce, legally separated under a final decree of legal separation, or terminated your registered domestic partnership.
- You were widowed before January 1, 2010, and did not remarry or enter into another registered domestic partnership in 2010.

### Married/RDP Filing Jointly

You may file married/RDP filing jointly if **any** of the following is true:

- You were married or an RDP as of December 31, 2010, even if you did not live with your spouse/RDP at the end of 2010.
- Your spouse/RDP died in 2010 and you did not remarry or enter another registered domestic partnership in 2010.
- Your spouse/RDP died in 2011 before you filed a 2010 return.

### Married/RDP Filing Separately

- Community property rules apply to the division of income if you use the married/RDP filing separately status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, FTB Pub. 737, Tax Information for Registered Domestic Partners, FTB Pub. 776, Tax Information for Same-Sex Married Couples, FTB Pub. 1051A, Guidelines for Married/RDP Filing Separate Returns, or FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on page 59.
- You cannot claim a personal exemption credit for your spouse/RDP even if your spouse/RDP had no income, is not filing a tax return, and is not claimed as a dependent on another person's tax 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/RDP during the entire last six months of 2010.

### Head of Household

For the specific requirements that must be met to qualify for head of household filing status, get FTB Pub. 1540, California Head of Household Filing Status. In general, head of household filing status is for unmarried individuals and certain married individuals or RDPs living apart who provide a home for a specified relative. You may be entitled to use head of household filing status if all of the following apply:

- You were unmarried and not in a registered domestic partnership, or you met the requirements to be considered unmarried or considered not in a registered domestic partnership on December 31, 2010.
- You paid more than one-half the cost of keeping up your home for the year in 2010.
- For more than half the year, your home was the main home for you and one of the specified relatives who by law can qualify you for head of household filing status.
- You were not a nonresident alien at any time during the year.

For a child to qualify as your foster child for head of household purposes, the child must either be placed with you by an authorized placement agency or by order of a court.

(continued on next page)

# Do I Have to File? *(continued)*

For more information, get FTB Pub. 1540 at [ftb.ca.gov](http://ftb.ca.gov) or see code **934** on page 59 to order FTB Pub. 1540 by telephone.

## Qualifying Widow(er) with Dependent Child

Fill in the circle on Long or Short Form 540NR, line 5 and use the joint tax return tax rates for 2010 if **all five** of the following apply:

- Your spouse/RDP died in 2008 or 2009 and you did not remarry or enter into another registered domestic partnership in 2010.

- You have a child, stepchild, adopted child, or foster child whom you claim as a dependent.
- This child lived in your home for all of 2010. Temporary absences, such as for vacation or school, count as time lived in the home.
- You paid over half the cost of keeping up your home for this child.
- You could have filed a joint tax return with your spouse/RDP the year he or she died, even if you actually did not do so.

# What's New and Other Important Information for 2010

## Differences between California and Federal Law

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for conformity. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

**Conformity** – For updates regarding the following federal acts, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**.

- Health Care and Education Reconciliation Act of 2010
- Patient Protection and Affordable Care Act
- Small Business Jobs Act of 2010

## 2010 Tax Law Changes/What's New

**Net Operating Loss** – For taxable years beginning in 2010 and 2011, California suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover NOLs during the suspension period. However, taxpayers with modified adjusted gross income of less than \$300,000 or with disaster loss carryovers are not affected by the NOL suspension rules.

Also, California modified the NOL carryback provision. For more information, see form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts.

**Mortgage Forgiveness Debt Relief Extended** – California law conforms, with modifications, to federal mortgage forgiveness debt relief for discharges occurring on or after January 1, 2009. Federal law limits the amount of qualified principal residence indebtedness to \$2,000,000 (\$1,000,000 for married filing separate). See federal Publication 544, Sales and Other Disposition of Assets, and Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments, for more information. California law limits the amount of qualified principal residence indebtedness to \$800,000 (\$400,000 for married/RDP filing separate) and debt relief to \$500,000 (\$250,000 for married/RDP filing separate).

**Hokie Spirit Memorial Fund Exclusion** – California law conforms to federal law to exclude from income any amount received from the Hokie Spirit Memorial Fund for the events at Virginia Polytechnic Institute and State University on April 16 2007.

**Income Exclusion of Federal Energy Grants** – California law conforms to federal law to exclude from income any federal energy grants provided in lieu of federal energy credits.

**Charitable Contributions for 2010 Haiti Earthquake Disaster** – California law conforms to federal law which allows a 2009 charitable contribution deduction for cash contributions made after January 11, 2010, and before March 1, 2010, for the relief of victims in areas affected by the earthquake in Haiti on January 12, 2010.

**Tax Computation for Certain Children with Investment Income** – For taxable years beginning on or after January 1, 2010, California conforms to the provision of the Small Business and Work Opportunity Tax Act of 2007 which increased the age of children to 18 and under or a student under age 24 for elections made by parents reporting their child's interest and dividends.

**Income Exclusion for In-Home Supportive Services (IHSS) Supplementary Payments** – For taxable years beginning on or after January 1, 2010, California law allows an exclusion from gross income for IHSS supplementary payments received by IHSS providers.

**New Home/First-Time Buyer Credit** – To claim the New Home/First-Time Buyer Credit of 2010 you must have received a Certificate of Allocation from the FTB. The credits were available if you purchased a qualified principal residence on or after May 1, 2010, and on or before December 31, 2010. Additionally, the New Home Credit is available if you purchase a qualified principal residence on or after January 1, 2011, and before August 1, 2011, pursuant to an enforceable contract executed on or before December 31, 2010. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **home credit** or get FTB Pub. 3549, New Home/First-Time Buyer Credit.

**Backup Withholding** – Beginning on or after January 1, 2010, with certain limited exceptions, payers that are required to withhold and remit backup withholding to the Internal Revenue Service (IRS) are also required to withhold and remit to the Franchise Tax Board (FTB). The California backup withholding rate is 7% of the payment. For California purposes, dividends, interests, and any financial institutions' release of loan funds made in the normal course of business are exempt from backup withholding.

If the payee has backup withholding, the payee must contact the FTB to provide a valid Taxpayer Identification Number, which is either the social security number (SSN) or the individual taxpayer identification number (ITIN), before filing the tax return. Failure to provide the SSN or ITIN may result in a denial of the backup withholding credit. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **backup withholding**.

**Natural Heritage Preservation Credit** – The funding for the Natural Heritage Preservation Credit is available beginning January 1, 2010, until June 30, 2015.

**Same-Sex Marriages Outside the State of California** – On October 11, 2009, the Governor signed Senate Bill 54, which provides that a marriage between two persons who have entered into a same-sex marriage outside the State of California prior to November 5, 2008, that was valid by the laws of the jurisdiction in which the marriage was contracted, is valid in California. The bill also provides that a marriage between two persons who have entered into a same-sex marriage outside the State of California on or after November 5, 2008, that was valid by the laws of the jurisdiction in which the marriage was contracted have the same rights and responsibilities as spouses with the sole exception of the designation of "marriage."

Consequently, beginning in taxable year 2010, persons who have entered into a same-sex marriage outside the State of California that is valid according to the laws of the jurisdiction in which the marriage was contracted must file their California income tax return using either the joint or separate filing status. For more information, get FTB Pub. 776, Tax Information for Same-Sex Married Couples, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **same sex married couples**.

**Voluntary Contributions** – For taxable years beginning on or after January 1, 2010, you may contribute to the following new funds:

- Arts Council Fund
- CA Police Activities League (CALPAL) Fund
- CA Veterans Homes Fund
- Safely Surrendered Baby Fund

**San Bruno Explosion and Fire 2010** – For tax treatment information for victims of the explosion and fire in San Bruno county that occurred on September 9, 2010, get FTB Pub. 1034, Disaster Loss How to Claim a State Tax Deduction.

**Kern Wildfires 2010** – For tax treatment information for victims of wildfires in Kern county that occurred in July 2010, get FTB Pub. 1034.

**Baja California (Imperial County) Earthquake 2010** – For tax treatment information for victims of the earthquake in Imperial county that occurred on April 4, 2010, get FTB Pub. 1034.

**California Winter Storms 2010** – For tax treatment information for victims of winter storms in Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou counties that occurred from January 17, 2010, to February 6, 2010, get FTB Pub. 1034.

**Humboldt Earthquake 2010** – For tax treatment information for victims of the earthquake in Humboldt county that occurred on January 9, 2010, get FTB Pub. 1034.

**California Wildfires 2009** – For tax treatment information for victims of wildfires in Los Angeles, Monterey, and Placer counties that occurred in August 2009, get FTB Pub. 1034.

## Other Important Information

**Mandatory Electronic Payments** – You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original tax return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009. Once you meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals who do not send the payment electronically may be subject to a one percent noncompliance penalty.

*(continued on page 6)*

# Which Form Should I Use?

**Were you and your spouse/RDP California residents during the entire year 2010?**

**No.** Check the chart below to see which form to use.

**Yes.** Use Form 540, 540A, or 540 2EZ. To download or order the Form 540/540A Personal Income Tax Booklet or the Form 540 2EZ Personal Income Tax Booklet, go to [ftb.ca.gov](http://ftb.ca.gov) or see page 58, "Where to Get Income Tax Forms and Publications."

	<b>Short Form 540NR</b>	<b>Long Form 540NR</b>
<b>Filing Status</b>	Single, married/RDP filing jointly, head of household, qualifying widow(er)	Any filing status
<b>Dependents</b>	0-5 allowed	All dependents you are entitled to claim
<b>Amount of Income</b>	Total income of \$100,000 or less	Any amount of income
<b>Sources of Income</b>	Only income from: <ul style="list-style-type: none"> <li>• Wages, salaries, tips</li> <li>• Taxable interest</li> <li>• Unemployment compensation</li> <li>• Paid Family Leave Insurance</li> </ul> California <b>does not</b> tax unemployment compensation	All sources of income
<b>California Adjustments to Income</b>	<ul style="list-style-type: none"> <li>• Unemployment compensation</li> <li>• Military pay adjustment (R&amp;TC Section 17140.5)</li> <li>• Paid Family Leave Insurance</li> </ul>	All adjustments to income
<b>Standard Deduction</b>	Allowed	Allowed
<b>Itemized Deductions</b>	No itemized deductions	All itemized deductions
<b>Payments</b>	Only withholding on Form(s) W-2 and 1099's showing California tax withheld	<ul style="list-style-type: none"> <li>• Withholding from all sources</li> <li>• Estimated tax payments</li> <li>• Payments made with extension</li> <li>• Excess state disability insurance (SDI) or voluntary plan disability insurance (VPDI)</li> </ul>
<b>Tax Credits</b>	<ul style="list-style-type: none"> <li>• Personal exemption credits</li> <li>• Blind exemption credit</li> <li>• Up to 5 dependent exemption credits</li> <li>• Nonrefundable renter's credit</li> </ul>	All tax credits
<b>Other Taxes</b>	Taxes computed using only the tax table	All taxes

# What's New and Other Important Information for 2010 *(continued from page 4)*

You can request a waiver from mandatory e-pay if one or more of the following is true:

- You have not made an estimated tax or extension payment in excess of \$20,000 during the current or previous taxable year.
- Your total tax liability reported for the previous taxable year did not exceed \$80,000.
- The amount you paid is not representative of your total tax liability.

Electronic payments can be made using Web Pay on FTB's website, electronic funds withdrawal (EFW) as part of the e-file tax return, or your credit card. For more information or to obtain the waiver form, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-pay**.

**Estimated Tax Payments** – Installments due for each taxable year beginning on or after January 1, 2010, shall be 30% of the required annual payment for the 1st required installment, 40% of the required annual payment for the 2nd required installment, no installment is due for the 3rd required installment, and 30% of the required annual payment for the 4th required installment.

Taxpayers with a tax liability less than \$500 (\$250 for married/RDP filing separately) do not need to make estimated tax payments.

**Registered Domestic Partners (RDP)** – Under California law, RDPs must file their California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you entered into a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, you are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

**Same-Sex Married Couples** – Married couples must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. Same-sex couple marriages performed in California after 5:00 pm on June 16, 2008, and before November 5, 2008, are valid marriages for California purposes.

Beginning in taxable year 2010, persons who have entered into a same-sex marriage outside the State of California that is valid according to the laws of the jurisdiction in which the marriage was contracted must file their California income

tax return using either the joint or separate filing status. For more information, get FTB Pub 776, Tax Information for Same-Sex Married Couples, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **same sex married couples**.

**Direct Deposit Refund** – You can request a direct deposit refund on your tax return whether you e-file or file a paper tax return. Please be sure to fill in the routing and account numbers carefully and double-check the numbers for accuracy to avoid it being rejected by your bank.

**Group Nonresident Returns (also known as Composite Returns)** – For taxable years beginning on or after January 1, 2009:

- Group nonresident returns may include less than two nonresident individuals.
- Nonresident individuals with more than \$1,000,000 of California taxable income are eligible to be included in group nonresident returns. An additional 1% tax will be assessed on their entire California taxable income if they elect to be part of the group return.

See FTB Pub. 1067, Guidelines for Filing a Group Form 540NR, for more information.

**Withholding on California Real Estate** – For transactions occurring on or after January 1, 2007, that require withholding, a seller of California real estate may elect an alternative to withholding 3 1/3 % (.0333) of the total sales price. The seller may elect an alternative withholding amount based on the maximum tax rate for individuals, corporations, or banks and financial corporations, as applied to the gain on the sale. The seller is required to certify under penalty of perjury the alternative withholding amount to the FTB. For installment sales occurring on or after January 1, 2009, the buyer is required to withhold on each installment sale payment if the sale of California real property is structured as an installment sale.

**Tax Shelter** – If the individual was involved in a reportable transaction, including a listed transaction, the individual may have a disclosure requirement. Attach federal Form 8886, Reportable Transaction Disclosure Statement, to the back of the California tax return along with any other supporting schedules. If this is the first time the reportable transaction is disclosed on the tax return, send a duplicate copy of the federal Form 8886 to the address below. The FTB may impose penalties if the individual fails to file federal Form 8886 or fails to provide any other required information. A material advisor is required to provide a reportable transaction number to all taxpayers and material advisors for whom the material advisor acts as a material advisor.

ATSU 398 MS F385  
FRANCHISE TAX BOARD  
PO BOX 1673  
SACRAMENTO CA 95812-1673

For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **tax shelters**.

## How Nonresidents and Part-Year Residents Are Taxed

### General Information

Nonresidents of California who received California sourced income in 2010, or moved into or out of California in 2010, file either the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. California taxes all income received while you resided in California and the income you received from California sources while a nonresident. See page 5 "Which Form Should I Use?" to determine which form to use (Long or Short Form 540NR).

If you file the Long Form 540NR, use Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents, column A through column D to compute your total adjusted gross income as if you were a resident of California for the entire year. Use column E to compute all items of total adjusted gross income you received while a resident of California and those you received from California sources while a nonresident. You determine your California tax by multiplying your California taxable income by an effective tax rate. The effective tax rate is the tax on total taxable income, taken from the tax table, divided by total taxable income. You may also qualify for California tax credits, which reduces the amount of California tax you owe.

If you file the Short Form 540NR, use line 13, line 14, and line 17 to compute your total adjusted gross income as if you were a resident of California for the entire year. Use line 32 to compute all items of total adjusted gross income you received while a resident of California and those you received from California sources while a nonresident.

If you were a resident of California for all of 2010 get a California Resident Personal Income Tax Booklet and file Form 540, California Resident Income Tax Return, Form 540A, California Resident Income Tax Return; or Form 540 2EZ, California Resident Income Tax Return.

For more information on the taxation of nonresidents and part-year residents, get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.

### Pension Income of Retirees Who Move to Another State

#### Nonresidents of California Receiving a California Pension

California does not impose tax on retirement income attributable to services performed in California received by a nonresident after December 31, 1995.

#### California Residents Receiving an Out-of-State Pension

In general California residents are taxed on all income, including income from sources outside California. Therefore, a pension attributable to services performed outside California but received after you become a California resident is taxable.

For more information about pensions, get FTB Pub. 1005, Pension and Annuity Guidelines. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where to Get Income Tax Forms and Publications" on page 58.

### Temporary and Transitory Absences from California

If you are domiciled in California and you worked outside of California for an uninterrupted period of at least 546 consecutive days under an employment contract, you are considered a nonresident. This provision also applies to the spouse/RDP who accompanies the employed individual during those 546 consecutive days. However, you will not qualify under this provision if you are present in California for a total of more than 45 days during any taxable year covered by the contract, or if you have income from stocks, bonds, notes, or other intangible property in excess of \$200,000 for any taxable year covered by the contract. For more information, get FTB Pub. 1031. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.

### Group Nonresident Return

Nonresident partners, nonresident members, and nonresident shareholders of a partnership, limited liability company (LLC), or S corporation that does business in California or has income from California sources may elect to file a group nonresident return on the Long Form 540NR. For more information get FTB

*(continued on page 7)*

# How Nonresidents and Part-Year Residents Are Taxed *(continued from page 6)*

Pub. 1067, Guidelines for Filing a Group Form 540NR. This publication includes form FTB 1067A, Nonresident Group Return Schedule, which must be attached to the front of the group Long Form 540NR. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where to Get Income Tax Forms and Publications" on page 58.

## Military Servicemembers

Active duty military servicemembers refer to FTB Pub. 1032, Tax Information for Military Personnel. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where to Get Income Tax Forms and Publications" on page 58.

## Additional Information

### California Sales And Use Tax

In general, the purchase of goods outside California that are brought into the state for storage, use, or other consumption may be subject to use tax. The use tax rate is the same as the sales tax rate in effect where the goods will be stored, used, or consumed; usually your residence address. The tax is based on the purchase price of the goods.

- If you purchased goods from an out-of-state retailer (such as a mail order firm) and sales tax would have been charged if you purchased the goods in California, you may owe the use tax on your purchase if the out-of-state retailer did not collect the California tax.
- If you traveled to a foreign country and brought goods home with you, the use tax will be based on the purchase price of the goods you listed on your U.S. Customs Declaration after deduction of the \$800 per individual exemption allowable by law within any 30-day period. This deduction does not apply to goods sent or shipped to California by common carrier.

Your tax liability may be calculated by multiplying the use tax rate at your residence by the cost of the goods purchased. Send your payment to the STATE BOARD OF EQUALIZATION, PO BOX 942879, SACRAMENTO CA 94279-0001, with a brief statement listing your name, address, daytime telephone number, cost, and description of the goods purchased. The Board of Equalization Pamphlet 79-B contains additional information and a form you may use to report the tax. An electronic version of this pamphlet may be found on the Board of Equalization's website at [boe.ca.gov/pdf/pub79b.pdf](http://boe.ca.gov/pdf/pub79b.pdf).

If you file a Schedule C (Form 1040), Profit or Loss From Business, with your federal income tax return and are in the business of selling tangible personal property, you may be required to obtain a seller's permit with the State Board of Equalization. If you do not sell tangible personal property, but you have at least \$100,000 in business gross receipts, you may be required to register with the State Board of Equalization to report use tax.

If you have any questions concerning the taxability of a purchase, or want information about obtaining a seller's permit, or registering to report use tax, go to the State Board of Equalization's website at [boe.ca.gov](http://boe.ca.gov) or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929.

### Collection Fees

The FTB is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

### Deceased Taxpayers

A final tax return must be filed for a person who died in 2010 if a tax return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the tax return. Please print "deceased" and the date of death next to the taxpayer's name at the top of the tax return.

If you are a surviving spouse/RDP and no administrator or executor has been appointed, file a joint tax return if you did not remarry or entered into another registered domestic partnership during 2010. Indicate next to your signature that you are the surviving spouse/RDP.

You may also file a joint tax return with an administrator or executor acting on behalf of the deceased taxpayer.

If you file a tax 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, 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 tax return and claim a refund due.

### Innocent Joint Filer Relief

If you file a joint tax return, both you and your spouse/RDP are generally responsible for paying the tax and any interest or penalties due on the tax return. However, you may qualify for relief of payment on all or part of the balance as an innocent joint filer. For more information, get FTB Pub. 705, Innocent Joint Filer - Relief From Paying California Income Taxes, at [ftb.ca.gov](http://ftb.ca.gov) or call 916.845.7072, Monday - Friday between 8 a.m. to 5 p.m., except holidays.

Servicemembers domiciled outside of California, and their spouses/RDPs, 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. Beginning 2009, the federal Military Spouses Residency Relief Act may affect the California income tax filing requirements for spouses of military personnel.

### Registered Domestic Partners

If you are an RDP and need more information on how to file your tax return, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

### 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. To obtain a copy of your tax return, write a letter or complete form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, a \$20 fee is charged for each taxable year you request. However, no charge applies for victims of a designated California or federal disaster, or you request copies from a field office that assisted you in completing your tax return. See "Order Forms and Publications" on page 59.

### Mello-Roos

You cannot deduct Mello-Roos taxes if they are assessed to fund local benefits and improvements that tend to increase the value of your property. Mello-Roos taxes may appear on your annual county property tax bill with other deductible property taxes. That does not mean you can deduct the Mello-Roos taxes. You may only be able to deduct a portion of the total property tax shown on your bill.

For more information you can:

- Contact your Mello-Roos District.
- Get federal Publication 17, Your Federal Income Taxes – Individuals, Chapter 22.

### Vehicle License Fees for Federal Schedule A

On your federal Schedule A (Form 1040), 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.
- 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. If you need to get a Voter Registration Card, call the California Secretary of State's office voter hotline at 800.345.VOTE or go to [sos.ca.gov](http://sos.ca.gov)

**It's Your Right . . . Register and Vote**

### If You File Electronically

If you e-file your tax return, make sure all the amounts entered on the paper copy of your California tax return are correct before you sign form FTB 8453, California e-file Return Authorization for Individuals, or form FTB 8879, California e-file Signature Authorization for Individuals. If you are requesting direct deposit of a refund, make sure that your account and routing information is correct. Your tax return can be transmitted to the FTB by your preparer or e-file service only after you sign form FTB 8453 or FTB 8879. The preparer or e-file service must provide you with:

- A copy of form FTB 8453 or FTB 8879.
- Any original Form(s) W-2, 592-B, 593, 1099-G, and any other Form(s) 1099 that you provided.
- A paper copy of your California tax return showing the data transmitted to the FTB.

You cannot retransmit an e-filed tax return once we've accepted the original. You can correct an error only by completing a Form 540X, Amended Individual Income Tax Return, and mailing the paper copy to us. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.

# Frequently Asked Questions

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

## 1. What if I can't file by April 15, 2011, and I think I owe tax?

You must pay 100% of the amount you owe by April 15, 2011, 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 for Automatic Extension for Individuals, on page 51. Mail it to the FTB with your payment by April 15, 2011, or pay online at [ftb.ca.gov](http://ftb.ca.gov). Then, when you receive all your Form(s) W-2, complete and mail your tax return by October 17, 2011, (you must use Long Form 540NR).

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



204

If not all your Forms W-2 were received by January 31, 2011, contact your employer. Only an employer issues or corrects a Form W-2. For more information, call 800.338.0505, select "Personal Income Tax," then "Frequently Asked Questions," and enter code **204** when instructed.

If you cannot get a copy of your Form(s) W-2, complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099, Distributions from Pensions, Annuities, Retirement, or Profit Sharing Plans, IRAs, Insurance Contracts, etc. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58. For online wage and withholding information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account**.

## 3. How can I get help?

Throughout California more than 1,200 sites provide trained volunteers offering free help during the tax filing season to persons who file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **vita** to find a list of participating locations or 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 2010 tax return?

Pay as much as possible when you file your tax return. If unable to pay your tax in full with your tax return, make a request for monthly payments. However, interest accrues and an underpayment penalty may be charged on the tax not paid by April 15, 2011, even if your request for monthly payments 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 tax return.**

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



949

To order this form, go to [ftb.ca.gov](http://ftb.ca.gov) or call 800.338.0505, select "Personal Income Tax," then select "Forms and Publications," and enter code **949** when instructed.



610

For information on how to pay by credit card, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **credit card**, or call 800.338.0505, select "Personal Income Tax," then select "Frequently Asked Questions," and enter code **610** when instructed.

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

If you e-file, you get the fastest possible refund. Your refund check is mailed within seven to ten calendar days (or if you request direct deposit, the refund posts to your checking or savings account within five to seven banking days) from the time the FTB receives your electronic return. For more information about e-file, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **efile**, or call 800.338.0505, select "Personal Income Tax," then select "Frequently Asked Questions" and enter code **112** when instructed.



112

If you do not e-file your tax return, you will receive your refund check within six to eight weeks after you file your tax return. If you request direct deposit, the refund posts to your account within six to eight weeks after you file your tax return.

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

Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **refund status**. You will need your social security number (SSN) or individual taxpayer identification number (ITIN) and the refund amount from your tax return.

You can also call our automated phone service. See page 59.

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

If you discover an error on your California income tax return, after you filed it (paper or e-file), use Form 540X, Amended Individual Income Tax Return, to correct your return. Get Form 540X at [ftb.ca.gov](http://ftb.ca.gov) or call 800.338.0505 and enter code **908**. You cannot e-file an amended tax return.

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

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

ATTN RAR/VOL MS F310  
FRANCHISE TAX BOARD  
PO BOX 1998  
RANCHO CORDOVA CA 95741-1998

or Fax the information to 916.843.2269.

If you have any questions relating to the IRS audit adjustments, call 916.845.4028.

For general tax information or questions, call 800.852.5711.

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. Go to [ftb.ca.gov](http://ftb.ca.gov) or see "Order Forms and Publications" on page 59.

File Form 540X only if the change affected your California tax liability.

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

Requests for information from you regarding your California income tax return usually occurs within the California statute of limitations period, which is usually the later of four years from the due date of the tax return or four years from the file date of the tax return. (**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 tax 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 needed to figure the basis of the property or records needed to verify carryover losses (e.g., net operating losses, capital losses, passive losses, casualty losses, etc.).

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

Notify the FTB of your new address by using form FTB 3533, Change of Address. This form is available at [ftb.ca.gov](http://ftb.ca.gov). You may also go to [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account** or call 800.852.5711, select "Personal Income Tax," then select option 6 to report a change of address. If you change your address online or by phone, you do not need to file form FTB 3533.

After filing your tax return, 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 tax return.

## 11. Are all domestic partners required to file joint or separate tax returns under the new law?

No, only domestic partners who are registered with the California Secretary of State are required to file using the married/RDP filing jointly or married/RDP filing separately filing status.



# 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, 2009**, 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 15, 2011. Due to the federal Emancipation Day holiday on April 15, 2011, tax returns filed and payments received on April 18, 2011, will be considered timely. If unable to mail your return by the due date, see page 2 for information.

To get forms and publications referred to in these instructions, go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.

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 refundable Child and Dependent Care Expenses Credit.



You may qualify for the federal earned income tax credit. See page 2 for more information. No comparable state credit exists.

**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 address, in black or blue ink, in the spaces provided at the top of Short Form 540NR.

### Private Mail Box (PMB)

Include the PMB in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

### 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.

### Date of Birth (DOB)

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

### Prior Name

If you or your spouse/RDP filed your 2009 tax return under a different name, write the last name **only** from the 2009 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 fill in the circle 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 filling in all circles 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, 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](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.

## Exemptions

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

### Line 6 – Can be Claimed as Dependent

Fill in the circle 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 fill in the circle 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, write each dependent's name 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.

**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” on page 11.

**Line 18 – California Standard Deduction**

Did you fill in the circle on line 6? If yes, use the California Standard Deduction Worksheet for Dependents on page 17 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](http://ftb.ca.gov) and search for **e file**.

**Line 31 – Tax on Total Taxable Income**

Figure the tax on the amount on line 19 (see California tax table that begins on page 29). 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](http://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 2010, you may be eligible for a credit to reduce your tax. See page 57 to find out if you qualify.

**Child and Dependent Care Credit** – You may be eligible for the California refundable child and dependent care expenses credit. If you qualify for the credit, file the Long Form 540NR. See page 21, line 85 through line 88 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” on page 11.

**Contributions**

You can make contributions to the funds listed on Short Form 540NR, Side 2. For a description of the funds, see page 55.

**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.

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” on page 50. **Do not send cash.** Write your SSN or ITIN and “2010 Short Form 540NR” on the check or money order. 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. Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

**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 2, 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.

**Sign Your Tax Return**

Sign your tax return in the designated space on Side 2. 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” on page 7.

**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 2 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). If the preparer does not have a PTIN, that person must provide a social security number (SSN). 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 2010 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, get form FTB 3520, Power of Attorney Declaration for the Franchise Tax Board.

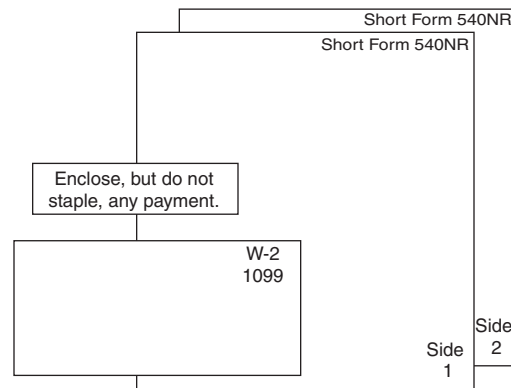
The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2011 tax return. This is April 16, 2012, for most people. If you wish to revoke the authorization before it ends, notify us by telephone at 800.852.5711 or by writing to Franchise Tax Board, 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 2010 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, get form FTB 1144, Power of Attorney Pamphlet, and form FTB 3520, Power of Attorney Declaration, at [ftb.ca.gov](http://ftb.ca.gov) or see “Where To Get Income Tax Forms and Publications” on page 58.

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

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0002

**If you owe**, mail your tax return to:

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0001



# California Nonresident or Part-Year Resident Income Tax Return 2010

Your first name	Initial	Last name	Your SSN or ITIN	P AC A R RP
If joint return, spouse's/RDP's first name	Initial	Last name	Spouse's/RDP's SSN or ITIN	
Address (number and street, PO Box, or PMB no.)			Apt. no./Ste. no.	
City (If you have a foreign address, see page 9)			State   ZIP Code	

**Date of Birth**

● Your DOB (mm/dd/yyyy) \_\_\_\_/\_\_\_\_/\_\_\_\_      ● Spouse's/RDP's DOB (mm/dd/yyyy) \_\_\_\_/\_\_\_\_/\_\_\_\_

**Prior Name**

If you filed your 2009 tax return under a different last name, write the last name only from the 2009 return.

● Taxpayer \_\_\_\_\_ ● Spouse/RDP \_\_\_\_\_

**Filing Status**

1  Single      4  Head of household (with qualifying person). (see page 3)

2  Married/RDP filing jointly. (see page 3)      5  Qualifying widow(er) with dependent child. Enter year spouse/RDP died \_\_\_\_\_

If your California filing status is different from your federal filing status, fill in the circle here . . . . . ●    ○

**Residency**

State of residence: Yourself \_\_\_\_\_ Spouse/RDP \_\_\_\_\_

Dates of California residency: Yourself from \_\_\_\_\_ to \_\_\_\_\_ Spouse/RDP from \_\_\_\_\_ to \_\_\_\_\_

State or country of domicile: Yourself \_\_\_\_\_ Spouse/RDP \_\_\_\_\_

6 If someone can claim you (or your spouse/RDP) as a dependent, fill in the circle here (see page 9) . . . . . ● 6 ○

**Exemptions**

► For line 7, line 8, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line. **Whole dollars only**

7 **Personal:** If you filled in 1 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 page 9 . . . . . 7  X \$99 = \$ \_\_\_\_\_

8 **Blind:** If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2 8  X \$99 = \$ \_\_\_\_\_

10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse/RDP.** \_\_\_\_\_

\_\_\_\_\_ Total dependent exemptions . . . . ● 10  X \$99 = \$ \_\_\_\_\_

11 **Exemption amount:** Add line 7 through line 10 . . . . . 11 \$ \_\_\_\_\_

**Total Taxable Income**

12 Total California wages from your Form(s) W-2, box 16 . . . . . ● 12 \_\_\_\_\_ 00

13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 36; or Form 1040NR-EZ, line 10 . . . . . 13 \_\_\_\_\_ 00

**If the amount on line 13 is more than \$100,000, stop here and use Long Form 540NR.**

14 Unemployment compensation and military pay adjustment. (see page 10) . . . . . ● 14 \_\_\_\_\_ 00

17 Adjusted gross income from all sources. Subtract line 14 from line 13 . . . . . ● 17 \_\_\_\_\_ 00

18 **Standard deduction** for your filing status. If you filled in the circle on line 6, see page 10.

- Single . . . . . \$3,670
- Married/RDP filing jointly, Head of household, or Qualifying widow(er) . . . . . \$7,340 . . . . . ● 18 \_\_\_\_\_ 00

19 Subtract line 18 from line 17. This is your **total taxable income**. If less than zero, enter -0- . . . . . ● 19 \_\_\_\_\_ 00

**California Taxable Income**

31 Tax on the amount shown on line 19 . . . . . ● 31 \_\_\_\_\_ 00

32 CA adjusted gross income. Add wages from line 12 and California taxable interest (Form 1099, box 1). Military servicemembers see line 14 instructions, page 10 . . . . . ● 32 \_\_\_\_\_ 00

33 CA Standard Deduction Percentage. Divide line 32 by line 17. If more than 1, enter 1.0000 . . . . . 33 \_\_\_\_\_

34 CA Prorated Standard Deduction. Multiply line 18 by line 33 . . . . . 34 \_\_\_\_\_ 00

35 CA Taxable Income. Subtract line 34 from line 32. If less than zero, enter -0- . . . . . ● 35 \_\_\_\_\_ 00

36 CA Tax Rate. Divide line 31 by line 19 . . . . . 36 \_\_\_\_\_

37 CA Tax Before Exemption Credits. Multiply line 35 by line 36 . . . . . 37 \_\_\_\_\_ 00

38 CA Exemption Credit Percentage. Divide line 35 by line 19. If more than 1, enter 1.0000 . . . . . 38 \_\_\_\_\_

39 CA Prorated Exemption Credits. Multiply line 11 by line 38 . . . . . 39 \_\_\_\_\_ 00

42 CA Regular Tax Before Credits. Subtract line 39 from line 37. If less than zero, enter -0- . . . . . ● 42 \_\_\_\_\_ 00

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

**50** Amount from Side 1, line 42 ..... **50** \_\_\_\_\_ **00**

Nonrefundable Renter's Credit

**61** Nonrefundable renter's credit. (see page 10) ..... ● **61** \_\_\_\_\_ **00**

**74** Total tax. Subtract line 61 from line 50. .... ● **74** \_\_\_\_\_ **00**

Overpaid Tax Payments or Tax Due

**81** California income tax withheld (Form(s) W-2, box 17)..... ● **81** \_\_\_\_\_ **00**

**103** Overpaid tax. If line 81 is larger than line 74, subtract line 74 from line 81 ..... ● **103** \_\_\_\_\_ **00**

**104** Tax due. If line 81 is less than line 74, subtract line 81 from line 74 ..... **104** \_\_\_\_\_ **00**

Contributions

	Code	Amount		Code	Amount
Alzheimer's Disease/Related Disorders Fund .....	● <b>401</b>	00	CA Peace Officer Memorial Foundation Fund. ●	<b>408</b>	00
CA Fund for Senior Citizens .....	● <b>402</b>	00	CA Sea Otter Fund .....	● <b>410</b>	00
Rare and Endangered Species Preservation Program.....	● <b>403</b>	00	CA Cancer Research Fund .....	● <b>413</b>	00
State Children's Trust Fund for the Prevention of Child Abuse ..	● <b>404</b>	00	Arts Council Fund .....	● <b>415</b>	00
CA Breast Cancer Research Fund .....	● <b>405</b>	00	CA Police Activities League (CALPAL) Fund. ●	<b>416</b>	00
CA Firefighters' Memorial Fund .....	● <b>406</b>	00	CA Veterans Homes Fund .....	● <b>417</b>	00
Emergency Food For Families Fund .....	● <b>407</b>	00	Safely Surrendered Baby Fund .....	● <b>418</b>	00
<b>120</b> Add code 401 through code 418. This is your total contribution .....	● <b>120</b>	_____			_____ <b>00</b>

Amount You Owe

**121 AMOUNT YOU OWE.** Add line 104 and line 120. (see page 10) **Do Not Send Cash.**  
 Mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001** ..... ● **121** \_\_\_\_\_ **00**  
 Pay Online – Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **web pay**.

Refund and Direct Deposit

**125 REFUND OR NO AMOUNT DUE.** Subtract line 120 from line 103.  
 Mail to: **FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002** ..... ● **125** \_\_\_\_\_ **00**

Fill in the information to authorize direct deposit of your refund into one or two accounts. **Do not** attach a voided check or a deposit slip (see page 10).  
**Have you verified the routing and account numbers?** Use whole dollars only.

All or the following amount of my refund (line 125) is authorized for direct deposit into the account shown below:  
 Checking \_\_\_\_\_ **126** Direct deposit amount \_\_\_\_\_ **00**  
 Savings \_\_\_\_\_  
 ● Routing number ● Type ● Account number

The remaining amount of my refund (line 125) is authorized for direct deposit into the account shown below:  
 Checking \_\_\_\_\_ **127** Direct deposit amount \_\_\_\_\_ **00**  
 Savings \_\_\_\_\_  
 ● Routing number ● Type ● Account number

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.

**Sign Here**

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

Your email address (optional). Enter only one email address. \_\_\_\_\_ Date \_\_\_\_\_

It is unlawful to forge a spouse's/RDP's signature.  
 Joint tax return? (see page 11)

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) \_\_\_\_\_ ● Paid Preparer's PTIN/SSN \_\_\_\_\_  
 Firm's name (or yours if self-employed) \_\_\_\_\_ Firm's address \_\_\_\_\_ ● FEIN \_\_\_\_\_

Do you want to allow another person to discuss this tax return with us (see page 11)? ..... ●  Yes  No

Print Third Party Designee's Name \_\_\_\_\_ Telephone Number \_\_\_\_\_

# Instructions for Long 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, 2009**, 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 Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. Use information from your federal income tax return to complete your Long Form 540NR. Complete and mail Long Form 540NR by April 15, 2011. Due to the federal Emancipation Day holiday on April 15, 2011, tax returns filed and payments received on April 18, 2011, will be considered timely. If unable to mail your return by the due date see page 2.

To get forms and publications referred to in these instructions, go to [ftb.ca.gov](http://ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.



You may qualify for the federal earned income tax credit. See page 2 for more information. No comparable state credit exists.

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

**Caution:** Long Form 540NR has three sides. If filing Long Form 540NR, you must send all three sides to the Franchise Tax Board (FTB).

## Filing in Your Return

- Use black or blue ballpoint pen on the tax return you send to the FTB.
- Enter your Social Security Number(s) (SSN) or Individual Taxpayer Identification Number(s) (ITIN) at the top of Long Form 540NR, Side 1.
- Print numbers and CAPITAL LETTERS between the combed lines. Be sure to line up dollar amounts.
- 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 or the word "NONE."

## Name(s) and Address

Print your first name, middle initial, last name, and address in the spaces provided at the top of Long Form 540NR.

### Private Mail Box (PMB)

Include the PMB in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

### 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 (PBA) Code

For federal Schedule C (Form 1040) business filers, enter the numeric PBA code from federal Schedule C (Form 1040), line B.

### Date of Birth (DOB)

Enter your DOBs (mm/dd/yyyy) in the spaces provided. If your filing status is married/RDP filing jointly or married/RDP filing separately, enter the DOBs in the same order as the names.

### Prior Name

If you or your spouse/RDP filed your 2009 tax return under a different last name, write the last name **only** from the 2009 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 Internal Revenue Service (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

Fill in only one of the circles for line 1 through line 5. Enter the required additional information if you filled in the circle on line 3 or line 5. For filing status requirements, see page 3.

Usually, your California filing status must be the same as the filing status you used on your federal income tax return.

**Exception for Married Taxpayers Who File a Joint Federal Income Tax Return** – You may file separate California returns if either spouse was:

- An active member of the United States Armed Forces or any auxiliary military branch during 2010.
- A nonresident for the entire year and had no income from California sources during 2010.

**Community Property.** If either spouse earned California source income while domiciled in a community property state, the community income will be split equally between the spouses. Both spouses will have California source income and they will **not** qualify for the nonresident spouse exception. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1051A, Guidelines For Married/RDP Filing Separate Returns.

If you did not file a federal tax return because you did not have a federal filing requirement, use the filing status you would have used had you been required to file.

Same-sex married individuals or registered domestic partners (RDPs) who file single for federal **must file** married/RDP filing jointly or married/RDP filing separately for California.

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

**If You Filed Federal Form 1040NR or Form 1040NR-EZ**, you do not qualify to use the head of household or married/RDP filing jointly filing statuses. Instead, use single, married/RDP filing separately, or qualifying widow(er) filing status, whichever applies to you.

**If You File as Head of Household**, do not claim yourself or a nonrelative as the qualifying individual for head of household. Get FTB Pub. 1540, California Head of Household Filing Status, for more information. See "Where To Get Income Tax Forms and Publications" on page 58.

## Exemptions

### Line 6 – Can be Claimed as a Dependent

Fill in the circle on line 6 if someone else can claim you or your spouse/RDP as a dependent on their tax return, even if they chose not to.

### Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

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

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

- Single or married/RDP filing separately, 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 Long 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 9 – Senior Exemptions**

If you were 65 years of age or older by December 31, 2010\*, you should claim an additional exemption credit on line 9. If you are married or an RDP, each spouse/RDP 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 55 for information about this fund.

\* If your 65th birthday is on January 1, 2011, you are considered to be age 65 on December 31, 2010.

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, write each dependent's name and relationship to you in the space provided. If you are claiming more than three dependents, attach a statement with the required dependent information to your tax return. 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.

**Line 11 – Exemption Amount**

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

**Total Taxable Income**

Refer to your completed federal income tax return to complete this section.

**Line 12 – California Wages**

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

**Line 13 – Federal AGI from Form 1040, line 37; 1040A, line 21; 1040EZ, line 4; 1040NR, line 36; or 1040NR-EZ, line 10**

Same-sex married couples (SSMCs) or registered domestic partners (RDPs) who file a California tax return as married/RDP filing jointly and have no SSMC adjustments or RDP adjustments between federal and California, combine their individual AGIs from their federal tax returns filed with the IRS. Enter the combined AGI on Long Form 540NR, line 13.

SSMC adjustments and RDP adjustments include but are not limited to the following:

- Transfer of property between spouses/RDPs
- Capital loss
- Transactions between spouses/RDPs
- Sale of residence
- Dependent care assistance
- Investment interest
- Qualified residence interest acquisition loan & equity loan
- Expense depreciation property limits
- Individual Retirement Account
- Interest education loan
- Rental real estate passive loss
- Rollover of publicly traded securities gain into specialized small business investment companies

Same-sex married individuals filing as married/RDP filing separately, former spouses of a same-sex marriage filing separately, and SSMCs with SSMC adjustments will use the California SSMC Adjustments Worksheet in FTB Pub. 776, Tax Information for Same-Sex Married Couples, or complete a federal pro forma Form 1040. Transfer the amount from the California SSMC Adjustments Worksheet, line 37, column D, or federal pro forma Form 1040, line 37, to Long Form 540NR, line 13.

RDPs filing as married/RDP filing separately, former RDPs filing separately, and RDPs with RDP adjustments will use the California RDP Adjustments Worksheet in FTB Pub. 737, Tax Information for Registered Domestic Partners, or complete a federal pro forma Form 1040. Transfer the amount from the California RDP Adjustments Worksheet, line 37, column D, or federal pro forma Form 1040, line 37, to Long Form 540NR, line 13.

**Line 14 – California Adjustments — Subtractions****(from Schedule CA (540NR), line 37, column B)**

Complete Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents, to find the amount to enter on Long Form 540NR, line 14. Follow the instructions for Schedule CA (540NR) beginning on page 37. Enter the amount from Schedule CA (540NR), line 37, column B on Long Form 540NR, line 14.

If the amount on Schedule CA (540NR) line 37, column B is a negative number, do not transfer it to Long Form 540NR, line 14 as a negative number. Instead, transfer the number as a positive number to Long Form 540NR, line 16.

**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 amount in parentheses. For example: "(12,325)."

**Line 16 – California Adjustments — Additions****(from Schedule CA (540NR), line 37, column C)**

Complete Schedule CA (540NR), to find the amount to enter on Long Form 540NR, line 16. Follow the instructions for Schedule CA (540NR) beginning on page 37. Enter the amount from Schedule CA (540NR), line 37, column C on Long Form 540NR, line 16.

If the amount on Schedule CA (540NR) line 37, column C is a negative number, do not transfer it to Long Form 540NR, line 16 as a negative number. Instead, transfer the number as a positive number to Long Form 540NR, line 14.

**Line 17 – Adjusted Gross Income From All Sources**

Combine line 15 and line 16. This amount should match the amount on Schedule CA (540NR), line 37, column D.

**Line 18 – California Itemized Deductions or California Standard Deduction**

Decide whether to itemize your deductions, such as charitable contributions, medical expenses, etc., or take the standard deduction. Your California income tax will be less if you take the **larger** of your California:

- Itemized deductions (total itemized deductions allowed under California law).
- Standard deduction.

On federal tax returns, individual taxpayers who claim the standard deduction are allowed an additional deduction for net disaster losses or new motor vehicle taxes paid. For California, deductions for disaster losses are only allowed for those individual taxpayers who itemized their deductions. California does not allow deductions for new motor vehicle taxes.

If married or an RDP and filing separate Long Form 540NR, you and your spouse/RDP 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 the next page.

**Itemized Deductions.** Figure your California itemized deductions by completing Schedule CA (540NR), Part III, line 38 through line 44. Enter the result on Long Form 540NR, line 18.

If you did not itemize deductions on your federal income tax return but will itemize deductions for your Long Form 540NR, first complete a sample federal Schedule A (Form 1040), Itemized Deductions. Then complete Schedule CA (540NR), Part III, line 38 through line 44.

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



**California Standard Deduction Chart for Most People**

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

Your Filing Status	Enter On Line 18
1 – Single . . . . .	\$3,670
2 – Married/RDP filing jointly . . . . .	\$7,340
3 – Married/RDP filing separately . . . . .	\$3,670
4 – Head of household . . . . .	\$7,340
5 – Qualifying widow(er) . . . . .	\$7,340

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/RDP) as a dependent on their tax return. **Use whole dollars only.**

- Enter your earned income from: line 3 of the "Standard Deduction Worksheet" in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ . . . . . 1 \_\_\_\_\_
- Minimum standard deduction . . . . . 2 \$950.00
- Enter the **larger** of line 1 or line 2 here . . . . . 3 \_\_\_\_\_
- Enter the amount shown for your filing status:
  - Single or married/RDP filing separately, enter \$3,670
  - Married/RDP filing jointly, head of household, or qualifying widow(er), enter \$7,340
 } . 4 \_\_\_\_\_
- Standard deduction.** Enter the **smaller** of line 3 or line 4 here and on the Short or Long Form 540NR, line 18 . . . . . 5 \_\_\_\_\_

**Line 19 – Taxable Income**

Capital Construction Fund (CCF). If you claim a deduction on your federal Form 1040, line 43 for a contribution made to a CCF set up under the Merchant Marine Act of 1936, reduce the amount you would otherwise enter on line 19 by the amount of the deduction. Next to line 19, enter "CCF" and the amount of the deduction. For details, see federal Publication 595, Capital Construction Fund for Commercial Fishermen.

**California Taxable Income**

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

**Line 31 – Tax**



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

To figure your tax on the amount on line 19, use one of the following methods and fill in the matching circle on line 31:

- **Tax Table.** If your taxable income on line 19 is \$100,000 or less, use the tax table beginning on page 29. Use the correct filing status column in the tax table.
- **Tax Rate Schedules.** If your taxable income on line 19 is over \$100,000, use the tax rate schedules on page 34.
- **FTB 3800.** Generally, you use form FTB 3800, Tax Computation for Certain Children with Investment Income, to figure the tax on a separate Long Form 540NR for your child who was 18 and under or a student under age 24 on January 1, 2011, and who had more than \$1,900 of investment income. Attach form FTB 3800 to the child's Long Form 540NR.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$9,500 or less (but not less than \$950) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. File a separate form FTB 3803 for each child whose income you elect to include on your Long Form 540NR. 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 Long Form 540NR, line 31. Attach form(s) FTB 3803 to your return.

To prevent possible delays in processing your tax return or refund, enter the correct tax amount on this line. 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**

Complete Schedule CA (540NR), line 45 to determine your California adjusted gross income. Follow the instructions for Schedule CA (540NR) beginning on page 37. Enter on Long Form 540NR, line 32 the amount from Schedule CA (540NR), line 45.

**Line 36 – CA Tax Rate**

In this computation, the 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.**

**Line 39 – CA Prorated 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 listed below for your filing status, your credits will be limited.

**Is** Long Form 540NR, line 13 more than:

If your filing status is:

- Single or married/RDP filing separately . . . . . \$162,186
- Married/RDP filing jointly or qualifying widow(er) . . . . . \$324,376
- Head of household . . . . . \$243,283

**Yes** Complete the AGI Limitation Worksheet below.

**No** Multiply line 11 by line 38.

**AGI Limitation Worksheet**

**Use whole dollars only**

- a** Enter the amount from Long Form 540NR, line 13. . . . . **a** \_\_\_\_\_
- b** Enter the amount for your filing status on line b:
  - Single or married/RDP filing separately \$162,186
  - Married/RDP filing jointly or qualifying widow(er) . . . . . \$324,376
  - Head of household . . . . . \$243,283
 } **b** \_\_\_\_\_
- c** Subtract line b from line a . . . . . **c** \_\_\_\_\_
- d** Divide line c by \$2,500 (\$1,250 if married/RDP filing separately). If the result is not a whole number, round it to the next higher whole number . . . . . **d** \_\_\_\_\_
- e** Multiply line d by \$6. . . . . **e** \_\_\_\_\_
- f** Add the numbers from the boxes on Long Form 540NR, line 7, line 8, and line 9 (not the dollar amounts) . . . . . **f** \_\_\_\_\_
- g** Multiply line e by line f . . . . . **g** \_\_\_\_\_
- h** Add the total **dollar amounts** from Long Form 540NR, 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 Long Form 540NR, line 10 (not the dollar amount) . . . . . **j** \_\_\_\_\_
- k** Multiply line e by line j . . . . . **k** \_\_\_\_\_
- l** Enter the **dollar amount** from Long Form 540NR, 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. . . . . **n** \_\_\_\_\_
- o** Multiply the amount on line n by the CA Exemption Credit Percentage on Long Form 540NR, line 38. Enter the result here and on Long Form 540NR, line 39 . . . . . **o** \_\_\_\_\_

**Line 41 – Tax from Schedule G-1 and Form FTB 5870A**

If you received a qualified lump-sum distribution in 2010 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 page 59.

**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 credits, complete a separate form or schedule and attach it to your Long Form 540NR.

The Credit Chart on page 56 describes the credits and provides the name, credit code, and number of the required form, schedule, worksheet, or certificate you need to complete. 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.

1. Do you qualify to claim the nonrefundable renter’s credit? Complete the qualification record on page 57.

Check  **Yes** or  **No**, then go to Question 2.

2. Are you claiming any other special credit listed in the Credit Chart on page 56?

**No** If you checked “Yes” for Question 1 and entered an amount on Long Form 540NR, line 61, go to line 62. If you checked “No” for Question 1, skip to the instructions for line 63.

**Yes** Figure your credit using the form, schedule, worksheet, or certificate identified in the Credit Chart. Then go to Box A below to see if the total amount you may claim for all credits is limited by TMT. If you checked “Yes” for Question 1, verify that you entered your nonrefundable renter’s credit on line 61.



**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 71 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)
- Excluded gain on the sale of qualified small business stock

**Yes** Get and complete Schedule P (540NR). See “Order Forms and Publications” on page 59.

**No** Go to Box B.

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

- Investment interest expense  **226**
- Income from incentive stock options in excess of the amount reported on your return  **225**
- Income from installment sales of certain property

**Yes** Get and complete Schedule P (540NR). See “Order Forms and Publications” on page 59.

**No** Go to Box C.

**Box C –** If your filing status is:

Is Long Form 540NR, line 17 more than:

- Single or head of household . . . . . \$223,669
- Married/RDP filing jointly or qualifying widow(er) . . . . . \$298,224
- Married/RDP filing separately . . . . . \$149,111

**Yes** Get and complete Schedule P (540NR). See “Order Forms and Publications” on page 59.

**No** Your credits are not limited.

If you need to complete Schedule P (540NR) **and** you claim any of the credits on line 51 through line 53, do not enter an amount on line 51 through line 53. Instead, enter the total amount of these credits from Schedule P (540NR), Part III, Section B1, line 13 through line 15, on Long Form 540NR, line 55. Do not follow the instructions for line 55. Write “Schedule P (540NR)” to the left of the amount entered on line 55.

**Line 51 – Credit for Joint Custody Head of Household — Code 170**

You may **not** claim this credit if you used the head of household, married/RDP filing jointly, or the qualifying widow(er) filing status.

Claim the credit if unmarried and not an RDP at the end of 2010 (or if married or an RDP, you lived apart from your spouse/RDP for all of 2010 and you used the married/RDP 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 your taxable year. If the child is married or an RDP, you must be entitled to claim a dependent exemption for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or legal separation or part of a written agreement between the parents where the proceedings have been initiated, but a decree of dissolution or legal separation has not yet been issued.

**If your Federal AGI is more than \$162,186, subtract line n from the AGI Limitation Worksheet on page 17 from line 31 of the Long Form 540NR and enter this amount on line 1 of the worksheet below to calculate your credit.**

Use the worksheet below to figure this credit **using whole dollars only:**

1. Subtract line 11 from line 31 on Long Form 540NR and enter the result here . . . . .	1	_____
2. Enter the amount from Long Form 540NR, line 41 . . . . .	2	_____
3. Add line 1 and line 2 . . . . .	3	_____
4. Credit percentage — 30% . . . . .	4	x .30
5. Credit amount. Multiply line 3 by line 4. Enter on this line the result or \$390, whichever is less. Enter this amount on Long Form 540NR, line 51 . . . . .	5	_____

If you qualify for both the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, you are only allowed to claim one or the other, not both. Select the credit that will allow the maximum benefit.

**Line 52 – Credit for Dependent Parent — Code 173**

You may **not** claim this credit if you used the single, head of household, qualifying widow(er), or married/RDP filing jointly filing status.

Claim this credit only if all of the following apply:

- You were married or an RDP at the end of 2010 and you used the married/RDP filing separately filing status.
- Your spouse/RDP was not a member of your household during the last six months of the year.
- 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 for the Credit for Joint Custody Head of Household, on this page.

On the last line of the worksheet, enter the result or \$390, whichever is less. Enter this amount on Long Form 540NR, line 52.

If you qualify for both the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, you are only allowed to claim one or the other, not both. Select the credit that will allow the maximum benefit.

**Line 53 – Credit for Senior Head of Household — Code 163**

Claim this credit if you:

- Were 65 years of age or older on December 31, 2010\*.
- Qualified as a head of household in 2008 or 2009 by providing a household for a qualifying individual who died during 2008 or 2009.
- Did not have adjusted gross income over \$63,440 for 2010.

\*If your 65th birthday is on January 1, 2011, you are considered to be age 65 on December 31, 2010.

If you meet all the conditions listed, you do not need to qualify to use the head of household filing status for 2010 in order to claim this credit.

Use the worksheet below to figure this credit **using whole dollars only**:

1. Enter the amount from Long Form 540NR, line 19 . . . . . 1 \_\_\_\_\_
2. Credit percentage — 2% . . . . . 2 x .02
3. Credit amount. Multiply line 1 by line 2.  
Enter on this line the result or \$1,196, whichever is less.  
Enter this amount on Long Form 540NR, line 53 . . . . . 3 \_\_\_\_\_

**Line 54 and Line 55 – Credit Percentage and Credit Amount**

If you claimed credits on line 51, line 52, or line 53, complete the worksheet below to compute your credit percentage and the allowable prorated credit to enter on line 55 **using whole dollars only**. If you completed Schedule P (540NR), see the instructions above the Line 51 instructions, on page 18.

**Part I – Credit Percentage**

1. Divide Long Form 540NR, line 35 by line 19. Enter the result here and on Long Form 540NR, line 54.  
If more than 1, enter 1.0000 . . . . . 1 \_\_\_\_\_

**Part II – Credit Amount**

**Credit for Joint Custody Head of Household**

1. Enter the amount from Long Form 540NR, line 51 . . 1 \_\_\_\_\_
2. Credit Percentage from Part I, line 1 . . . . . 2 x \_\_\_\_\_
3. Multiply line 1 by line 2 . . . . . 3 \_\_\_\_\_
4. Enter the lesser of the amount from line 3 or \$390 . . . . 4 \_\_\_\_\_

**Credit for Dependent Parent**

5. Enter the amount from Long Form 540NR, line 52 . . 5 \_\_\_\_\_
6. Credit Percentage from Part I, line 1 . . . . . 6 x \_\_\_\_\_
7. Multiply line 5 by line 6 . . . . . 7 \_\_\_\_\_
8. Enter the lesser of the amount on line 7 or \$390 . . . . . 8 \_\_\_\_\_

**Credit for Senior Head of Household**

9. Enter the amount from Long Form 540NR, line 53 . . 9 \_\_\_\_\_
10. Credit Percentage from Part I, line 1 . . . . . 10 x \_\_\_\_\_
11. Multiply line 9 by line 10 . . . . . 11 \_\_\_\_\_
12. Enter the lesser of the amount on line 11 or \$1,196 . . 12 \_\_\_\_\_

**Total Prorated Credits**

13. Add line 4, line 8, and line 12. Enter the result here and on Long Form 540NR, line 55 . . . . . 13 \_\_\_\_\_

**Line 56 and Line 57 – New Jobs Credit**

Qualified employers who had a net increase of qualified employees during the current taxable year or qualified employers who first commenced business in California during the current taxable year may be eligible to claim this credit. Use form FTB 3527, New Jobs Credit, to determine the amount of the credit available. Enter on line 56 the amount of the credit generated from form FTB 3527, line 18.

Answer the following question to determine the amount of the credit you can claim. Are you required to complete Schedule P (540NR)?

**Yes** Enter on line 57 the amount of the New Jobs credit claimed from Schedule P (540NR), Part III.

**No** Use this worksheet to figure the credit.

1. Enter the amount from Long Form 540NR, line 50 . . . . 1 \_\_\_\_\_
2. Enter the amount from form FTB 3527, line 21 . . . . . 2 \_\_\_\_\_
3. Enter the smaller of line 1 or line 2 here and on Long Form 540NR, line 57\* and form FTB 3527, line 22a . . . 3 \_\_\_\_\_

\* If you have other credits with limited carryovers, you may want to apply those credits first on line 58 through line 60 before claiming the New Jobs credit on line 57.

**Important:** Attach form FTB 3527 and Schedule P (540NR) to your Long Form 540NR.

**Line 58 through Line 60 – Additional Special Credits**

A code number identifies each credit. To claim only one or two credits, enter the credit name, code number, and amount of the credit on line 58 and line 59.

To claim more than two credits, use Schedule P (540NR), Part III. See Schedule P (540NR) instructions, “How to Claim Your Credits.”

**Do not** claim the New Jobs credit on line 58, line 59, or line 60. Only use line 57 to claim the New Jobs credit.

**Important:** Attach Schedule P (540NR) and any required supporting schedules or statements to your Long Form 540NR

**Carryovers:** If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, 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.

**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), 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

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. 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 following worksheet to figure this credit **using whole dollars only**. 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 2010. You may carryover the excess credit to future years until the credit is used.

**Line 61 – Nonrefundable Renter’s Credit**

Did you pay rent for at least six months in 2010 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 57.

**No** Go to line 62.

**Line 63**

Subtract the amount on line 62 from the amount on line 50. Enter the result on line 63. If the amount on line 62 is more than the amount on line 50, 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 63. 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 63.

**Other Taxes**

Attach the specific form or statement required for each item below.

**Line 71 – 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:

- \$79,526 married/RDP filing jointly or qualifying widow(er)
- \$59,646 single or head of household
- \$39,762 married/RDP filing separately

A child under age 19 or a student under age 24 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540NR) and included on the return is more than the sum of \$6,700 plus 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 (540NR) for more information. See "Where To Get Income Tax Forms and Publications" on page 58.

**Line 72 – 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 **using whole dollars only**:

1. Taxable income from Long Form 540NR, line 35 . . . . . 1	_____
2. Less. . . . . 2	\$(1,000,000)
3. Subtotal. . . . . 3	_____
4. Tax rate – 1% . . . . . 4	x .01
5. Mental Health Services Tax – Multiply line 3 by line 4. Enter this amount here and on Long Form 540NR, line 72 . . . . . 5	_____

**Line 73 – 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 tax 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 required to report additional tax, report it on line 73 and write "FTB 3805P" to the left of the amount.

California conforms to federal law for income received under IRC Section 409A on a nonqualified deferred compensation (NQDC) plan and discounted stock options and stock appreciation rights. Income received under IRC Section 409A is subject to an additional 20% tax plus interest. Include the additional tax, if any, on line 73. Write "NQDC" on the dotted line to the left of the amount.

If you used form(s)

- FTB 3501, Employer Child Care Program/Contribution Credit
- FTB 3805Z, Enterprise Zone Deduction and Credit Summary
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary
- FTB 3808, Manufacturing Enhancement Area Credit Summary
- FTB 3809, Targeted Tax Area Deduction and Credit Summary

Include the additional tax for credit recapture, if any, on line 73. Write the form number on the dotted line to the left of the amount on line 73.

**Payments**

Have your Form(s) W-2, W-2G, Certain Gambling Winnings, 1099-MISC, Miscellaneous Income, 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., 592-B, Resident and Nonresident Withholding Tax Statement, and 593, Real Estate Withholding Tax Statement, before you begin this section.

If you received wages and do not have a Form W-2, see page 8, Question 2.

**Line 81 – California Income Tax Withheld**

Enter the total California income tax withheld from your Form(s):

- W-2, box 17
- W-2G, box 14
- 1099-MISC, box 16
- 1099-R, box 10

Do not include city, local, or county tax withheld or tax withheld by other states. Do not include nonresident or real estate withholding from Form(s) 592-B or 593, on this line. Do not include nonconsenting nonresident (NCRN) member's tax from Schedule K-1 (568), line 15e as withholding. See line 82. If you had California tax withheld and did not receive Form(s) W-2 or 1099, contact the entity that paid the income.

If you received Form(s) 1099-MISC or 1099-R showing California income tax withheld, include in the total on line 81 the amount(s) withheld and attach a copy of the Form(s) 1099 to the lower front of your tax return.

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

**Line 82 – 2010 CA Estimated Tax and Other Payments**

Enter the total of any:

- California estimated tax payments you made using 2010 Form 540-ES, electronic funds withdrawal, Web Pay, or credit card.
- Overpayment from your 2009 California income tax return that you applied to your 2010 estimated tax.
- Payment you sent with form FTB 3519, Payment for Automatic Extension for Individuals.
- California estimated tax payments made on your behalf by an estate or trust on Schedule K-1 (541) or an S corporation on Schedule K-1(100S).

If you are including NCRN tax, write "LLC" on the dotted line to the left of the amount on line 82, and attach Schedule K-1 (568) with the amount of the NCRN tax claimed.

If you and your spouse/RDP paid joint estimated taxes but are now filing separate income tax returns, either of you may claim the entire amount paid, or each may 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.

Send statements to:

JOINT ESTIMATED CREDIT ALLOCATION MS F225  
TAXPAYER SERVICES CENTER  
FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO, CA 94240-0040

To view payments made or get your current account balance, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account**.

If you or your spouse/RDP 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 your Long Form 540NR explaining that payments were made under both SSNs.

You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2011 and did not have a California tax liability in 2010.

**Line 83 – Real Estate and Other Withholding**

If you were a nonresident who received California source income or sold California real estate, enter the total California tax withheld from your Form(s) 592-B and 593. Attach a copy of Form(s) 592-B and 593 to the lower front of Long Form 540NR, Side 1.

Do not include withholding from other forms on this line. Do not include NCRN member's tax from Schedule K-1 (568), line 15e as withholding.

**Line 84 – 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 2010.
- You received more than \$93,316 in wages.
- The amounts of SDI (or VPDI) withheld appear on your Form(s) W-2. Be sure to attach your Form(s) W-2 to your Long Form 540NR.

If SDI (or VPDI) was withheld from your wages by a single employer, at a rate of more than 1.1% of your gross wages, you may not claim excess SDI (or VPDI) on your Long Form 540NR. Contact the employer for a refund.

To determine the amount to enter on line 84, complete the Excess SDI (or VPDI) Worksheet below. If married/RDP filing jointly, figure the amount of excess SDI (or VPDI) separately for each spouse/RDP.

<b>Excess SDI (or VPDI) Worksheet</b>		
<b>Use whole dollars only</b>		
Follow the instructions below to figure the amount of income tax to enter on Long Form 540NR, line 84. If you are married or an RDP and file a joint tax return, you must figure the amount of excess SDI (or VPDI) separately for each spouse/RDP.		
	<b>You</b>	<b>Your Spouse/RDP</b>
1. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2. Enter the total here . . . . .	1	
2. 2010 SDI (or VPDI) limit . . . . .	2	\$1,026.48
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, in <b>whole dollars only</b> , on Long Form 540NR, line 84 . . . . .	3	
If zero or less, enter -0- on line 84.		

**Line 85 through Line 88 – Child and Dependent Care Expenses Credit**

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/RDP 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. Complete and attach form FTB 3506, Child and Dependent Care Expenses Credit. See “Where To Get Income Tax Forms and Publications” on page 58.

The care must have been provided in California. You must have California-sourced income (wages earned working in California or self-employment income from California business activities).

A servicemember’s active duty military pay is considered earned income, regardless of whether the servicemember is domiciled in California. Get FTB Pub. 1032, Tax Information for Military Personnel, for more information.

**Line 85 and Line 86**

Enter the qualifying person’s SSN. Do not enter more than one qualifying person’s SSN on line 85 or line 86 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 87**

Enter the credit amount allowed from form FTB 3506, Part III, line 8.

**Line 88**

Enter the credit amount allowed from form FTB 3506, Part III, line 12.

**Line 89**

For the Claim of Right credit, follow the reporting instructions in Schedule CA (540NR), line 41 under the Claim of Right.

**Claim of Right:** If you are claiming the tax credit on your California tax return, include the amount of the credit in the total for this line. Write in “IRC 1341” and the amount of the credit to the left of the amount column.

To determine if you are entitled to this credit, refer to your prior year California Form 540/540A, Form 540NR (Long or Short), Schedule CA (540), or Schedule CA (540NR), column E, to verify the amount was included in your CA taxable income. If the amount repaid under a “Claim of Right” was not originally taxed by California, you are not entitled to claim the credit.

**Overpaid Tax or Tax Due**

If you received a refund for 2009, 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 withholding or estimated tax payments.

To avoid a delay in the processing of your tax return, enter the correct amounts on line 101 through line 104.

**Line 101 – Overpaid Tax**

If the amount on line 89 is more than the amount on line 74, subtract the amount on line 74 from the amount on line 89. Enter the result on line 101. Your payments and credits are more than your tax.

**Line 102 – Amount You Want Applied to Your 2011 Estimated Tax**

Apply all or part of the amount on line 101 to your estimated tax for 2011. Enter on line 102 the amount of line 101 you want applied to 2011.

An election to apply an overpayment against estimated tax is binding. Once the election is made, the overpayment cannot be applied to a deficiency after the due date of the tax return.

**Line 103 – Overpaid Tax Available This Year**

If you entered an amount on line 102, subtract it from the amount on line 101. Enter the result on line 103. You may have this entire amount refunded to you or make contributions to the California Seniors Special Fund or make other voluntary contributions from this amount. If you make a contribution, skip line 104 and go to the instructions for contributions.

**Line 104 – Tax Due**

If the amount on line 89 is less than the amount on line 74, subtract the amount on line 89 from the amount on line 74. Enter the result on line 104. 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 104 is \$500 or more (\$250 or more if married/RDP filing separately).
- The amount of state income tax withheld on line 81 is less than 90% of the amount of your total tax on line 74.

If you owe a penalty, the FTB will figure the penalty and send you a bill.

**Contributions**

You can make voluntary contributions to the funds listed on Long Form 540NR, Side 3. See page 55 for a description of the funds.

**Code 400 – Contribution to California Seniors Special Fund**

If you and/or your spouse/RDP 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 \$198 or \$99 per spouse/RDP. Contributions entered on code 400 will be distributed to The Area Agency on Aging Council of California (TACC) to provide advice on and sponsorship of Senior Citizen 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.

Use the worksheet below to figure your contribution:

1. If you contribute, enter \$99; if you and your spouse/RDP contribute, enter \$198 . . . . . 1 \_\_\_\_\_
2. Enter the ratio from Long Form 540NR, line 38 . . . . . 2 \_\_\_\_\_
3. Contribution amount. Multiply line 1 by line 2. Enter the result (rounded to the nearest whole dollar) here . . . . . 3 \_\_\_\_\_

You may contribute any amount up to the amount on line 3. Enter your contribution on the line for code 400.

**Line 120 – Total Contributions**

Add code 400 through code 418. Enter the result on line 120.

**Amount You Owe**

Add or subtract correctly to figure the 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 Long Form 540NR.

If you entered an amount on line 120, add that amount to the amount on line 104. Enter the result on line 121. This is the amount you owe with your Long 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.

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

**Mandatory Electronic Payments.** You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009. Once you meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals that do not send the payment electronically will be subject to a one percent noncompliance penalty.

You can request a waiver from mandatory e-pay if one or more of the following is true:

- You have not made an estimated tax or extension payment in excess of \$20,000 during the current or previous taxable year.
- Your total tax liability reported for the previous taxable year did not exceed \$80,000.
- The amount you paid is not representative of your total tax liability.

Electronic payments can be made using Web Pay on FTB's website, electronic funds withdrawal (EFW) as part of the e-file tax return, or your credit card. For more information or to obtain the waiver form, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-pay**.

**Payment Options**

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, you may use this convenient option if you e-file. 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. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **web pay**.
- **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. If you pay by credit card, do not mail form FTB 3519 to us. Call 800.272.9829 or go to the Official Payments Corp. website at [officialpayments.com](http://officialpayments.com), and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.
- **Check or Money Order** – Using black or blue ink, make your check or money order payable to the "Franchise Tax Board." **Do not send cash.** Write your SSN or ITIN and "2010 Long Form 540NR" on the check or money order. Enclose, but **do not** staple, your payment with your return.

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution. **Do not** combine your 2010 tax payment and any 2011 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

If you e-filed your tax return, mail your check or money order with form FTB 3582, Payment Voucher for Individual e-filed Returns. **Do not** mail a copy of your e-filed tax return.

A penalty may be imposed if your check is returned by your bank for insufficient funds.

If you enter an amount on line 122 or line 123, see the instructions for line 124 for information about how to prepare your check or money order.

**Paying by Credit Card** – Whether you e-file or file by mail, 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**

- 2.50% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

**Example:** Tax Payment = \$754.00 Convenience Fee = \$18.85

**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 FTB 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, the following information is needed:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse's/RDP's SSN (or ITIN)
- First 4 letters of your and your spouse's/RDP's last name
- Taxable 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 at [officialpayments.com](http://officialpayments.com) and select **Payment Center**, or call 800.2PAY.TAX or 800.272.9829 and follow the recorded instructions. Official Payments Corp. provides customer assistance at 877.297.7457 Monday through Friday, 5:00 a.m. to 5:00 p.m. PST. Official Payments Corp. will tell you the convenience fee before you complete your transaction. Decide whether to complete the transaction at that time.

Payment Date : \_\_\_\_\_ Confirmation Number: \_\_\_\_\_

If you cannot pay the full amount shown on Long Form 540NR, line 121, see the information regarding monthly payments on page 8, question 4.

**Interest and Penalties**

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

Do not reduce the amount on line 101 or increase the amount on line 104 by any penalty or interest amounts. Enter on Long Form 540NR, line 122 the amount of interest and penalties.

**Line 122 – 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. The FTB website has a chart of interest rates in effect since 1976. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **interest**.

**Late Filing of Tax Return.** If you do not file your tax return by October 17, 2011, you will incur a late filing penalty plus interest from the original due date of the tax return. The maximum total penalty is 25% of the tax not paid if the tax return is filed after October 17, 2011. The minimum penalty for filing a tax return more than 60 days late is \$100 or 100% of the balance of tax due, whichever is less.

**Late Payment of Tax.** If you fail to pay your total tax liability by April 15, 2011, you will incur a late payment penalty plus interest. 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. If you have paid at least 90% of the tax shown on the tax return by the original due date of the tax return, we will waive the penalty based on reasonable cause. However, the imposition of interest is mandatory. If, after April 15, 2011, you find that your estimate of tax due was too low, pay the additional tax as soon as possible to avoid or minimize further accumulation of penalties and interest.

**Other Penalties.** We may impose other penalties if a payment is returned for insufficient funds. We may also impose penalties for negligence, substantial understatement of tax, and fraud.

**Line 123 – Underpayment of Estimated Tax**

You may be subject to an estimated tax penalty if any of the following is true:

- Your withholding and credits are less than 90% of your current tax year liability.
- Your withholding and credits are less than 100% of your prior year tax liability (110% if AGI is more than \$150,000 or \$75,000 if married/RDP filing separately).
- You did not pay enough through withholding to keep the amount you owe with your tax return under \$500 (\$250 if married/RDP filing separately).

The FTB can figure the penalty for you when you file your tax return and send you a bill.

Is line 104 less than \$500 (\$250 if married/RDP 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 104 less than 10% of the amount on line 63 (excluding the tax on lump-sum distributions on line 41)?

- Yes Stop.** You are not subject to an estimated payment penalty.
- No** You may be subject to an estimated payment penalty, see form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen).

The underpayment of estimated tax penalty shall not apply to the extent the underpayment of an installment was created or increased by any provision of law that is chaptered during and operative for the taxable year of the underpayment. To request a waiver of underpayment of estimated tax penalty, get form FTB 5805 or form FTB 5805F. See "Where To Get Income Tax Forms and Publications" on page 58.

If you complete one of these forms, enter the amount of the penalty on line 123 and fill in the correct circle on line 123. 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 no penalty is owed.

See "Important Due Dates" on page 2 for more information on estimated tax payments and how to avoid the underpayment penalty.

**Line 124 – Total Amount Due**

Is there an amount on line 121?

- Yes** Add line 121, line 122, and line 123. Enter the result on line 124. For payment options, see line 121 instructions.
- No** Go to line 125.

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

**Refund and Direct Deposit**

**Line 125 – Refund or No Amount Due**

Did you report amounts on line 120, line 122, or line 123?

- No** Enter the amount from line 103 on line 125. This is your refund amount. If it is less than \$1, attach a written statement to your Long Form 540NR requesting the refund.
- Yes** Combine the amounts from line 120, line 122, and line 123. If the result is:
  - More than line 103, subtract line 103 from the sum of line 120, line 122, and line 123 and enter the result on line 124. This is your total amount due. For payment options, see line 121 instructions.
  - Less than line 103, subtract the sum of line 120, line 122, and line 123 from line 103 and enter on line 125. This is your refund amount.

**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 Long 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. **Do not** attach a voided check or deposit slip. See the illustration on this page.

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.

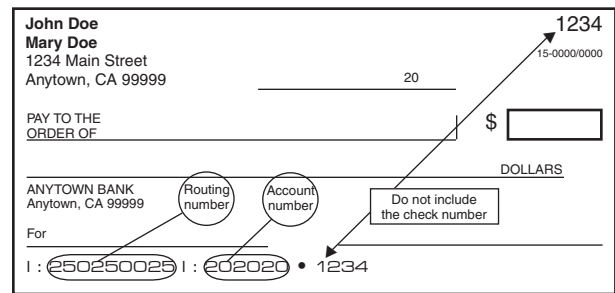
The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens but omit spaces and special symbols. On the sample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



**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. This means that if one spouse/RDP does not pay the tax due, the other spouse/RDP may have to pay the tax due. See "Innocent Joint Filer Relief," on page 7.

**Paid Preparer's Information.** If you pay a person to prepare your Long Form 540NR, that person signs and completes the area at 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). If the preparer does not have a PTIN, that person must provide a social security number (SSN). 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 to keep for your records.

**Third Party Designee.** If you want to allow your preparer, a friend, family member, or any other person you choose to discuss your 2010 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.



112



**Want a fast refund?** Get your refund in 10 days or less when you e-file your tax return!

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, get form FTB 3520, Power of Attorney Declaration for the Franchise Tax Board.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2011 tax return. This is April 16, 2012, 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 2010 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, get form FTB 1144, Power of Attorney Pamphlet, and form FTB 3520, Power of Attorney Declaration, at [ftb.ca.gov](http://ftb.ca.gov) or see “Where To Get Income Tax Forms and Publications” on page 58.

**Check Your Social Security Number (or ITIN).** Verify that you have written your social security number (or ITIN) in the spaces provided at the top of Long Form 540NR. If you file a joint tax return, verify that you and your spouse’s/RDP’s numbers are entered in the same order as your names.

## Filing Your Tax Return

**Important:** Attach a copy of your federal income tax return, and all supporting federal forms and schedules to the back of Long Form 540NR.

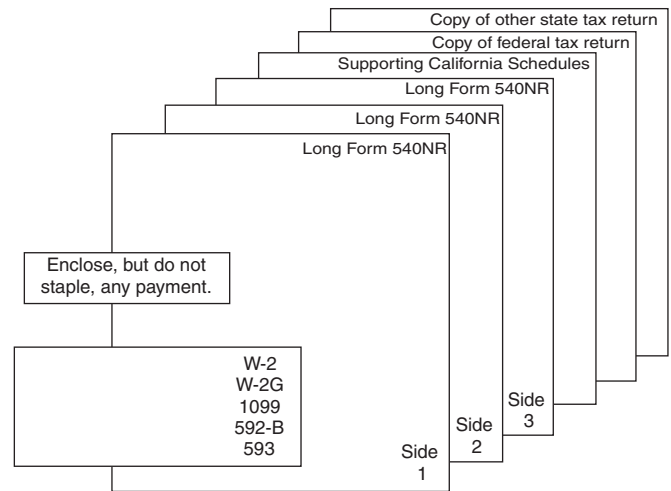
**Federal Form(s) W-2, W-2G, and 1099, and CA Form(s) 592-B, and 593.** Attach all the Form(s) W-2 and W-2G you received to the lower front of your tax return. Also, attach any Form(s) 1099, 592-B, and 593 showing California income tax withheld.

If you do not receive your Form(s) W-2 by January 31, 2010, contact your employer or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account**. Only your employer can issue or correct a Form W-2. If you cannot get a copy of your Form W-2, 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 “Where To Get Income Tax Forms and Publications” on page 58.

If you forget to send your Form(s) W-2 or any other withholding form(s) with your income tax return, do not send it separately, or with another copy of your tax return. Wait until the FTB requests it from you.

## Assembling Your Tax Return

Assemble your tax return in the order shown below.



**Caution:** Long Form 540NR has three sides. If filing Long Form 540NR, you must file all three sides with the FTB.

## Mailing Your Tax Return

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

FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO CA 94240-0002

**If you owe,** mail your tax return to:

FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO CA 94267-0001



California Nonresident or Part-Year Resident Income Tax Return 2010

Long Form

FORM 540NR C1 Side 1

Fiscal year filers only: Enter month of year end: month year 2011.

Personal information section including name, SSN/ITIN, address, and date of birth.

Filing status and prior name section.

Exemptions section (lines 7-11) including Personal, Blind, Senior, and Dependents.

Total Taxable Income section (lines 12-19) showing adjustments and final taxable income.

CA Taxable Income section (lines 31-42) showing tax calculations and credits.

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

	<b>50</b>	Enter the amount from Side 1, line 42	<b>50</b>	00
Special Credits	<b>51</b>	Credit for joint custody head of household (see page 18)	<b>51</b>	00
	<b>52</b>	Credit for dependent parent (see page 18)	<b>52</b>	00
	<b>53</b>	Credit for senior head of household (see page 19)	<b>53</b>	00
	<b>54</b>	Credit percentage. Divide line 35 by line 19. If more than 1, enter 1.0000 (see page 19)	<b>54</b>	
	<b>55</b>	Credit amount (see page 19)	<b>55</b>	00
	<b>56</b>	New jobs credit, amount generated (see page 19)	<b>56</b>	00
	<b>57</b>	New jobs credit, amount claimed (see page 19)	<b>57</b>	00
	<b>58</b>	Enter credit name _____ code no _____ and amount	<b>58</b>	00
	<b>59</b>	Enter credit name _____ code no _____ and amount	<b>59</b>	00
	<b>60</b>	To claim more than two credits (see page 19)	<b>60</b>	00
<b>61</b>	Nonrefundable renter's credit (see page 57)	<b>61</b>	00	
<b>62</b>	Add line 55 and line 57 through line 61. These are your total credits	<b>62</b>	00	
<b>63</b>	Subtract line 62 from line 50. If less than zero, enter -0-	<b>63</b>	00	

Other Taxes	<b>71</b>	Alternative minimum tax. Attach Schedule P (540NR)	<b>71</b>	00
	<b>72</b>	Mental Health Services Tax (see page 20)	<b>72</b>	00
	<b>73</b>	Other taxes and credit recapture (see page 20)	<b>73</b>	00
	<b>74</b>	Add line 63, line 71, line 72, and line 73. This is your total tax	<b>74</b>	00

<b>81</b>	California income tax withheld (see page 20)	<b>81</b>	00
<b>82</b>	2010 CA estimated tax and other payments (see page 20)	<b>82</b>	00
<b>83</b>	Real estate and other withholding (see page 20)	<b>83</b>	00
<b>84</b>	Excess SDI (or VPDI) withheld. To see if you qualify (see page 21)	<b>84</b>	00

**Child and Dependent Care Expenses Credit** (see page 21). Attach form FTB 3506.

Payments	<b>85</b>	Qualifying person's social security number	<b>85</b>	- - -
	<b>86</b>	Qualifying person's social security number	<b>86</b>	- - -
	<b>87</b>	Enter the amount from form FTB 3506, Part III, line 8	<b>87</b>	00
	<b>88</b>	Child and Dependent Care Expenses Credit from form FTB 3506, Part III, line 12	<b>88</b>	00
	<b>89</b>	Add line 81, line 82, line 83, line 84, and line 88. These are your total payments	<b>89</b>	00

Overpaid Tax/Due	<b>101</b>	Overpaid tax. If line 89 is more than line 74, subtract line 74 from line 89	<b>101</b>	00
	<b>102</b>	Amount of line 101 you want applied to your 2011 estimated tax	<b>102</b>	00
	<b>103</b>	Overpaid tax available this year. Subtract line 102 from line 101	<b>103</b>	00
	<b>104</b>	Tax due. If line 89 is less than line 74, subtract line 89 from line 74	<b>104</b>	00

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

Contributions		Code	Amount
	California Seniors Special Fund. See instructions (see page 21) . . . . .	● 400	00
	Alzheimer's Disease/Related Disorders Fund . . . . .	● 401	00
	California Fund for Senior Citizens . . . . .	● 402	00
	Rare and Endangered Species Preservation Program . . . . .	● 403	00
	State Children's Trust Fund for the Prevention of Child Abuse . . . . .	● 404	00
	California Breast Cancer Research Fund . . . . .	● 405	00
	California Firefighters' Memorial Fund . . . . .	● 406	00
	Emergency Food for Families Fund . . . . .	● 407	00
	California Peace Officer Memorial Foundation Fund . . . . .	● 408	00
	California Sea Otter Fund . . . . .	● 410	00
	California Cancer Research Fund . . . . .	● 413	00
	Arts Council Fund . . . . .	● 415	00
	California Police Activities League (CALPAL) Fund . . . . .	● 416	00
	California Veterans Homes Fund . . . . .	● 417	00
	Safely Surrendered Baby Fund . . . . .	● 418	00
	<b>120</b> Add code 400 through code 418. This is your total contribution . . . . .	● 120	00

Amount You Owe

**121 AMOUNT YOU OWE.** Add line 104 and line 120 (see page 22). **Do not send cash.**  
 Mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001** . . . . . ● 121 \_\_\_\_\_ 00  
 Pay Online – Go to **ftb.ca.gov** and search for **web pay**.

Interest and Penalties

**122** Interest, late return penalties, and late payment penalties . . . . . **122** \_\_\_\_\_ 00  
**123** Underpayment of estimated tax. Fill in the circle:  FTB 5805 attached  FTB 5805F attached . . . . . ● **123** \_\_\_\_\_ 00  
**124** Total amount due (see page 23). Enclose, but **do not** staple, any payment. . . . . **124** \_\_\_\_\_ 00

Refund and Direct Deposit

**125 REFUND OR NO AMOUNT DUE.** Subtract line 120 from line 103.  
 Mail to: **FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002** . . . . . ● **125** \_\_\_\_\_ 00

Fill in the information to authorize direct deposit of your refund into one or two accounts. **Do not** attach a voided check or a deposit slip (see page 23). **Have you verified the routing and account numbers?** Use whole dollars only.

All or the following amount of my refund (line 125) is authorized for direct deposit into the account shown below:

Checking \_\_\_\_\_  
 Savings \_\_\_\_\_ ● **126** Direct deposit amount

● Routing number      ● Type      ● Account number

The remaining amount of my refund (line 125) is authorized for direct deposit into the account shown below:

Checking \_\_\_\_\_  
 Savings \_\_\_\_\_ ● **127** Direct deposit amount

● Routing number      ● Type      ● Account number

**IMPORTANT:** 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.

Your signature \_\_\_\_\_ Spouse's/RDP's signature (if a joint tax return, both must sign) \_\_\_\_\_ Daytime phone number (optional) (\_\_\_\_\_) \_\_\_\_\_

**Sign Here**

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

Your email address (optional). Enter only one email address.

Paid preparer's signature (**declaration of preparer is based on all information of which preparer has any knowledge**) \_\_\_\_\_ ● Paid preparer's PTIN/SSN \_\_\_\_\_  
 Firm's name (or yours, if self-employed) \_\_\_\_\_ Firm's address \_\_\_\_\_ ● FEIN \_\_\_\_\_

It is unlawful to forge a spouse's/RDP's signature.

Joint tax return? (see page 23)

Do you want to allow another person to discuss this tax return with us (see page 23)? . . . . . ●  Yes  No

Print Third Party Designee's Name \_\_\_\_\_ Telephone Number \_\_\_\_\_

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

**Visit our website:**

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

# 2010 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 Long or Short Form 540NR, line 19.
- 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/RDP Filing Separately)			2 or 5 (Married/RDP 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	81	81	81	12,951	13,050	221	163	163
51	150	1	1	1	6,551	6,650	83	83	83	13,051	13,150	224	164	164
151	250	3	3	3	6,651	6,750	84	84	84	13,151	13,250	226	165	165
251	350	4	4	4	6,751	6,850	85	85	85	13,251	13,350	228	166	166
351	450	5	5	5	6,851	6,950	86	86	86	13,351	13,450	230	168	168
451	550	6	6	6	6,951	7,050	88	88	88	13,451	13,550	233	169	169
551	650	8	8	8	7,051	7,150	89	89	89	13,551	13,650	235	170	170
651	750	9	9	9	7,151	7,250	91	90	90	13,651	13,750	237	171	171
751	850	10	10	10	7,251	7,350	93	91	91	13,751	13,850	239	173	173
851	950	11	11	11	7,351	7,450	95	93	93	13,851	13,950	242	174	174
951	1,050	13	13	13	7,451	7,550	98	94	94	13,951	14,050	244	175	175
1,051	1,150	14	14	14	7,551	7,650	100	95	95	14,051	14,150	246	176	176
1,151	1,250	15	15	15	7,651	7,750	102	96	96	14,151	14,250	248	178	178
1,251	1,350	16	16	16	7,751	7,850	104	98	98	14,251	14,350	251	179	179
1,351	1,450	18	18	18	7,851	7,950	107	99	99	14,351	14,450	253	182	181
1,451	1,550	19	19	19	7,951	8,050	109	100	100	14,451	14,550	255	184	184
1,551	1,650	20	20	20	8,051	8,150	111	101	101	14,551	14,650	257	186	186
1,651	1,750	21	21	21	8,151	8,250	113	103	103	14,651	14,750	260	188	188
1,751	1,850	23	23	23	8,251	8,350	116	104	104	14,751	14,850	262	191	190
1,851	1,950	24	24	24	8,351	8,450	118	105	105	14,851	14,950	264	193	193
1,951	2,050	25	25	25	8,451	8,550	120	106	106	14,951	15,050	266	195	195
2,051	2,150	26	26	26	8,551	8,650	122	108	108	15,051	15,150	269	197	197
2,151	2,250	28	28	28	8,651	8,750	125	109	109	15,151	15,250	271	200	199
2,251	2,350	29	29	29	8,751	8,850	127	110	110	15,251	15,350	273	202	202
2,351	2,450	30	30	30	8,851	8,950	129	111	111	15,351	15,450	275	204	204
2,451	2,550	31	31	31	8,951	9,050	131	113	113	15,451	15,550	278	206	206
2,551	2,650	33	33	33	9,051	9,150	134	114	114	15,551	15,650	280	209	208
2,651	2,750	34	34	34	9,151	9,250	136	115	115	15,651	15,750	282	211	211
2,751	2,850	35	35	35	9,251	9,350	138	116	116	15,751	15,850	284	213	213
2,851	2,950	36	36	36	9,351	9,450	140	118	118	15,851	15,950	287	215	215
2,951	3,050	38	38	38	9,451	9,550	143	119	119	15,951	16,050	289	218	217
3,051	3,150	39	39	39	9,551	9,650	145	120	120	16,051	16,150	291	220	220
3,151	3,250	40	40	40	9,651	9,750	147	121	121	16,151	16,250	293	222	222
3,251	3,350	41	41	41	9,751	9,850	149	123	123	16,251	16,350	296	224	224
3,351	3,450	43	43	43	9,851	9,950	152	124	124	16,351	16,450	298	227	226
3,451	3,550	44	44	44	9,951	10,050	154	125	125	16,451	16,550	300	229	229
3,551	3,650	45	45	45	10,051	10,150	156	126	126	16,551	16,650	302	231	231
3,651	3,750	46	46	46	10,151	10,250	158	128	128	16,651	16,750	305	233	233
3,751	3,850	48	48	48	10,251	10,350	161	129	129	16,751	16,850	307	236	235
3,851	3,950	49	49	49	10,351	10,450	163	130	130	16,851	16,950	309	238	238
3,951	4,050	50	50	50	10,451	10,550	165	131	131	16,951	17,050	313	240	240
4,051	4,150	51	51	51	10,551	10,650	167	133	133	17,051	17,150	318	242	242
4,151	4,250	53	53	53	10,651	10,750	170	134	134	17,151	17,250	322	245	244
4,251	4,350	54	54	54	10,751	10,850	172	135	135	17,251	17,350	326	247	247
4,351	4,450	55	55	55	10,851	10,950	174	136	136	17,351	17,450	330	249	249
4,451	4,550	56	56	56	10,951	11,050	176	138	138	17,451	17,550	335	251	251
4,551	4,650	58	58	58	11,051	11,150	179	139	139	17,551	17,650	339	254	253
4,651	4,750	59	59	59	11,151	11,250	181	140	140	17,651	17,750	343	256	256
4,751	4,850	60	60	60	11,251	11,350	183	141	141	17,751	17,850	347	258	258
4,851	4,950	61	61	61	11,351	11,450	185	143	143	17,851	17,950	352	260	260
4,951	5,050	63	63	63	11,451	11,550	188	144	144	17,951	18,050	356	263	262
5,051	5,150	64	64	64	11,551	11,650	190	145	145	18,051	18,150	360	265	265
5,151	5,250	65	65	65	11,651	11,750	192	146	146	18,151	18,250	364	267	267
5,251	5,350	66	66	66	11,751	11,850	194	148	148	18,251	18,350	369	269	269
5,351	5,450	68	68	68	11,851	11,950	197	149	149	18,351	18,450	373	272	271
5,451	5,550	69	69	69	11,951	12,050	199	150	150	18,451	18,550	377	274	274
5,551	5,650	70	70	70	12,051	12,150	201	151	151	18,551	18,650	381	276	276
5,651	5,750	71	71	71	12,151	12,250	203	153	153	18,651	18,750	386	278	278
5,751	5,850	73	73	73	12,251	12,350	206	154	154	18,751	18,850	390	281	280
5,851	5,950	74	74	74	12,351	12,450	208	155	155	18,851	18,950	394	283	283
5,951	6,050	75	75	75	12,451	12,550	210	156	156	18,951	19,050	398	285	285
6,051	6,150	76	76	76	12,551	12,650	212	158	158	19,051	19,150	403	287	287
6,151	6,250	78	78	78	12,651	12,750	215	159	159	19,151	19,250	407	290	289
6,251	6,350	79	79	79	12,751	12,850	217	160	160	19,251	19,350	411	292	292
6,351	6,450	80	80	80	12,851	12,950	219	161	161	19,351	19,450	415	294	294

Continued on next page.









# 2010 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately) 2 or 5 (Married/RDP 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
82,451	82,550	5,589	3,442	4,284	88,951	89,050	6,209	3,978	4,905	95,451	95,550	6,830	4,540	5,526
82,551	82,650	5,598	3,450	4,294	89,051	89,150	6,219	3,986	4,915	95,551	95,650	6,840	4,549	5,535
82,651	82,750	5,608	3,458	4,303	89,151	89,250	6,228	3,994	4,924	95,651	95,750	6,849	4,559	5,545
82,751	82,850	5,617	3,466	4,313	89,251	89,350	6,238	4,003	4,934	95,751	95,850	6,859	4,568	5,554
82,851	82,950	5,627	3,475	4,322	89,351	89,450	6,247	4,011	4,943	95,851	95,950	6,868	4,578	5,564
82,951	83,050	5,636	3,483	4,332	89,451	89,550	6,257	4,019	4,953	95,951	96,050	6,878	4,588	5,574
83,051	83,150	5,646	3,491	4,342	89,551	89,650	6,267	4,027	4,962	96,051	96,150	6,887	4,597	5,583
83,151	83,250	5,655	3,499	4,351	89,651	89,750	6,276	4,036	4,972	96,151	96,250	6,897	4,607	5,593
83,251	83,350	5,665	3,508	4,361	89,751	89,850	6,286	4,044	4,981	96,251	96,350	6,906	4,616	5,602
83,351	83,450	5,674	3,516	4,370	89,851	89,950	6,295	4,052	4,991	96,351	96,450	6,916	4,626	5,612
83,451	83,550	5,684	3,524	4,380	89,951	90,050	6,305	4,060	5,001	96,451	96,550	6,926	4,635	5,621
83,551	83,650	5,694	3,532	4,389	90,051	90,150	6,314	4,069	5,010	96,551	96,650	6,935	4,645	5,631
83,651	83,750	5,703	3,541	4,399	90,151	90,250	6,324	4,077	5,020	96,651	96,750	6,945	4,654	5,640
83,751	83,850	5,713	3,549	4,408	90,251	90,350	6,333	4,085	5,029	96,751	96,850	6,954	4,664	5,650
83,851	83,950	5,722	3,557	4,418	90,351	90,450	6,343	4,093	5,039	96,851	96,950	6,964	4,673	5,659
83,951	84,050	5,732	3,565	4,428	90,451	90,550	6,353	4,102	5,048	96,951	97,050	6,973	4,683	5,669
84,051	84,150	5,741	3,574	4,437	90,551	90,650	6,362	4,110	5,058	97,051	97,150	6,983	4,693	5,679
84,151	84,250	5,751	3,582	4,447	90,651	90,750	6,372	4,118	5,067	97,151	97,250	6,992	4,702	5,688
84,251	84,350	5,760	3,590	4,456	90,751	90,850	6,381	4,126	5,077	97,251	97,350	7,002	4,712	5,698
84,351	84,450	5,770	3,598	4,466	90,851	90,950	6,391	4,135	5,086	97,351	97,450	7,011	4,721	5,707
84,451	84,550	5,780	3,607	4,475	90,951	91,050	6,400	4,143	5,096	97,451	97,550	7,021	4,731	5,717
84,551	84,650	5,789	3,615	4,485	91,051	91,150	6,410	4,151	5,106	97,551	97,650	7,031	4,740	5,726
84,651	84,750	5,799	3,623	4,494	91,151	91,250	6,419	4,159	5,115	97,651	97,750	7,040	4,750	5,736
84,751	84,850	5,808	3,631	4,504	91,251	91,350	6,429	4,168	5,125	97,751	97,850	7,050	4,759	5,745
84,851	84,950	5,818	3,640	4,513	91,351	91,450	6,438	4,176	5,134	97,851	97,950	7,059	4,769	5,755
84,951	85,050	5,827	3,648	4,523	91,451	91,550	6,448	4,184	5,144	97,951	98,050	7,069	4,779	5,765
85,051	85,150	5,837	3,656	4,533	91,551	91,650	6,458	4,192	5,153	98,051	98,150	7,078	4,788	5,774
85,151	85,250	5,846	3,664	4,542	91,651	91,750	6,467	4,201	5,163	98,151	98,250	7,088	4,798	5,784
85,251	85,350	5,856	3,673	4,552	91,751	91,850	6,477	4,209	5,172	98,251	98,350	7,097	4,807	5,793
85,351	85,450	5,865	3,681	4,561	91,851	91,950	6,486	4,217	5,182	98,351	98,450	7,107	4,817	5,803
85,451	85,550	5,875	3,689	4,571	91,951	92,050	6,496	4,225	5,192	98,451	98,550	7,117	4,826	5,812
85,551	85,650	5,885	3,697	4,580	92,051	92,150	6,505	4,234	5,201	98,551	98,650	7,126	4,836	5,822
85,651	85,750	5,894	3,706	4,590	92,151	92,250	6,515	4,242	5,211	98,651	98,750	7,136	4,845	5,831
85,751	85,850	5,904	3,714	4,599	92,251	92,350	6,524	4,250	5,220	98,751	98,850	7,145	4,855	5,841
85,851	85,950	5,913	3,722	4,609	92,351	92,450	6,534	4,258	5,230	98,851	98,950	7,155	4,864	5,850
85,951	86,050	5,923	3,730	4,619	92,451	92,550	6,544	4,267	5,239	98,951	99,050	7,164	4,874	5,860
86,051	86,150	5,932	3,739	4,628	92,551	92,650	6,553	4,275	5,249	99,051	99,150	7,174	4,884	5,870
86,151	86,250	5,942	3,747	4,638	92,651	92,750	6,563	4,283	5,258	99,151	99,250	7,183	4,893	5,879
86,251	86,350	5,951	3,755	4,647	92,751	92,850	6,572	4,291	5,268	99,251	99,350	7,193	4,903	5,889
86,351	86,450	5,961	3,763	4,657	92,851	92,950	6,582	4,300	5,277	99,351	99,450	7,202	4,912	5,898
86,451	86,550	5,971	3,772	4,666	92,951	93,050	6,591	4,308	5,287	99,451	99,550	7,212	4,922	5,908
86,551	86,650	5,980	3,780	4,676	93,051	93,150	6,601	4,316	5,297	99,551	99,650	7,222	4,931	5,917
86,651	86,750	5,990	3,788	4,685	93,151	93,250	6,610	4,324	5,306	99,651	99,750	7,231	4,941	5,927
86,751	86,850	5,999	3,796	4,695	93,251	93,350	6,620	4,333	5,316	99,751	99,850	7,241	4,950	5,936
86,851	86,950	6,009	3,805	4,704	93,351	93,450	6,629	4,341	5,325	99,851	99,950	7,250	4,960	5,946
86,951	87,050	6,018	3,813	4,714	93,451	93,550	6,639	4,349	5,335	99,951	100,000	7,257	4,967	5,953
87,051	87,150	6,028	3,821	4,724	93,551	93,650	6,649	4,358	5,344	OVER \$100,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES ON THE NEXT PAGE.				
87,151	87,250	6,037	3,829	4,733	93,651	93,750	6,658	4,368	5,354					
87,251	87,350	6,047	3,838	4,743	93,751	93,850	6,668	4,377	5,363					
87,351	87,450	6,056	3,846	4,752	93,851	93,950	6,677	4,387	5,373					
87,451	87,550	6,066	3,854	4,762	93,951	94,050	6,687	4,397	5,383					
87,551	87,650	6,076	3,862	4,771	94,051	94,150	6,696	4,406	5,392					
87,651	87,750	6,085	3,871	4,781	94,151	94,250	6,706	4,416	5,402					
87,751	87,850	6,095	3,879	4,790	94,251	94,350	6,715	4,425	5,411					
87,851	87,950	6,104	3,887	4,800	94,351	94,450	6,725	4,435	5,421					
87,951	88,050	6,114	3,895	4,810	94,451	94,550	6,735	4,444	5,430					
88,051	88,150	6,123	3,904	4,819	94,551	94,650	6,744	4,454	5,440					
88,151	88,250	6,133	3,912	4,829	94,651	94,750	6,754	4,463	5,449					
88,251	88,350	6,142	3,920	4,838	94,751	94,850	6,763	4,473	5,459					
88,351	88,450	6,152	3,928	4,848	94,851	94,950	6,773	4,482	5,468					
88,451	88,550	6,162	3,937	4,857	94,951	95,050	6,782	4,492	5,478					
88,551	88,650	6,171	3,945	4,867	95,051	95,150	6,792	4,502	5,488					
88,651	88,750	6,181	3,953	4,876	95,151	95,250	6,801	4,511	5,497					
88,751	88,850	6,190	3,961	4,886	95,251	95,350	6,811	4,521	5,507					
88,851	88,950	6,200	3,970	4,895	95,351	95,450	6,820	4,530	5,516					

# 2010 California Tax Rate Schedules



Go to [ftb.ca.gov](http://ftb.ca.gov) to e-file and eliminate the math. Or search our website for **tax calculator** to figure your tax online.

Use only if your taxable income on Long Form 540NR, line 19 is more than \$100,000. If \$100,000 or less, use the Tax Table.

## Schedule X -

Use if your filing status is  
Single or Married/RDP Filing Separately

If the amount on Long Form 540NR, line 19 is over –		But not over –	Enter on Long Form 540NR, line 31	of the amount over –
\$ 0	\$ 7,124		\$ 0.00 + 1.25%	\$ 0.00
7,124	16,890		89.05 + 2.25%	7,124
16,890	26,657		308.79 + 4.25%	16,890
26,657	37,005		723.89 + 6.25%	26,657
37,005	46,766		1,370.64 + 8.25%	37,005
46,766	AND OVER		2,175.92 + 9.55%	46,766

## Schedule Y -

Use if your filing status is  
Married/RDP Filing Jointly or Qualifying  
Widow(er) with Dependent Child

If the amount on Long Form 540NR, line 19 is over –		But not over –	Enter on Long Form 540NR, line 31	of the amount over –
\$ 0	\$ 14,248		\$ 0.00 + 1.25%	\$ 0.00
14,248	33,780		178.10 + 2.25%	14,248
33,780	53,314		617.57 + 4.25%	33,780
53,314	74,010		1,447.77 + 6.25%	53,314
74,010	93,532		2,741.27 + 8.25%	74,010
93,532	AND OVER		4,351.84 + 9.55%	93,532

## Schedule Z -

Use if your filing status is  
Head of Household

If the amount on Long Form 540NR, line 19 is over –		But not over –	Enter on Long Form 540NR, line 31	of the amount over –
\$ 0	\$ 14,257		\$ 0.00 + 1.25%	\$ 0.00
14,257	33,780		178.21 + 2.25%	14,257
33,780	43,545		617.48 + 4.25%	33,780
43,545	53,893		1,032.49 + 6.25%	43,545
53,893	63,657		1,679.24 + 8.25%	53,893
63,657	AND OVER		2,484.77 + 9.55%	63,657

## How to Figure Tax Using the 2010 California Tax Rate Schedules

**Example:** Chris and Pat Smith are filing a joint tax return using Long Form 540NR. Their taxable income on Long Form 540NR, line 19 is \$125,000.

**Step 1:** Using Schedule Y, they find the taxable income range that includes their taxable income of \$125,000. See the boxed range in the sample below.

If the amount on Long Form 540NR, line 19 is: over –		But not over –	Enter on Long Form 540NR, line 31	of the amount over –
\$ 0	\$ 14,248		\$ 0.00 + 1.25%	\$ 0.00
14,248	33,780		178.10 + 2.25%	14,248
33,780	53,314		617.57 + 4.25%	33,780
53,314	74,010		1,447.77 + 6.25%	53,314
74,010	93,532		2,741.27 + 8.25%	74,010
93,532	AND OVER		4,351.84 + 9.55%	93,532

	<b>Example</b>	<b>Your Income</b>
<b>Step 2:</b> They subtract the amount at the beginning of their range from their taxable income.	$\begin{array}{r} \$125,000 \\ - 93,532 \\ \hline \$ 31,468 \end{array}$	$\begin{array}{r} \$ \\ - \\ \hline \$ \end{array}$
<b>Step 3:</b> They multiply the result from Step 2 by the percentage for their range.	$\begin{array}{r} \$31,468 \\ \times .0955 \\ \hline \$3,005.19 \end{array}$	$\begin{array}{r} \$ \\ \times \\ \hline \$ \end{array}$
<b>Step 4:</b> They round the amount from Step 3 to two decimals (if necessary) and add it to the tax amount for their income range. After rounding the result, they will enter \$7,357 on Long Form 540NR, line 31.	$\begin{array}{r} \$4,351.84 \\ + 3,005.19 \\ \hline \$7,357.03 \end{array}$	$\begin{array}{r} \$ \\ + \\ \hline \$ \end{array}$

California Adjustments —
Nonresidents or Part-Year Residents

CA (540NR)

Important: Attach this schedule behind Long Form 540NR, Side 3 as a supporting California schedule.

Name(s) as shown on return

SSN or ITIN

Part I Residency Information. Complete all lines that apply to you and your spouse/RDP.

During 2010:

Table with 3 columns: Question (1-6), Yourself, Spouse/RDP. Questions include: I was domiciled in (enter state or country), I was in the military and stationed in (enter state or country), I became a California resident (enter the state of prior residence and date of move), I became a nonresident (enter new state of residence and date of move), I was a nonresident of California the entire year (enter state or country of residence), The number of days I spent in California (for any purpose) is, I owned a home/property in California (enter "Yes" or "No").

Before 2010:

Table with 3 columns: Question (7-9), Yourself, Spouse/RDP. Questions include: I was a California resident for the period of (enter dates), I entered California on (enter date), I left California on (enter date).

Part II Income Adjustment Schedule

Section A — Income

Main table with 5 columns: A (Federal Amounts), B (Subtractions), C (Additions), D (Total Amounts Using CA Law As If You Were a CA Resident), E (CA Amounts). Rows include: 7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C; 8 Taxable interest; 9 Ordinary dividends; 10 Taxable refunds, credits, or offsets of state and local income taxes; 11 Alimony received; 12 Business income or (loss); 13 Capital gain or (loss); 14 Other gains or (losses); 15 IRA distributions; 16 Pensions and annuities; 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.; 18 Farm income or (loss); 19 Unemployment compensation; 20 Social security benefits; 21 Other income (California lottery winnings, Disaster loss carryover, Federal NOL, NOL carryover, NOL from FTB 3805D, FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809, Other); 22 a Total: Combine line 7 through line 21 in each column.

<b>Income Adjustment Schedule</b>		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Section B — Adjustments to Income</b>		<b>Federal Amounts</b> (taxable amounts from your federal return)	<b>Subtractions</b> See instructions (difference between CA & federal law)	<b>Additions</b> See instructions (difference between CA & federal law)	<b>Total Amounts Using CA Law As If You Were a CA Resident</b> (subtract column B from column A; add column C to the result)	<b>CA Amounts</b> (income earned or received as a CA resident and income earned or received from CA sources as a nonresident)
<b>22</b>	<b>b</b> Enter totals from Schedule CA (540NR), Side 1, line 22a, column A through column E. . . . . <b>22b</b>					
<b>23</b>	Educator expenses . . . . . <b>23</b>					
<b>24</b>	Certain business expenses of reservists, performing artists, and fee-basis government officials . . . . . <b>24</b>					
<b>25</b>	Health savings account deduction . . . . . <b>25</b>					
<b>26</b>	Moving expenses . . . . . <b>26</b>					
<b>27</b>	One-half of self-employment tax . . . . . <b>27</b>					
<b>28</b>	Self-employed SEP, SIMPLE, and qualified plans . . . . . <b>28</b>					
<b>29</b>	Self-employed health insurance deduction . . . . . <b>29</b>					
<b>30</b>	Penalty on early withdrawal of savings . . . . . <b>30</b>					
<b>31a</b>	Alimony paid. <b>b</b> Enter recipient's: SSN _____ - _____ - _____ Last name _____ . . . . . <b>31a</b>					
<b>32</b>	IRA deduction . . . . . <b>32</b>					
<b>33</b>	Student loan interest deduction . . . . . <b>33</b>					
<b>34</b>	Tuition and fees . . . . . <b>34</b>					
<b>35</b>	Domestic production activities deduction . . . . . <b>35</b>					
<b>36</b>	Add line 23 through line 31a and line 32 through line 35 in each column, A through E <b>36</b>					
<b>37</b>	<b>Total.</b> Subtract line 36 from line 22b in each column, A through E. See instructions. <b>37</b>					

**Part III Adjustments to Federal Itemized Deductions**

<b>38</b>	<b>Federal Itemized Deductions.</b> Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 15, 19, 20, 27, and 28 (or Schedule A (Form 1040NR), lines 3, 7, 8, 15, and 16). . . . . <b>38</b>	
<b>39</b>	Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance, and state and local income tax, or General Sales Tax), line 7 (new motor vehicle tax), and line 8 (foreign taxes <b>only</b> ). See instructions . . . . . <b>39</b>	
<b>40</b>	Subtract line 39 from line 38 . . . . . <b>40</b>	
<b>41</b>	Other adjustments including California lottery losses. See instructions. Specify _____ . . . . . <b>41</b>	
<b>42</b>	Combine line 40 and line 41 . . . . . <b>42</b>	
<b>43</b>	<b>Is your federal AGI (Long Form 540NR, line 13) more than the amount shown below for your filing status?</b> Single or married/RDP filing separately . . . . . <b>\$162,186</b> Head of household . . . . . <b>\$243,283</b> Married/RDP filing jointly or qualifying widow(er) . . . . . <b>\$324,376</b> <b>No.</b> Transfer the amount on line 42 to line 43. <b>Yes.</b> Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540NR), line 43 . . . . . <b>43</b>	
<b>44</b>	<b>Enter the larger of the amount on line 43 or your standard deduction listed below</b> Single or married/RDP filing separately . . . . . <b>\$3,670</b> Married/RDP filing jointly, head of household, or qualifying widow(er) . . . . . <b>\$7,340</b> . . . . . <b>44</b>	

**Part IV California Taxable Income**

<b>45</b>	<b>California AGI.</b> Enter your California AGI from line 37, column E . . . . . <b>45</b>	
<b>46</b>	Enter your deductions from line 44 . . . . . <b>46</b>	
<b>47</b>	<b>Deduction Percentage.</b> Divide line 37, column E by line 37, column D. Carry the decimal to four places. If the result is greater than 1.0000, enter 1.0000. If less than zero, enter -0- . . . . . <b>47</b>	
<b>48</b>	<b>California Itemized/Standard Deductions.</b> Multiply line 46 by the percentage on line 47 . . . . . <b>48</b>	
<b>49</b>	<b>California Taxable Income.</b> Subtract line 48 from line 45. Transfer this amount to Long Form 540NR, line 35. If less than zero, enter -0- . . . . . <b>49</b>	

# Instructions for Schedule CA (540NR)

References to these instructions are to the Internal Revenue Code (IRC) as of January 1, 2009, and the California Revenue and Taxation Code (R&TC).

## What's New

### Conformity

For updates regarding the following federal acts, go to [ftb.ca.gov](http://ftb.ca.gov) and search for conformity.

- Health Care and Education Reconciliation Act of 2010
- Patient Protection and Affordable Care Act
- Small Business Jobs Act of 2010

**Charitable Contributions for 2010 Haiti Earthquake Disaster** – California law conforms to federal law which allows a 2009 charitable contribution deduction for cash contributions made after January 11, 2010, and before March 1, 2010, for the relief of victims in areas affected by the earthquake in Haiti on January 12, 2010.

### Mortgage Forgiveness Debt Relief Extended

California law conforms, with modifications, to federal mortgage forgiveness debt relief for discharges occurring on or after January 1, 2009. Federal law limits the amount of qualified principal residence indebtedness to \$2,000,000 (\$1,000,000 for married filing separate). See federal Publication 544, Sales and Other Disposition of Assets, and federal Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments, for more information. California law limits the amount of qualified principal residence indebtedness to \$800,000 (\$400,000 for married/RDP filing separate) and debt relief to \$500,000 (\$250,000 for married/RDP filing separate).

### Hokie Spirit Memorial Fund Exclusion

California law conforms to federal law to exclude from income any amount received from the Hokie Spirit Memorial Fund for the events at Virginia Polytechnic Institute and State University on April 16, 2007.

### Income Exclusion of Federal Energy Grants

California law conforms to federal law to exclude from income any federal energy grants provided in lieu of federal energy credits.

### Tax Computation for Certain Children with Investment Income

For taxable years beginning on or after January 1, 2010, California conforms to the provision of the Small Business and Work Opportunity Tax Act of 2007 which increased the age of children to 18 and under or a student under age 24 for elections made by parents reporting their child's interest and dividends.

**Net Operating Loss** – For taxable years beginning in 2010 and 2011, California suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover NOLs during the suspension period. However, taxpayers with modified adjusted gross income of less than \$300,000 or with disaster loss carryovers are not affected by the NOL suspension rules.

Also, California modified the NOL carryback provision. For more information, see form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts.

### Income Exclusion for In-Home Supportive Services (IHSS) Supplementary Payments

For taxable years beginning on or after January 1, 2010, California law allows an exclusion from gross income for IHSS supplementary payments received by IHSS providers.

## General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

**Registered Domestic Partners (RDP)** – Under California law RDPs must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you entered into in a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, you are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

**Same-Sex Married Couples (SSMCs)** – Under California law, SSMCs must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. For more information, get FTB Pub. 776, Tax Information for Same-Sex Married Couples.

**Same-Sex Married Couples and Registered Domestic Partners** – SSMCs and RDPs will compute their limitations based on the combined federal adjusted gross income (AGI) of each spouse's or partner's individual tax return filed with the Internal Revenue Service (IRS). For column A, line 7 through line 21, and line 23 through line 35, combine your federal amounts from each spouse's or partner's individual federal tax return. For more information on SSMCs, get FTB Pub. 776, or RDPs, get FTB Pub. 737.

The combined federal AGI used to compute limitations is different from the recalculated federal AGI used on Form 540NR, line 13. In situations where SSMCs have no SSMC adjustments or RDPs have no RDP adjustments, these amounts may be the same.

**Military Personnel** – Servicemembers domiciled outside of California and their spouses may exclude the servicemember'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 as California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. Beginning 2009, the federal Military Spouses Residency Relief Act may affect the California income tax filing requirements for spouses of military personnel. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

**Amended Returns** – If you are an active duty military servicemember domiciled outside California and you included your military compensation in income from all sources, you may file an amended return for tax years with an open statute of limitations. For more information, get FTB Pub. 1032 and Form 540X, Amended Individual Income Tax Return.

**Part-Year Residents** – Complete the Part-Year Resident Worksheet on page 10 to determine the amounts to enter on Part II, line 7 through line 22a, column E.

### Avoid Common Mistakes on this Schedule.

**Column A** – Copy the amounts from your federal tax return. Use the (a) amounts on line 8 and line 9 and the (b) amounts on line 15, line 16, and line 20, from your federal tax return. Form 1040, line 37, should equal Long Form 540NR, line 13, federal AGI.

**Column B (line 7 through line 21)** – Subtract income that is not taxable to a California resident such as California lottery winnings and social security benefits. **Do not use column B to deduct** income that was earned while a nonresident of California or from sources outside of California. There **must** be a difference in state and federal tax law. Generally, if a full-year California resident cannot subtract the income in column B, a nonresident or part-year resident may not subtract the income in column B either.

**Column C (line 7 through line 21)** – Add income that was not taxed on your federal tax return but is taxable to a California resident such as foreign income or interest/dividends from non-California municipal bonds.

**Column D** – Combine the columns (column A - column B + column C). Line 37, column D, should equal Long Form 540NR, line 17. The amounts in this column represent income earned from all sources as if you were a full-year California resident, after applying California and federal law differences.

**Column E** – Enter all income from all sources while a resident of California and income from California sources while a nonresident. Enter on line 45 the amount from Schedule CA (540NR), line 37, column E.

## Purpose

Use Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents, to determine California taxable income by doing the following:

- Identify the domiciles and also, current and past residency information.
- Enter the amounts of income and deductions reported on your federal tax return.
- Adjust the income and deductions reported on your federal tax return for differences in California and federal law.
- Determine the portion of income reported on your federal tax return that was earned or received while you were a California resident.

- Determine the portion of income reported on your federal tax return that was earned or received from California sources while you were a nonresident.
- Determine your allowable standard deduction or itemized deductions.

## Specific Line Instructions for Part I Residency Information

Answer all the questions in this part for you and your spouse/RDP. If a question does not apply, enter "N/A" on the line for the answer. For more information get:

- FTB Pub. 1031, Guidelines for Determining Resident Status
- FTB Pub. 1032, Tax Information for Military Personnel

### Line 1 – Domicile and Military

If you served in the military, your state of domicile is generally the state where you were living when you first entered military service. If you were not in the military, your domicile is the place you consider your permanent home, the place to which you, whenever absent, intend to return.

### Line 5 – The Number of Days I Spent in California

The total number of days in California should include all days in California for any purpose including residency, business, and vacation.

## Specific Line Instructions for Part II Income Adjustment Schedule

### Column A — Federal Amounts

Enter all the amounts shown on your federal tax return on the corresponding lines in column A.

If married/RDP filing separately under either exception described in the instructions for Long Form 540NR, enter in column A the amounts you would have reported on a separate federal tax return. Attach a statement to the tax return showing how the income and expenses were split between you and your spouse/RDP.

### Line 7 through Line 21

Enter on line 7 through line 21 the same amounts you entered on federal Form 1040, line 7 through line 21; Form 1040A, line 7 through line 14b; Form 1040EZ, line 1, line 2, and line 3; or Form 1040NR, line 8 through line 21 for the same types of income.

### Line 22a – Total

Combine the amounts on line 7 through line 21. Enter the total on line 22a. This number should be the same as the amount on federal Form 1040, line 22; Form 1040A, line 15; Form 1040EZ, line 4; or Form 1040NR, line 23.

### Line 22b – Balance Carried Forward

Enter on line 22b the total from Side 1, line 22a, column A.

### Line 23 through Line 30 and Line 32 through Line 35

Enter the same amounts you entered on federal Form 1040, line 23 through line 30 and line 32 through line 35; Form 1040A, line 16 through line 19; or Form 1040NR, line 24 through line 33.

### Line 31a and Line 31b

Enter on line 31a the same amount entered on federal Form 1040, line 31a. Enter on line 31b the social security number (SSN) or individual taxpayer identification number (ITIN) and last name of the person to whom you paid alimony.

### Line 36

Add line 23 through line 31a and line 32 through line 35. This amount should be the same as the amount on federal Form 1040, line 36; Form 1040A, line 20; or Form 1040NR, line 34. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 36, 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 36 on this line.

If you used Form 1040NR and reported an amount on Form 1040NR, line 30 for excluded scholarship and fellowship grants, enter the amount from Form 1040NR, line 34 on this line.

### Line 37 – Total

Subtract line 36 from line 22b. This amount should be the same as the amount on Long Form 540NR, line 13; federal Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; or Form 1040NR, line 35.

## Column B and Column C — Subtractions and Additions

Use these columns to enter subtractions and additions to federal amounts in column A that are necessary because of the differences between California and federal law. Enter all amounts on line 7 through line 36 as positive numbers.

**Do not deduct** income that was earned while a nonresident of California or from sources outside of California. There **must** be a difference in tax law. Generally, if

a California resident cannot subtract the income in column B, a nonresident or part-year resident may not subtract income from column B.

If you are a nonresident alien, use column B and column C to adjust federal AGI to include income from all sources, even if you were not required to report it on your federal tax return. California does not have special rules limiting total AGI from all sources to U.S. source or effectively connected income of nonresident aliens.

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
- 1100, Taxation of Nonresidents and Individuals Who Change Residency

To get forms and publications, go to [ftb.ca.gov](http://ftb.ca.gov) or see page 58 of your 2010 California 540NR Nonresident or Part-Year Resident Booklet.

### Line 7 – Wages, Salaries, Tips, etc.

Generally, no adjustments are made 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.

**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 from all sources. For more information, get FTB Pub. 1032.

Active duty military servicemembers domiciled outside of California, may claim an adjustment for active duty military pay.

To claim the adjustment, write "MPA" to the left of column A and enter the amount of your active duty military pay in column B. Exclude this amount from column E. Attach a copy of your federal Form W-2, Wage and Tax Statement, reflecting your military compensation, to your tax return.

**Sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act.** California excludes these items from income. Enter in column B the amount of these benefits included in the amount in column A.

**Ride-sharing fringe benefit differences.** Under federal law, qualified transportation benefits are excluded from gross income. Under the California R&TC, 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.

**Foreign income.** If you excluded income exempted by U.S. tax treaties on your federal Form 1040 (unless specifically exempt for state purposes), enter the excluded amount in column C. If you claimed foreign earned income or housing cost exclusion on your federal Form 1040 (under IRC Section 911), see the instructions for line 21.

**Exclusion for compensation from exercising a California Qualified Stock Option (CQSO).** To claim this exclusion:

- Your earned income is \$40,000 or less from the corporation granting the CQSO.
- The market value of the options granted to you must be less than \$100,000.
- The total number of shares must be 1,000 or less.
- The corporation issuing the stock must designate that the stock issued is a CQSO 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.

**Nonresident compensation of merchant seamen and employees of rail carriers, motor carriers, and air carriers.** Exclude the following from gross income: compensation for the performance of duties of certain merchant seamen, rail carriers, motor carriers, and air carriers. Enter the amount included in federal income on line 7, column B. For more information, get FTB Pub. 1031.

**Employer health savings account (HSA) contribution.** Enter the amount of any employer HSA contribution from federal Form W-2, box 12, code W on line 7, column C.

**Income exclusion for employer-provided adoption benefits.** California does not conform to the federal increase to the maximum exclusion amount for employer-provided adoption benefits. If you have taxable benefits on federal Form 8839, Qualified Adoption Expenses, line 27 that was entered on federal Form 1040, line 7, enter \$1,000 on line 7, column C.

**Adult children not qualified for tax-free medical coverage.** If you have medical coverage deduction through your employer and it includes your adult children not qualified for tax-free medical coverage, your employer should impute additional income for California on your federal Form W-2. Enter the imputed income on line 7, column C.

**Income Exclusion for In-Home Supportive Services (IHSS) Supplementary Payments** – If you are an IHSS provider who received IHSS supplementary payments that was included in federal wages, enter the IHSS supplementary payments on line 7, column B.

**Line 8 – Taxable Interest**

If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C.

Enter in column B, the interest that you received from:

- U.S. saving 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.
- Any other bonds or obligations of the United States and its territories.
- Interest from Ottoman Turkish Empire settlement payments.
- Interest income from children under age 19 or students under age 24 included on the child's federal tax return and reported on the California tax return by the parent. For more information, get form FTB 3803, Parents' Election to Report Child's Interest and Dividends.

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 tax-exempt will be shown on your annual statement or statement issued with Form 1099-INT, Interest Income. For more information, get FTB Pub. 1001.

Enter in column C, the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b or Form 1040NR, line 9b; **and** which you received from:

- 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.
- 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.
- 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 from a Health Savings Account (HSA) are not treated as tax deferred. Interest or earnings in an HSA are taxable in the year earned.
- Interest on any bond or other obligation issued by the Government of American Samoa.
- Interest income from children under the age of 19 or students under age 24 included on the parent's federal tax return and reported on the California tax return by the child.

Make no entries in either column B or column C for interest 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 the former Los Angeles Revitalization Zone (LARZ).
- Items listed above passed through to you from S corporations, trusts, partnerships, or LLCs.

**Line 9 – Ordinary Dividends**

Generally, no difference exists between the amount of dividends reported in column A and the amount reported using California law. However, California taxes dividends derived from other states and their municipal obligations.

Enter in column B dividend income from children under age 19 and students under age 24, **included** on the parent's or child's federal tax return and reported on the California tax return by the opposite taxpayer.

Enter in column C dividend income from children under age 19 and students under age 24, **excluded** on the parent's or child's federal tax return and reported on the California tax return by the opposite taxpayer.

Get FTB Pub. 1001, if you received dividend income from:

- Noncash patronage dividends from farmers' cooperatives or mutual associations.
- A controlled foreign corporation (CFC).
- Distribution of pre-1987 earnings from S corporations.
- 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 received in 2010. Enter in column B, the amount of state tax refund entered in column A.

**Line 11 – Alimony Received**

If you are a nonresident alien and received alimony 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 used 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. 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 Limitations, to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss.
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C (Form 1040), Profit or Loss From Business.

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 a combination of gains and losses).
- 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.
- Pro-rata share of income received from a CFC by a U.S. shareholder.
- Deferred income resulting from a federal election to defer the discharge of indebtedness income as described in IRC Section 108(i).

**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 January 1, 1992, as a result of phylloxera infestation; or on or after January 1, 1997, as a result of Pierce's disease.
- Expenditures for tertiary injectants.
- Property placed in service on an Indian reservation after January 1, 1994, and before January 1, 2010.
- 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 January 1, 1995, and before January 1, 1997.
- 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 CFC by a U.S. shareholder.
- Interest paid on indebtedness in connection with company-owned life insurance policies.
- Premiums paid on life insurance policies, annuities or endowment contracts issued after June 8, 1997, where the owner of the business is directly or indirectly a policy beneficiary.
- Commercial Revitalization Deductions for Renewal Communities.

**Line 13 – Capital Gain or (Loss)**

Generally, no adjustments are made on this line. California taxes long and short term capital gains as regular income. No special rate for long term capital gains exists. 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 (540NR), California Capital Gain or Loss Adjustment, to calculate the amount to enter on line 13:

- 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.
- Capital loss carryover from your 2009 California Schedule D (540NR).
- Capital gain from children under age 19 or students under age 24 included on the parent's or child's federal tax return and reported on the California tax return by the opposite taxpayer. For more information, get form FTB 3803.

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987.
- Capital gain exclusion for sale of principal residence by a surviving spouse.
- Gain on the sale or disposition of a 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 January 1, 1987.
- Capital loss carrybacks.
- Capital gain on Cash for Clunkers rebates under the federal Car Allowance Rebate System (CARS) program.

#### Line 14 – Other Gains or (Losses)

Generally, no adjustments are made on this line. However, the California basis of your other assets may differ from your 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, for more information.

#### Line 15 – IRA Distributions

**Beginning with tax year 2002, calculate your IRA basis as if you were a California resident for all prior years.** Generally, no adjustments are made 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 IRA contributions. California did not conform to the \$2,000 or 100% of compensation annual contribution limit permitted under federal law from 1982 through 1986. During these years, California limited the deduction to the lesser of 15% of compensation or \$1,500 and disallowed a deduction altogether to individuals who were active participants in qualified government plans. Any amount an individual contributed in excess of California deduction limits during these years creates a basis in the IRA.

Differences 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.
- 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.

**Coverdell Education Savings Account (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 – Pensions and Annuities

Generally, no adjustments are made 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 adjustments.

If you received a federal Form RRB-1099-R, Annuities or Pensions by the Railroad Retirement Board, 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 July 1, 1986, and January 1, 1987, 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.

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 Long Form 540NR, line 73 instructions; or form FTB 3805P.

#### Line 17 – Rental Real Estate, Royalties, Partnerships, S corporations, 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 used to figure California depreciation may be different from the recovery period or amount used for federal purposes. For more

information, see the instructions for Schedule CA (540NR), column B and column C, line 12.

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 businesses are not automatically treated as passive activities. Get form FTB 3801, for more information.

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

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

Use form FTB 3885A, to figure the total adjustment for line 17 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses).
- Passive activities that produce gains.

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 the basis you should use to figure California depreciation may be different from the amount used for federal purposes. For more information about the types of income and adjustments that often require adjustments, see the instructions for Schedule CA (540NR), column B and column C, line 12.

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

- One or more passive activities that produce a loss.
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F (Form 1040), Profit or Loss From Farming.

Use form FTB 3885A, to figure the total adjustment for line 18 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses).
- Passive activities that produce gains.

#### Line 19 – Unemployment Compensation

California excludes unemployment compensation from taxable income. 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.** California excludes payments received from the PFL program from taxable income. Enter on line 19, column B, the amount of PFL program payments shown in column A. For more information, get FTB Pub. 1001.

#### Line 20 – Social Security Benefits

California excludes U.S. social security benefits or equivalent Tier 1 railroad retirement benefits from taxable income. Enter in column B the amount of taxable U.S. social security benefits or equivalent Tier 1 railroad retirement benefits shown in column A, line 20(b).

#### Line 21 – Other Income

##### a. California Lottery Winnings

California excludes California lottery winnings from taxable income. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

Make no adjustment for lottery winnings from other states. They are taxable by California.

California and federal laws allow gambling losses only to the extent you report gambling income. If you reduced gambling income for California lottery income, you may need to reduce the losses included in the federal itemized deductions on line 38. Enter these losses on line 41 as a negative number.

##### b. Disaster Loss Carryover from Form FTB 3805V, Part III, line 6

If you have a California disaster loss carryover from your 2009 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts, enter that amount as a positive number in column B.

##### c. Federal NOL 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 as a positive number in column C. Get form FTB 3805V to figure the allowable California NOL.



**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. If you have a California NOL carryover from your 2009 form FTB 3805V, enter it as a positive number in column B.

**e. NOL from FTB 3805D, FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809**

Enter in column B the total NOL figured on the following forms.

- FTB 3805D, Net Operating Loss (NOL) Carryover Computation and Limitation – Pierce's Disease, line 7, column C.
- FTB 3805Z, Enterprise Zone Deduction and Credit Summary, line 5b.
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 3b.
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, line 5b.
- FTB 3809, Targeted Tax Area Deduction and Credit Summary, line 4b.

**f. Other (describe)**

Identify the type of income reported in the space provided. If there is more than one item to report on line 21f, attach a statement that lists each item and enter the total of all individual items in column B or column C as instructed below.

**Parents' Election to Report Child's Interest and Dividends.** California conforms to federal law for elections made by parents reporting their child's interest and dividends. Parents may elect to report their child's income on their California income tax return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. If you make this election, the child will not have to file a return. You may report your child's income on your California income tax return even if you do not do so on your federal income tax return.

If the amount of your child's income you are reporting on your California income tax return is different than the amount you reported on your federal income tax return, enter the difference on line 21f, column B or column C and write "FTB 3803" on the line 21f. Get form FTB 3803 for more information.

**Reward from a crime hotline.** Enter in column B the amount of a reward authorized by a government agency 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.

You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

**Federal foreign 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 recycling income included in the amount on line 21, 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 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 tax 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.

**Health Savings Account (HSA) distributions for unqualified medical expense.** Distributions from an HSA not used for qualified medical expenses and included in federal income, are not taxable for California purposes. Enter

the distribution not used for qualified medical expenses on line 21f, column A and column B.

**California National Guard Surviving Spouse & Children Relief Act of 2004.** Death benefits received from the State of California by a surviving spouse/RDP or member-designated beneficiary of certain military personnel killed in the performance of duty is excluded from gross income. Military personnel include the California National Guard, State Military Reserve, or the Naval Militia. If you reported a death benefit on line 21, column A, enter the death benefit amount in column B.

**Ottoman Turkish Empire settlement payments.** If you received settlement payments as a person persecuted by the regime that was in control of the Ottoman Turkish Empire from 1915 until 1923 your gross income does not include those excludable settlement payments, or interest, received by you, your heirs, or your estate for payments received on or after January 1, 2005. If you reported settlement payments on line 21, column A, enter the amount of settlement payments in column B.

**Mortgage forgiveness debt relief.** Federal law allows an exclusion of income from discharge of indebtedness from the disposition of your principal residence. Federal law limits the amount of qualified principal residence indebtedness to \$2,000,000 (\$1,000,000 for married filing separate). See federal Publication 544, Sales and Other Disposition of Assets, and federal Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments, for more information. California law conforms, with modifications, to the federal provisions for discharges of indebtedness occurring on or after January 1, 2009. California law limits the amount of qualified principal residence indebtedness to \$800,000 (\$400,000 for married/RDP filing separate) and debt relief to \$500,000 (\$250,000 for married/RDP filing separate).

If the amount of debt relief for federal purposes is more than the California limit, include the amount in excess of the California limit on line 21f, column C.

**Line 22a – Total**

Add line 7 through line 21f in column B and column C. Enter the totals on line 22a.

**Line 22b – Balance Carried Forward**

Enter the totals from Side 1, line 22a, column B and column C.

**Line 23 through Line 31a and Line 32 through Line 35**

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

- Line 23 (Educator Expenses) – California does not conform to federal law regarding educator expenses. Enter the amount from column A, line 23 to column B, line 23.
- Line 24 (Certain Business Expense of Reservists, Performing Artists, and Fee Basis Government Officials) – If claiming a depreciation deduction as an unreimbursed employee business expense on federal Form 2106, Employee Business Expenses, or Form 2106-EZ, Unreimbursed Employee Business Expenses, you may have an adjustment in column B or column C. For more information, get Pub. 1001.
- Line 25 (Health Savings Account (HSA) Deduction) – Federal law allows the taxpayer a deduction for contributions to an HSA account. California does not conform to this provision. Transfer the amount from column A, line 25, to column B, line 25.
- Line 29 (Self-Employed Health Insurance Deduction) - If you have a health insurance deduction that includes your adult children not qualified for tax-free medical coverage for California, enter the adult child's portion of the insurance cost on line 29, column B.
- Line 31a (Alimony Paid) – Enter the SSN or ITIN and last name of the person to whom you paid alimony. If you are a nonresident alien and you did not deduct alimony on your federal tax return, enter the amount you paid on this line in column C.
- Line 32 (IRA Deduction) – If you are an active duty military servicemember domiciled outside of California, you may have an adjustment. See line 36 instructions.
- Line 33 (Student Loan Interest Deduction) – California conforms to federal law regarding student loan interest deduction except for non-California domiciled military taxpayers. Military taxpayers use the Student Loan Interest Deduction Worksheet on the next page to compute the amount to enter on line 33. For more information, get FTB Pub. 1032.

### Student Loan Interest Deduction Worksheet

1 Enter the total amount from Schedule CA (540NR), line 33, column A. If the amount on line 1 is zero, STOP. You are not allowed a deduction for California . . . . . **1** \_\_\_\_\_

2 Enter the total interest you paid in 2010 on qualified student loans but not more than \$2,500 here . . . . . **2** \_\_\_\_\_

3 From Form 1040, add line 33 (student loan interest deduction) to line 37 (AGI). Enter the result here . . . . . **3** \_\_\_\_\_

4 Enter the total military income included in federal adjusted gross income (get FTB Pub. 1032) . . . . . **4** \_\_\_\_\_

5 Subtract line 4 from line 3. . . . . **5** \_\_\_\_\_

6 Enter the amount shown below for your filing status.  
• Single, head of household, or qualifying widow(er) – \$60,000  
• Married/RDP filing jointly – \$120,000 . . . . . **6** \_\_\_\_\_

7 Is the amount on line 5 more than the amount on line 6?  
 **No.** Skip lines 7 and 8, enter -0- on line 9, and go to line 10.  
 **Yes.** Subtract line 6 from line 5 . . . . . **7** \_\_\_\_\_

8 Divide line 7 by \$15,000 (\$30,000 if married/RDP filing jointly). Enter the result as a decimal (rounded to at least three places). If the result is 1.000 or more, enter 1.000 . . . . . **8** \_\_\_\_\_

9 Multiply line 2 by line 8. . . . . **9** \_\_\_\_\_

10 **Student loan interest deduction.** Subtract line 9 from line 2. Enter the result here and on, Schedule CA (540NR), line 33, column D . . . . . **10** \_\_\_\_\_

11 **Student loan interest adjustment.** Enter the result here. If line 1 is less than line 10, enter the difference on Schedule CA (540NR), line 33, column C. . . . . **11** \_\_\_\_\_

- Line 34 (Tuition and Fees Deduction) – California does not conform to federal law regarding the tuition and fee deduction. Enter the amount from column A, line 34 to column B, line 34.
- Line 35 (Domestic production activities deduction) – California does not conform to the federal law regarding the domestic production activities deduction. Enter the amount from column A, line 35, to column B, line 35.

**Line 36** – Add line 23 through line 31a and line 32 through line 35 in column B and column C. Enter the totals on this line in the appropriate columns.

If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 36. Enter the amount on “Form 2555” or “Form 2555-EZ” on the dotted line next to line 36.

If you are active duty military and 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 32, column A, enter the difference between the two amounts in column C, line 36. Enter the amount and “MPA Adjustment” on the dotted line next to line 36.

#### Line 37 – Total

Subtract line 36 from line 22b in column B and column C. Enter the totals on this line in the appropriate column. These amounts should be the same as Long Form 540NR, line 14 and line 16, respectively.

In some cases the total on line 37 in column B or column C will be a negative number. Read the caution note when you get to line 37, column E.

### Column D — Total Amounts Using California Law

Use this column to show the amount remaining after adjustments (subtractions or additions).

For each line, 7 through 37:

1. Subtract the amounts in column B from the amounts in column A.
2. Add the amounts in column C to the result of the calculation made in 1 above.
3. Enter the total in column D.

#### Line 21 – Other Income

If you made any adjustments on line 21 in column B or column C:

- Step 1 Add the adjustments in column B, lines a, b, d, e, and f.
- Step 2 Subtract that total from line 21, column A.
- Step 3 Add the adjustments in column C, lines c and f.

Step 4 Add that total to the result of Step 2; then continue as instructed above for all other lines.

The total on line 37, column D should be the same as the amount on Long Form 540NR, line 17.

### Column E — California Amounts

Column E is used to show how much of the amount of income reported on Schedule CA (540NR), column D is taxable by California. The taxable amount depends on your residency status.

- **Full-year California resident:** A resident is taxed on all income from all sources, including income from sources outside California. Follow the “California Resident Amounts” instructions for each line below. Full-year residents use Long Form 540NR if filing jointly with a spouse/RDP who is a nonresident or a part-year resident.
- **Full-year nonresident:** A nonresident is only taxed on income derived from California sources. Follow the “California Nonresident Amounts” instructions for each line below.
- **Part-year resident:** A part-year resident is taxed on all income from all sources while a resident and only on income derived from California sources while a nonresident. Follow the instructions as stated in the Part-Year Resident Worksheet instructions on page 46.

Refer to instructions for each line below to be sure you are including the correct amounts.

#### Line 7 – Wages, Salaries, Tips, Etc.

**California resident amounts** – Enter the wages, salaries, tips, or other compensation that you received while a California resident. Active duty military personnel, who are domiciled in California and stationed in California, report their military income here (get FTB Pub. 1032 for more information).

**California nonresident amounts** – If you worked in California while a nonresident, enter the wages, salaries, tips, or other compensation received for those California services.

#### Line 8 – Taxable Interest

**California resident amounts** – Enter the interest income received while a California resident.

**California nonresident amounts** – Enter the interest income received while a nonresident from an account or security that was used in a trade or business or was pledged as security for a loan, the proceeds of which were used in a trade or business located in California.

#### Line 9 – Ordinary Dividends

**California resident amounts** – Enter the ordinary dividends received while a California resident.

**California nonresident amounts** – Enter the ordinary dividends received while a nonresident from an account or security that was used in a trade or business or was pledged as security for a loan, the proceeds of which were used in a trade or business located in California.

#### Line 11 – Alimony Received

**California resident amounts** – Enter the alimony received while a California resident.

**California nonresident amounts** – Alimony received by a nonresident is not taxable.

#### Line 12 – Business Income or (Loss)

**California resident amounts** – Enter the total profits or losses (including losses allowed from passive activities) from all businesses conducted while a California resident.

**California nonresident amounts** – Enter the total amount of profits or losses (including losses allowed from passive activities) from all businesses conducted in California while a nonresident of California.

If, as a nonresident, you derived income from a business, trade, or profession conducted partly within California and partly outside California, only income from the part conducted within California is considered California source income that you must report in column E. If there is any business relationship between the parts within and outside California (flow of goods, etc.), apportion the gross income or loss from the entire business. To determine the portion of income or loss from businesses engaged in multistate activities that you must report, use the apportionment formula described in Schedule R, Apportionment and Allocation of Income.

#### Line 13 – Capital Gain or (Loss)

**California resident amounts** – Enter capital gains and losses from all sources while a California resident.

**California nonresident amounts** – Enter capital gains and losses from sources within California while a nonresident. Complete Schedule D (540NR) Worksheet for Nonresidents and Part-Year Residents, to compute this amount.

**Part-year resident amounts** – Complete Schedule D (540NR) Worksheet for Nonresidents and Part-Year Residents. Enter the amount from column E, line 4 (if there is an overall gain) or line 5 (if there is a loss) of that worksheet on the Part-Year Resident Worksheet, line 13, column C.

**Line 14 – Other Gains or (Losses)**

**California resident amounts** – Enter gains and losses (including losses allowed from passive activities) from all sources while a resident.

**California nonresident amounts** – Enter gains and losses from sources within California while a nonresident.

**Line 15 – IRA Distributions (Taxable Amount)**

**California resident amounts** – Enter the taxable portion of the IRA distributions received while a California resident. Include regular distributions, premature distributions, and any other money or property received from your IRA account or annuity.

For more information on traditional, Coverdell ESA, and Roth IRAs, get FTB Pub. 1005.

If this amount is a premature distribution and you owed the early distribution tax on your federal tax return, you generally owe this tax to California. Get form FTB 3805P, to figure any additional tax due on this amount.

**California nonresident amounts** – IRA distributions received by a nonresident are not taxable.

**Line 16 – Pensions and Annuities (Taxable Amount)**

**California resident amounts** – Enter the portion of taxable pension and annuity income received while a resident of California.

If this amount is a premature distribution and you owed the early distribution tax on your federal tax return, you generally owe this tax to California. Get form FTB 3805P to figure any additional tax due on this amount.

**California nonresident amounts** – Qualified retirement distributions received by a nonresident are not taxable.

For more information, get FTB Pub. 1005.

**Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, Etc.**

**California resident amounts** – Enter your profit or loss (including losses allowed from passive activities) from all rents, royalties, partnerships, S corporations, LLCs, estates, and trusts that accrued while a California resident.

**California nonresident amounts** – Enter your profit or loss related to property or business located in California while a nonresident of California. Your Schedule K-1 (100S, 541, 565, or 568) will indicate the amount of S corporation, estate, trust, partnership, or LLC profit or loss derived from California sources.

**Part-year resident amounts** – Allocate income between the period of residency and the period of non residency in a manner that reflects the actual date of realization of partnership, S corporation, and certain trust income. In the absence of information that reflects the actual date of realization, the taxpayer allocates an annual amount on a proportional basis between the two periods, using a daily pro-rata methodology. For more information, get FTB Pub. 1032.

**Line 18 – Farm Income or (Loss)**

**California resident amounts** – Enter profit or loss (including losses allowed from passive activities) from all farming activity while a California resident.

**California nonresident amounts** – Enter profit or loss (including losses allowed from passive activities) for farming activity conducted in California while a nonresident of California.

**Line 21 – Other Income**

Identify the type of income reported in the space provided. If there is more than one item to report on line 21f, attach a statement that lists each item and enter the total of all individual items in column E.

**Line 22a – Total**

Add line 7 through line 21 in column E. Enter the result on this line.

**Line 22b – Balance Carried Forward**

Enter the total from Side 1, line 22a, column E on this line.

**Line 26 – Moving Expenses**

California law and federal law are the same for moving expenses. If you moved:

- Into California in connection with your new job, enter the amount from line 26, column A, in line 26, column E.
- Out of California in connection with your new job, enter -0- on line 26, column E.

**Exception:** If you moved out of California in connection with your new job and received compensation from that job attributable to a California source, your moving expense adjustment will be limited by the ratio of California source compensation from the new job to total compensation from the new job.

**Line 27 – One-half of Self-Employment Tax**

If you claimed a deduction in column A for self-employment tax paid, your California deduction is limited to a percentage of the federal deduction. That percentage is the ratio of:

$$\frac{\text{Self-employment income reported in column A from all sources while a CA resident}}{\text{Total self-employment income reported in column A}} = \text{California ratio}$$

Multiply your federal deduction by the California ratio described above and enter the result on line 27, column E. If the California ratio is greater than 1.00, enter the amount from line 27, column D on line 27, column E. If the California ratio is less than zero, enter -0- on line 27, column E.

**Line 28 and Line 32 – IRA, Keogh, SEP, and SIMPLE Deduction**

The amount of the California deduction for IRA, Keogh, SEP, and SIMPLE contributions is the same as the federal deduction. However, the California deduction may be limited by California compensation or by California self-employment income.

**Example:** Susan moved into California on December 1. She made contributions to her IRA and claimed a deduction of \$2,000 on her federal tax return. Her California wages were \$500. Her allowable deduction is the lesser of:

- The federal deduction of \$2,000.
- The California compensation of \$500.

Therefore, she enters \$500 on line 28, column E. She will make no entry in column B or column C.

Keogh, SEP, and SIMPLE deductions are limited to a percentage of the federal deduction.

$$\frac{\text{Self-employment income reported in column E}}{\text{Total self-employment income reported in column D}} = \text{California ratio}$$

Multiply federal deductions by the California ratio described above and enter the result on line 28, column E. If the California ratio is greater than 1.00, enter the amount from line 28, column D on line 28, column E. If the California ratio is less than zero, enter -0- on line 28, column E.

Get FTB Pub. 1005 for more information.

**Line 29 – Self-Employed Health Insurance Deduction**

If you claimed a deduction in column A for payments you made to a health insurance plan while you were self-employed, your California deduction is limited to a percentage of the federal deduction. That percentage is the ratio of:

$$\frac{\text{Total self-employment income reported in column E}}{\text{Total self-employment income reported in column D}} = \text{California ratio}$$

Multiply your federal deduction on line 29, by the California ratio described above and enter the result on line 29, column E. If the California ratio is greater than 1.00, enter the amount from line 29, column D on line 29, column E. If the California ratio is less than zero, enter -0- on line 29, column E.

**Line 30 – Penalty on Early Withdrawal of Savings**

Enter the interest penalties charged while a California resident.

**Line 31a – Alimony Paid**

If you claimed a deduction in column D for alimony payments, first compute your California ratio:

$$\frac{\text{California AGI (line 37, column E) (without the alimony deduction)}}{\text{Total AGI (line 37, column D) (without the alimony deduction)}} = \text{California ratio}$$

**California nonresident amounts** – Multiply the deduction (line 31a, column D) by the California ratio (see above) and enter the amount in line 31a, column E. If the California ratio is greater than 1.00, enter the amount from line 31a, column D on line 31a, column E. If the California ratio is less than zero, enter -0- on line 31a, column E.

**Part-year resident amounts** – Multiply the alimony paid while a nonresident by the California ratio (see above) to determine the nonresident portion. If the California ratio is greater than 1.00, use 1.00 for the California ratio. If the California ratio is less than zero, your nonresident portion of alimony paid is zero. Add the nonresident portion of alimony paid to the alimony paid while a resident. Enter the total in line 31a, column E.

---

**Line 36**

Add line 23 through line 31a and line 32 through line 35 in column E. Enter the result on this line.

**Line 37 – Total**

Subtract line 36 from line 22b in column E. This is your California adjusted gross income (AGI). Enter the result on this line. Also enter this amount on line 45.

Also, transfer the amount from:

- Line 37, column B to Long Form 540NR, line 14.  
If column B is a negative number, transfer the amount as a positive number to line 16.
- Line 37, column C to Long Form 540NR, line 16.  
If column C is a negative number, transfer the amount as a positive number to line 14.
- Line 37, column E to Long Form 540NR, line 32.  
If you plan to itemize deductions, go to Part III.

---

**Specific Line Instructions for  
Part III Adjustments to  
Federal Itemized Deductions**

---

**Line 38 – Federal Itemized Deductions**

Enter the total amount of itemized deductions from your federal Schedule A (Form 1040), Itemized Deductions, lines 4, 9, 15, 19, 20, 27, and 28 or Schedule A (Form 1040NR), lines 3, 7, 8, 15, and 16.

Nonresident military servicemembers domiciled outside of California exclude military pay from federal AGI when calculating threshold limits for the following federal Schedule A (Form 1040) items: medical and dental expenses, gifts to charity, casualty and theft losses, and job expenses and most other miscellaneous deductions. Recalculate these amounts using the modified federal AGI amount. Subtract military pay from federal AGI, and then recalculate itemized deductions using the new threshold limits. Enter the recalculated Schedule A (Form 1040), total itemized deductions on Schedule CA (540NR), line 38.

**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 (Form 1040). Then complete Schedule CA (540NR), Part III, line 38 through line 44. Attach a copy of federal Schedule A (Form 1040) to your Long Form 540NR.

**Line 39 – State, Local, and Foreign Income Taxes, General Sales Tax, and New Motor Vehicle Tax**

Add the following amounts from federal Schedule A (Form 1040) and enter on line 39:

- Line 5, state and local income tax (including limited partnership tax and income or franchise tax paid by corporations), and State Disability Insurance (SDI) or state and local general sales tax.
- Line 7, new motor vehicle tax.
- Line 8, foreign income taxes.

**Line 41 – Other Adjustments**

**Adoption-related expenses** – If you deducted adoption-related expenses on your federal Schedule A (Form 1040) and are claiming the adoption cost credit on your Long Form 540NR, enter the amount of the adoption cost credit claimed as a negative number on line 41.

**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 41.

**Nontaxable income expenses** – If, on federal Schedule A (Form 1040), 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 41.

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 41.

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

Generally, California law conforms with federal law and no adjustment is needed. However, differences occur when:

- Assets (requiring depreciation) were placed in service before January 1, 1987. Figure the depreciation based on California law.
- Federal employees were on temporary duty status. California does not conform to the federal provision that expanded temporary duties to include prosecution duties, in addition to investigative duties. Therefore, travel expenses paid or incurred in connection with temporary duty status (exceeding one year), involving the prosecution (or support of the prosecution) of a federal crime, should not be included in the California amount.

Compare federal Form 2106, line 10 or Form 2106-EZ, line 6 and the form completed using California amounts. If the federal amount is larger, enter the difference as a negative number on line 41. If the California amount is larger, enter the difference as a positive number on line 41.

**Investment interest expense** – Your California deduction for investment interest expense may be different from your federal deduction. Use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 41.

**Gambling losses** – California Lottery losses are not deductible for California. Enter the amount of California Lottery losses shown on federal Schedule A (Form 1040) as a negative number on line 41.

**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 (Form 1040) as a negative number on line 41.

**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 (Form 1040) as a negative number on line 41.

**State legislator's travel expenses** – Under California law, deductible travel expenses for state legislators include only those incurred while away from their places 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 41.

**Qualified charitable contributions** – Your California deduction may be different from your federal deduction. California limits the amount of your deduction to 50% of your federal adjusted gross income. 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 41.

**Charitable contribution carryover deduction** – If 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 41.

**Health savings account (HSA) distributions** – If you received a tax-free HSA distribution for qualified medical expenses, enter the qualified expenses paid that exceed 7.5% of federal AGI as an adjustment to itemized deductions. To determine the amount of the itemized deduction adjustment:

- Calculate the medical expense deduction for California.
- Calculate the medical expense deduction for federal.
- Subtract the federal amount from the California amount. Enter the amount on line 41, as a positive amount.

**Carryover deduction appreciated stock contributed to a private foundation prior to January 1, 2002** – If deducting a charitable contribution carryover of appreciated stock donated to a private operating foundation made prior to January 1, 2002, 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 41.

**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 41.

**Private mortgage insurance (PMI)** – If you took the deduction on federal Schedule A (Form 1040), line 13, then subtract the same amount on line 41.

**Claim of right** – If you had to repay an amount that you included in your income in an earlier year, because at the time you thought you had an unrestricted right to it, 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 take a credit against your tax for the year in which you repaid it, whichever results in the least tax.

If the amount repaid was not taxed by California, then no deduction or credit is allowed.

If you claimed a credit for the repayment on your federal tax return and are deducting the repayment for California, enter the allowable deduction as a positive amount on Schedule CA (540NR), line 41. Deductions of \$3,000 or less are subject to the 2% federal AGI limit.

If you deducted the repayment on your federal tax return and are taking a credit for California, enter the amount of the federal deduction as a negative amount on Schedule CA (540NR), line 41. To help you determine whether to take a credit or deduction, see the Repayment section of federal Publication 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 89, the total payment line, of the Long Form 540NR. To the left of the total, write "IRC 1341" and the amount of the credit.

**Certain disaster losses** – Federal law allows an exception for casualty and theft losses within certain disaster areas. For federal, these losses are not subject to the 10% of federal AGI limitation. California does not conform. 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 41.

---

**Personal Casualty and Theft Losses** – For 2010, federal law limits each personal casualty or theft loss to the excess of the loss over \$500. California does not conform to the amount of the limitation. California limits each personal casualty or theft loss to the excess of the loss over \$100. In addition, for both federal and California, the 10% of AGI limit continues to apply to the net loss. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a positive number on line 41.

**Charitable contributions for 2010 Haiti earthquake disaster** – California conforms to the federal law which allows a 2009 charitable contribution deduction for cash contributions made after January 11, 2010, and before March 1, 2010, for the relief of victims in areas affected by the earthquake in Haiti on January 12, 2010. You may claim the deduction on your 2009 or 2010 California tax return, but not both.

To claim the deduction, you may choose one of the following three options:

- If you claimed the deduction in the same year for both federal and California, no California adjustment is required.
- If you claimed the deduction on your 2009 California tax return but choose to claim the deduction on your 2010 federal tax return, enter the deduction as a negative amount on line 41.
- If you choose to claim the deduction on your 2010 California tax return but claimed the deduction on your 2009 federal tax return, enter the deduction as a positive amount on line 41.

**Adult Children Health Insurance Deduction** – Federal law allows health insurance paid for adult children under age 27 that exceed 7.5% of federal AGI as an itemized deduction. For California, adult children who provide more than one-half of their own financial support in the year are not qualified for the health insurance deduction. If your federal medical expense deduction includes a health insurance deduction for your adult children and your adult children provide more than one-half of their own financial support in the year, you must adjust your medical deduction for California.

- Calculate the medical expense deduction for California by excluding the health insurance paid for your non qualified adult children.
- Subtract the California amount from the federal amount. Enter the difference on line 41, as a negative amount.

**Line 43 – California Itemized Deductions**

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

Single or married/RDP filing separately . . . . .	\$162,186
Head of household . . . . .	\$243,283
Married/RDP filing jointly or qualifying widow(er) . . . . .	\$324,376

**NO** Transfer the amount from line 42 to line 43. Do not complete the worksheet on the following page.

**YES** Complete the Itemized Deductions Worksheet on the following page.

**Note:**

- If you are married/RDP and file a separate tax return, you and your spouse/RDP must either both itemize your deductions or both take the standard deduction.
- Also, if someone else can claim you as a dependent, claim the greater of the standard deduction or your itemized deductions. See the “California Standard Deduction Worksheet for Dependents” on page 17 of your California 540NR Booklet to figure your standard deduction.
- Military pay of a servicemember domiciled outside of California cannot be used to reduce the amount of this deduction. Modify your federal adjusted gross income used to compute this limitation by subtracting your military pay from federal adjusted gross income.

---

## Specific Line Instructions for Part IV California Taxable Income

---

**Line 47 – Deduction Percentage**

Divide line 37, column E by line 37, column D. Carry the decimal to four places. This number may not be greater than 1.0000. If the result is greater than 1.0000, enter 1.0000.

**Line 49 – California Taxable Income**

Subtract line 48 from line 45. If less than zero, enter -0-. Enter this amount on Long Form 540NR, line 35.

## Itemized Deductions Worksheet

- 1 Enter the amount from Schedule CA (540NR), line 42. . . . . **1** \_\_\_\_\_
- 2 Using California amounts, add the amounts on federal Schedule A (Form 1040), line 4, line 14, and line 20 plus any gambling losses included on line 28 (or on Schedule A (Form 1040NR), line 8 plus any investment interest expense included on line 11 and any gambling losses on line 16) . . . . . **2** \_\_\_\_\_
- 3 Subtract line 2 from line 1. If the result is -0-, **stop**. Enter the amount from line 1 above on Schedule CA (540NR), line 43 . . . . . **3** \_\_\_\_\_
- 4 Multiply line 3 by 80% (.80) . . . . . **4** \_\_\_\_\_
- 5 Enter the amount from Long Form 540NR, line 13 . . . . . **5** \_\_\_\_\_
- 6 Enter the amount from line 43 instructions on the previous page for your filing status . . . . . **6** \_\_\_\_\_
- 7 Subtract line 6 from line 5.  
If the result is -0- or less **stop**. Enter the amount from line 1 above on Schedule CA (540NR), line 43. . . . . **7** \_\_\_\_\_
- 8 Multiply line 7 by 6% (.06) . . . . . **8** \_\_\_\_\_
- 9 Compare the amounts on line 4 and line 8. Enter the smaller amount here. . . . . **9** \_\_\_\_\_
- 10 Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule CA (540NR), line 43 . . . . . **10** \_\_\_\_\_

## Part-Year Resident Worksheet

**Important:** Part-year residents use this worksheet to determine the amounts to enter on Schedule CA (540NR), column E, line 7 through line 22a.

	<b>A</b>	<b>B</b>	<b>C</b>
	<b>California Resident Amounts</b>	<b>California Nonresident Amounts</b>	<b>Total</b> Combine column A and column B
	Amounts reported on Schedule CA (540NR) column D earned or received while you were a CA resident	Amounts reported on Schedule CA (540NR) column D earned or received from CA sources while you were a nonresident	Transfer amounts to Schedule CA (540NR), column E
<b>Income</b>			
7 Wages, salaries, tips, etc. . . . . <b>7</b>			
8 (a) Taxable interest. . . . . <b>8(a)</b>			
9 (a) Ordinary dividends. See instructions . . . . . <b>9(a)</b>			
10 Taxable refunds, credits, or offsets of state and local income taxes . . . . . <b>10</b>			
11 Alimony received . . . . . <b>11</b>			
12 Business income or (loss). . . . . <b>12</b>			
13 Capital gain or (loss). See instructions . . . . . <b>13</b>			
14 Other gains or (losses) . . . . . <b>14</b>			
15 (b) IRA distributions. See instructions . . . . . <b>15(b)</b>			
16 (b) Pensions and annuities. See instructions . . . . . <b>16(b)</b>			
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. See instructions. . . . . <b>17</b>			
18 Farm income or (loss). . . . . <b>18</b>			
19 Unemployment compensation. . . . . <b>19</b>			
20 (b) Social security benefits. . . . . <b>20(b)</b>			
21 Other income. Identify _____ . . . . . <b>21</b>			
22 a <b>Totals:</b> Combine line 7 through line 21 in column C. Transfer the amounts from column C, line 7 through line 22a, to Schedule CA (540NR), column E, line 7 through line 22a. . . . . <b>22a</b>			

**Part-Year Resident Worksheet** – Part-year residents use this worksheet to determine the amounts to enter on Schedule CA (540NR), column E, line 7 through line 22a.

Column A: For the part of the year you were a resident, follow the “California Resident Amounts” instructions. Enter the result in column A of the worksheet.

Column B: For the part of the year you were a nonresident, follow the “California Nonresident Amounts” instructions. Enter the result in column B of the worksheet.

Column C: For each line, combine column A and column B of the worksheet. Transfer the amounts in column C of the worksheet to Schedule CA (540NR), column E, line 7 through line 22a.

**Important:** If completing line 13 or line 17, see the column E, part-year resident instructions for those lines.

# 2010 California Capital Gain or Loss Adjustment

# D (540NR)

Name(s) as shown on return		SSN or ITIN		
(a) Description of property Identify S corporation stock Example: 100 shares of "Z" (S stock)	(b) Sales price	(c) Cost or other basis	(d) Loss If (c) is more than (b), subtract (b) from (c)	(e) Gain If (b) is more than (c), subtract (c) from (b)
<b>1a</b>				
<b>1b</b>				
<b>2</b>	Net gain or (loss) shown on California Schedule(s) K-1 (100S, 541, 565, and 568) . . . . .			<b>2</b>
<b>3</b>	Capital gain distributions (federal Form 1099-DIV, box 2a minus box 2c) . . . . .			<b>3</b>
<b>4</b>	Total 2010 gain from all sources. Add column (e) amounts of line 1a, line 1b, line 2, and line 3 . . . . .			<b>4</b>
<b>5</b>	2010 loss. Add column (d) amounts of line 1a, line 1b, and line 2. . . . .			<b>5</b> ( )
<b>6</b>	California capital loss carryover from 2009, if any. See instructions. . . . .			<b>6</b> ( )
<b>7</b>	Total 2010 loss. Add line 5 and line 6. . . . .			<b>7</b> ( )
<b>8</b>	Combine line 4 and line 7. If a loss, go to line 9. If a gain, go to line 10. . . . .			<b>8</b>
<b>9</b>	If line 8 is a loss, enter the smaller of: (a) the loss on line 8. (b) \$3,000 (\$1,500 if married or an RDP filing a separate return). See instructions . . . . .			<b>9</b> ( )
<b>10</b>	Enter the gain or (loss) from federal Form 1040, line 13 . . . . .			<b>10</b>
<b>11</b>	Enter the California gain from line 8 or (loss) from line 9. . . . .			<b>11</b>
<b>12 a</b>	If line 10 is <b>more</b> than line 11, enter the difference here and on Schedule CA (540NR), line 13, column B . . . . .			<b>12a</b>
<b>12 b</b>	If line 10 is <b>less</b> than line 11, enter the difference here and on Schedule CA (540NR), line 13, column C . . . . .			<b>12b</b>

## Instructions for California Schedule D (540NR)

### California Capital Gain or Loss Adjustment

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2009**, and to the California Revenue and Taxation Code (R&TC).

#### General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

#### Purpose

Full-year nonresidents or part-year residents report gains and losses as if they were full-year residents for the entire year using California amounts. Therefore, all gains and losses must be reported. Full-year nonresidents or part-year residents complete Schedule D (540NR), California Capital Gain or Loss Adjustment, and the Schedule D (540NR) Worksheet for

Nonresident and Part-Year Residents, in order to complete column E on Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents.

For nonresidents, the computation of California taxable income, capital loss carryovers, and capital loss limitations are determined based upon California source income and loss items only. For purposes of calculating California taxable income, the character of gains and losses on the sale or exchange of property used in the trade or business or certain involuntary conversions (IRC Section 1231) are determined by netting California sourced Section 1231 gains and losses only.

If you moved in or out of California during the year, get FTB Pub.1100, Taxation of Nonresidents and Individuals Who Change Residency.

Get FTB Pub. 1001, for more information about the following:

- Disposition of property inherited 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.
- Capital loss carryback.
- Capital gain on Cash for Clunkers rebates under the federal Car Allowance Rebate System (CARS) program.

**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 August 10, 1993, 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. If you have gain on the sale of qualified small business stock that qualifies for the federal Section 1202 exclusion, go to the 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, 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 2010, for an installment sale made in an earlier year.

You may elect to not use the installment sale method for California by reporting the entire gain on Schedule D (540NR) (or Schedule D-1, Sale of Business Property, 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, Proceeds From Broker and Barter Exchange Transactions; Form 1099-S, Proceeds From Real Estate Transactions; 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 include:

- **Depreciation Methods and Property Expensing** – Before 1987, California law disallowed the use of accelerated cost recovery system (ACRS) and disallowed 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.
- **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 January 1, 2002, 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. If you claimed special credits related to capital assets, 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 2 – Net Gain or (Loss) Shown on California Schedule(s) K-1 (100S, 541, 565, and 568).** Combine gain(s) and loss(es) from all California Schedule(s) K-1 (100S, 541, 565, and 568), Share of Income, Deductions, Credits, etc. See California Schedule K-1 (100S, 541, 565, and 568) instructions for more information on capital gains and losses. Enter the net loss on line 2, column (d) or the net gain on line 2, 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 (540NR). If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

**Line 6 – 2009 California Capital Loss Carryover.** If you had California capital loss carryover from 2009, recalculate those losses as if you had been a resident for all prior years. Enter this amount on line 6. Get FTB Pub. 1100 for more information.

**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 the next page to figure your capital loss carryover to 2011.

**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 married or an RDP filing a separate return).

**Line 12a** – Compare the amounts entered on line 10 and line 11 to figure the adjustment to enter on Schedule CA (540NR), 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 entered on line 10 and line 11 to figure the adjustment to enter on Schedule CA (540NR), 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 For Full-Year Residents**

1. Loss from Schedule D (540NR), line 11, stated as a positive number . . . . .	1	_____
2. Amount from Long Form 540NR, line 17. . . . .	2	_____
3. Amount from Long Form 540NR, 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. Enter loss from Schedule D (540NR), line 8 as a positive number . . . . .	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 2011 . . . . .	8	_____

**Schedule D (540NR) Worksheet for Nonresidents and Part-Year Residents**

Complete Schedule D (540NR) first.

**Full-year Nonresidents:** Complete column A and column B only. Enter the amount shown in column B, line 4 (if there is an overall gain) or line 5 (if there is a loss), on Schedule CA (540NR), line 13, column E.

**Part-year Residents:**

Enter the number of days during the year you were a CA resident: \_\_\_\_\_ .

Enter the number of days during the year you were a nonresident: \_\_\_\_\_ .

**Column A**, line 1 through line 5 should be the same as the amounts shown on Schedule D (540NR), lines 4, 5, 6, 8, and 9 respectively.

**Columns A and B**, line 3, should show a carryover amount that has been computed as if you had been a resident in all prior years for column A and as if you had been a nonresident for all prior years for column B.

**Columns C and D** should be completed taking into account the dates of the transactions. For column C, multiply the amount in column A by the number of days you were a resident divided by 365 days. For column D, multiply the amount in column B by the number of days you were a nonresident divided by 365 days.

**Line 4** If the amount shown in column E is a gain, enter that amount on Schedule CA (540NR) Part-Year Resident Worksheet, line 13, column C. If a loss, go to line 5.

**Line 5** Enter the amount shown in column E on Schedule CA (540NR) Part-Year Resident Worksheet, line 13, column C.

	A	B	C	D	E
	Enter total as if you were a <b>CA resident for the entire year.</b>	Enter amounts earned or received from CA sources as if you were a <b>nonresident for the entire year.</b>	Enter amounts earned or received during the portion of the year you were a <b>CA resident.</b>	Enter amounts earned or received from CA sources during the portion of the year you were a <b>nonresident.</b>	<b>Total</b> Combine column C and column D.
1	Gains				
2	Losses				
3	Prior year loss carryover.				
4	Combine line 1 through line 3.				
5	Enter the smaller of the loss on line 4 or \$3,000 (\$1,500 if married or an RDP filing separately).				

**Capital Loss Carryover Worksheet**

Complete this worksheet only if at the end of the year you were a resident and line 4, column A above shows a loss **or** at the end of the year you were a nonresident and line 4, column B above shows a loss. In completing this worksheet, if you were a resident at the end of the year, use the column A amounts shown above; if you were a nonresident, use the column B amounts.

1	Enter the total loss from the Schedule D (540NR) Worksheet, line 5, as a positive number	
2	Amount from Long Form 540NR, line 17	
3	Amount from Long Form 540NR, line 18	
4	Subtract line 3 from line 2. If less than zero, enter as a negative amount	
5	Combine line 1 and line 4. If less than zero, enter -0-	
6	Enter the total loss from Schedule D (540NR) Worksheet, line 4, as a positive number	
7	Enter the smaller of line 1 or line 5	
8	Subtract line 7 from line 6. This is your capital loss carryover to 2011	

# Paying Your Taxes

---

## General Information

You must file and pay 100% of the amount you owe by April 15, 2011, to avoid interest and penalties. There are several ways to pay your tax:

- Electronic funds withdrawal
- Web Pay
- Credit card
- Check or money order (Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.)
- Pre-approved monthly payments

---

## Electronic Funds Withdrawal

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

Enjoy the convenience of online bill payment with **Web Pay**. To make a payment online or to schedule a future payment (up to one year in advance), go to **ftb.ca.gov** and search for **web pay**. With Web Pay, you can schedule it, and forget it!

---

## Credit Card



To make a payment using your Discover/NOVUS, MasterCard, Visa, or American Express card go to the Official Payments Corp. website or call:

- **officialpayments.com** and select Payment Center.
- **800.2PAY.TAX** or **800.272.9829** and follow the recorded instructions.

Official Payments Corp. charges a convenience fee for this service. This fee is based on the amount of your tax payment. 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.

<b>Fee:</b>	2.50% of tax amount charged (round to nearest cent)	<b>Example:</b>	Tax Payment = \$754.00
	Minimum fee: \$1		2.50% Fee = \$18.85

**Assistance for persons with disabilities.** If you have a hearing or speech impairment, call TTY/TDD at 800.735.2929 (California Relay Service). For all other special assistance, call 800.487.4567, Monday through Friday, 5 a.m. to 5 p.m.

---

## Frequently Asked Questions

### When will my payment be effective?

- **Web Pay:** Your payment is effective on the payment date you select.
- **Credit Card:** Your payment is effective on the date you charge it.

### What if I change my mind?

- **Web Pay:** Contact our e-Programs Customer Service at 916.845.0353 at least two business days before your scheduled payment date to cancel your payment.
- **Credit Card:** Contact your card issuer for information about canceling or reversing the charge.

If you change your mind and you still owe money, be sure to make your payment another way. We may charge penalties, interest, and other fees for nonpayment or late payment of taxes.

### How do I know if you received my payment?

- Your account statement is your proof of payment.
- To verify the payment, go to **ftb.ca.gov** and search for **myftb account**.

# Instructions for Form FTB 3519

## Payment for Automatic Extension for Individuals

### General Information

**Mandatory Electronic Payments** – You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009. Once you meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals who do not send the payment electronically will be subject to a one percent noncompliance penalty. Electronic payments can be made using Web Pay on the Franchise Tax Board's (FTB's) website, electronic funds withdrawal (EFW) as part of the e-file return, or your credit card. For more information or to obtain the waiver form, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **mandatory e-pay**.

Use form FTB 3519, Payment for Automatic Extension for Individuals, **only** if both of the following apply:

- You cannot file your 2010 return by April 15, 2011. Due to the federal Emancipation Day holiday on April 15, 2011, tax returns and payments received on April 18, 2011 will be considered timely.  
**Note:** Fiscal Year Filers, your return is due the 15th day of the 4th month following the close of your fiscal year.
- You owe tax for 2010.

When you file your 2010 return, you can **e-file** or **CalFile**. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **e-file options**. If you use form FTB 3519, you **may not** file Form 540 2EZ or Short Form 540NR.

Use the worksheet below to determine if you owe tax. If you **do not** owe tax, **do not** complete or mail form FTB 3519. However, file your return by October 17, 2011. If you owe tax, choose one of the following payment options:

- Web Pay:** To make a payment online or to schedule a future payment (up to one year in advance), go to [ftb.ca.gov](http://ftb.ca.gov) and search for **web pay**. **Do not** mail form FTB 3519 to the FTB.

- Credit Card:** Use your major credit card. Call 800.272.9829 or go to [officialpayments.com](http://officialpayments.com), use code 1555. Official Payments Corp. charges a convenience fee for using this service. **Do not** mail form FTB 3519 to the FTB.
- Check or Money Order:** Using black or blue ink, complete your check or money order and the payment form below, mail both to the "Franchise Tax Board." Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

### Penalties and Interest

If you fail to pay your total tax liability by April 15, 2011, you will incur a late payment penalty plus interest. If you pay at least 90% of the tax shown on the return by the original due date of the return, we will waive the penalty based on reasonable cause. However, the imposition of interest is mandatory. If, after April 15, 2011, you find that your estimate of tax due was too low, pay the additional tax as soon as possible to avoid or minimize further accumulation of penalties and interest. Pay your additional tax with another form FTB 3519. If you do not file your tax return by October 17, 2011, you will incur a late filing penalty plus interest from the original due date of the return. For Fiscal Year Filers, your tax return is due the 15th day of the 10th month following the close of your fiscal year.

### Taxpayers Residing or Traveling Outside the USA

If you are residing or traveling outside the USA on April 15, 2011, the deadline to file your return and pay the tax is June 15, 2011. Interest will accrue from the original due date (April 15, 2011) until the date of payment. If you need additional time to file, you will be allowed a six-month extension without filing a request. To qualify for the extension, file your tax return by December 15, 2011. To avoid any late-payment penalties, pay your tax liability by June 15, 2011. When filing your tax return, attach a statement to the front indicating that you were "Outside the USA on April 15, 2011."

### TAX PAYMENT WORKSHEET KEEP FOR YOUR RECORDS

1	Total tax you expect to owe. This is the amount you expect to enter on Form 540/540A, line 64; or Long Form 540NR, line 74.	1	00
2	Payments and credits:		
	a California income tax withheld (including real estate and nonresident withholding)	2a	00
	b California estimated tax payments and amount applied from your 2009 tax return (To check your estimated tax payments go to <a href="http://ftb.ca.gov">ftb.ca.gov</a> and search for <b>myftb account</b> .)	2b	00
	c Other payments and credits, including any tax payments made with any previous form FTB 3519	2c	00
3	Total tax payments and credits. Add line 2a, line 2b, and line 2c.	3	00
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</b> mail form FTB 3519. If you file your tax return by October 17, 2011 (fiscal year filer – see instructions), the automatic extension will apply.</li> <li><b>Yes.</b> Subtract line 3 from line 1 and enter on line 4. This is your tax due. For online payments, <b>do not</b> mail the form, go to <a href="http://ftb.ca.gov">ftb.ca.gov</a> and search for <b>web pay</b>, and schedule your payment. For check or money order payments, using black or blue ink, complete your check or money order and form FTB 3519 below, enter the tax due amount from line 4 as the "Amount of payment." Make it payable to the "Franchise Tax Board," write your SSN or ITIN and "2010 FTB 3519" in the "For" section. Enclose, but <b>do not</b> staple it to the form and mail to: <b>FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0051.</b></li> </ul>	4	00

Save the stamp – pay online with Web Pay!

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

(Calendar year – File and Pay by April 15, 2011) (Fiscal year filers - see instructions)

TAXABLE YEAR

CALIFORNIA FORM

## 2010 Payment for Automatic Extension for Individuals 3519 (PIT)

For calendar year 2010 or fiscal year beginning month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_, and ending month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_.

Your first name	Initial	Last name	Your SSN or ITIN
If joint payment, spouse's/RDP's first name	Initial	Last name	Spouse's/RDP's SSN or ITIN
Address (number and street, PO Box, or PMB no.)			Apt. no./Ste. no.
City		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 this form } ▶

Amount of payment

\_\_\_\_\_ .00

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

---

**Visit our website:**

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

**2010**

# Depreciation and Amortization Adjustments

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

**3885A**

Name(s) as shown on return	SSN or ITIN
----------------------------	-------------

**Part I Identify the Activity as Passive or Nonpassive.** (See instructions.)

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 ..... **2**

<b>Part III Depreciation</b>	(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
<b>3</b>						

4 Add the amounts on line 3, column (f) ..... **4**

5 California depreciation for assets placed in service prior to 2010 ..... **5**

6 Total California depreciation from this activity. Add the amounts on line 2, line 4, and line 5 ..... **6**

7 Total federal depreciation from this activity. Enter depreciation from federal Form 4562, line 22 ..... **7**

8 **a** If line 6 is **more** than line 7, enter the difference here and see instructions ..... **8a**

**b** If line 6 is **less** than line 7, enter the difference here and see instructions ..... **8b**

<b>Part IV Amortization</b>	(a) Description of cost	(b) Date amortization begins	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) California amortization deduction
<b>9</b>						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) ..... **10**

11 California amortization of costs that began before 2010 ..... **11**

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 ..... **12**

13 Total federal amortization from this activity. Enter amortization from federal Form 4562, line 44 ..... **13**

14 **a** If line 12 is **more** than line 13, enter the difference here and see instructions ..... **14a**

**b** If line 12 is **less** than line 13, enter the difference here and see instructions ..... **14b**

## Instructions for Form FTB 3885A Depreciation and Amortization Adjustments

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2009**, and to the California Revenue and Taxation Code (R&TC).

### General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

### Purpose

Use form FTB 3885A, Depreciation and Amortization Adjustments, **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 January 1, 1987.** California disallowed 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 January 1, 1987.** 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 September 11, 2001.** 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.

Get FTB Pub. 1001 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
- Additional depreciation (IRC Section 168(k))
- Startup expenses (IRC Section 195)
- Asset expense election (IRC Section 179)

California generally conforms to the federal 2003 increase (IRC Section 280F) for the limitation on luxury automobile depreciation. In addition, SUVs and minivans built on a truck chassis are included in the definition of trucks and vans when applying the 6,000 pound gross weight limit. However, California does not conform to the federal increase to first-year depreciation for qualified vehicles placed in service in 2010.

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. Get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If reporting a difference 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 41.

## Specific Line Instructions

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. 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

If you qualify, 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 qualify, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 2010, or have a carryover of unused cost from 2009. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense.

Although federal law increased the IRC Section 179 expense to \$500,000, under California law, the maximum deduction allowed for 2010 is \$25,000.

Complete the worksheet in the next column 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, Depreciation and Amortization, for more 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 line 6 column (c) 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 2009	<b>10</b>	
<b>11</b>	Enter the smaller of business income (not less than zero) 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 2011. 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. 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 (Form 1040), Profit or Loss From Business, activities; on line 17 for federal Schedule E (Form 1040), Supplemental Income and Loss, activities; and on line 18 for federal Schedule F (Form 1040), Profit or Loss From Farming, 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. 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.

# Voluntary Contribution Fund Descriptions

---

Make voluntary contributions of \$1 or more in whole dollar amounts to the funds listed below. To contribute to the California Seniors Special Fund, use the worksheet for code 400 in the Long Form 540NR instructions on page 21. 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 contribute after you file your tax return. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **voluntary contributions**.

---

**Code 400, California Seniors Special Fund** – If you and/or your spouse/RDP are 65 years of age or older as of January 1, 2011, and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$198 or \$99 per spouse/RDP. Contributions made to this fund will be distributed to the Area Agency on 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.

**Code 401, Alzheimer's Disease/Related Disorders Fund** – Contributions will provide grants to California scientists who study Alzheimer's disease and related disorders. This research includes basic science, diagnosis, treatment, prevention, behavioral problems, and caregiving. With over one-half million Californians living with the disease and another 2 million providing care to a loved one with Alzheimer's, our state is in the early stages of a major public health crisis. Your contribution will ensure that Alzheimer's disease receives the attention, research, and resources it deserves. For more information go to [cdph.ca.gov](http://cdph.ca.gov) and search for **alzheimer**.

**Code 402, California Fund for Senior Citizens (CSL)** – Contributions will provide support to the California Senior Legislature (CSL). The CSL is made up of volunteers who develop statewide senior related legislative proposals in areas of health, housing, transportation, and community services to be presented to the State Legislature. For more information go to [4csl.org](http://4csl.org).

**Code 403, Rare and Endangered Species Preservation Program** – 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.

**Code 404, State Children's Trust Fund for the Prevention of Child Abuse** – Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.

**Code 405, California Breast Cancer Research Fund** – 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, go to [cbcrp.org](http://cbcrp.org). Your contribution can help make breast cancer a disease of the past.

**Code 406, California Firefighters' Memorial Fund** – 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/RDPs and children of fallen firefighters.

**Code 407, Emergency Food for Families Fund** – 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.

**Code 408, California Peace Officer Memorial Foundation Fund** – 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.

**Code 410, California Sea Otter Fund** – The California Coastal Conservancy and the Department of Fish and Game will each be allocated 50% of the contributions. The California Coastal Conservancy will use the contributions for research and programs related to the near-shore ecosystem, including sea otters. The Department of Fish and Game will use the contributions to establish a sea otter fund within the department's index coding system for increased investigation, prevention, and enforcement action.

**Code 413, California Cancer Research Fund** – Contributions will be used to conduct research relating to the causes, detection, and prevention of cancer and to expand community-based education on cancer, and to provide prevention and awareness activities for communities that are disproportionately at risk or afflicted by cancer.

**Code 415, Arts Council Fund** – Contributions will be used by the Arts Council to allocate grants to individuals or organizations administering arts programs.

**Code 416, California Police Activities League (CALPAL) Fund** – Contributions will be used exclusively to fund the services and programs of the California Police Activities League (CALPAL) program.

**Code 417, California Veterans Homes Fund** – Contributions will be used for veterans homes operations.

**Code 418, Safely Surrendered Baby Fund** – Contributions will be used to fund programs to increase public awareness and outreach regarding the Safely Surrendered Baby Law.

# CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet on page 19	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses – FTB 3506 See the instructions on page 21	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, Suite 1600, Sacramento CA 95814. Website: <a href="http://insurance.ca.gov">insurance.ca.gov</a> .
Dependent Parent – See page 18	173	Must use married/RDP filing separately status and have a dependent parent
Disabled Access for Eligible Small Business – 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
Environmental Tax – FTB 3511	218	Five cents (\$.05) for each gallon of ultra low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state
First-Time Buyer – Pub. 3549	222	The lesser of 5% of the purchase price of a qualified principal residence or \$10,000. The credit is taken equally over three years
Joint Custody Head of Household – Worksheet on page 18	170	30% of tax up to \$390 for taxpayers who are single or married/RDP filing separately, who have a child and meet the support test
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRAs
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
New Home (2009) – Pub. 3528	219	The lesser of 5% of the purchase price of a qualified principal residence or \$10,000. The credit is taken equally over three years.
New Home (2010) – Pub. 3549	221	The lesser of 5% of the purchase price of a qualified principal residence or \$10,000. The credit is taken equally over three years.
New Jobs – FTB 3527	220	\$3,000 allowed for a qualified employer for each increase in qualified full-time employees hired in the current taxable year.
Nonrefundable Renter's – See page 57	None	For California residents who paid rent for their principal residence for at least 6 months in 2010 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 2010
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
Senior Head of Household – Worksheet on page 19	163	2% of taxable income up to \$1,196 for seniors who qualified for head of household in 2008 or 2009 and whose qualifying individual died during 2008 or 2009
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA business

**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 (540NR), Alternative Minimum Tax and Credit Limitations – Nonresidents and Part-Year Residents, get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years. See “Where To Get Income Tax Forms and Publications” on page 58.

Agricultural Products . . . . .	175	Joint Strike Fighter Property Cost . . . . .	216	Rice Straw . . . . .	206
Commercial Solar Electric System . . . . .	196	Los Angeles Revitalization Zone (LARZ) Hiring & Sales or Use Tax . . . . .	159	Ridesharing . . . . .	171
Commercial Solar Energy . . . . .	181	Low-Emission Vehicles . . . . .	160	Salmon & Steelhead Trout Habitat Restoration . . . . .	200
Employee Ridesharing . . . . .	194	Manufacturers' Investment . . . . .	199	Solar Energy . . . . .	180
Employer Ridesharing: Large employer . . . . .	191	Orphan Drug . . . . .	185	Solar Pump . . . . .	179
Small employer . . . . .	192	Political Contributions . . . . .	184	Solar or Wind Energy System . . . . .	217
Transit passes . . . . .	193	Recycling Equipment . . . . .	174	Water Conservation . . . . .	178
Energy Conservation . . . . .	182	Residential Rental & Farm Sales . . . . .	186	Young Infant . . . . .	161
Farmworker Housing . . . . .	207				
Joint Strike Fighter Wages . . . . .	215				



# Nonrefundable Renter's Credit Qualification Record



e-file and skip this page! The tax software product 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 [ftb.ca.gov](http://ftb.ca.gov) to check your e-file options.

If you were a resident of California for at least six months in 2010 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. For purposes of California income tax, references to a spouse, husband, or wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737. **Do not mail this record. Keep with your tax records.**

**1. Were you a resident of California for at least six full months of the tax year in 2010?**  
 Military personnel. If you are not a legal resident of California, you do not qualify for this credit. Your spouse/RDP may claim up to a maximum of \$60 if he or she was a resident, did not live in military housing during 2010, and is otherwise qualified.  
**YES.** Go to question 2. **NO.** Stop. You do not qualify for this credit.

**2. Is your adjusted gross income from all sources on your Long or Short 540NR, line 17:**  
 • \$34,722 or less if single or married/RDP filing separately  
 • \$69,444 or less if married/RDP 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 2010, 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 2010?**  
**NO.** Go to question 6. **YES.** Go to question 5.

**5. For more than half the year in 2010, 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 from property tax in 2010?**  
 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.  
**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 anytime during 2010?**  
 You do not qualify for this credit if you or your spouse/RDP received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse/RDP for the entire year and your spouse/RDP received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.  
**NO.** Go to question 8. **YES.** If your filing status is single or married/RDP filing separately, stop here, you do not qualify for this credit. If your filing status is married/RDP filing jointly, go to question 9.

**8. Were you single in 2010?**  
**YES.** Go to question 11. **NO.** Go to question 9.

**9. Did your spouse/RDP claim the homeowner's property tax exemption anytime during 2010?**  
 You do not qualify for this credit if you or your spouse/RDP received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse/RDP for the entire year and your spouse/RDP received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.  
**NO.** Go to question 11. **YES.** If both you and your spouse/RDP claimed the homeowner's property tax exemption, stop here, you do not qualify for this credit. Otherwise, go to question 10.

**10. Did you and your spouse/RDP maintain separate residences for the entire year in 2010?**  
**YES.** Go to question 11. **NO.** Stop here. You do not qualify for this credit.

**11. Use the following chart to find the amount of your credit based on the number of full months you were a resident of and rented property in California in 2010.** Enter the amount on the line below. If married/RDP filing jointly where one spouse/RDP claimed the homeowner's property tax exemption and both spouses/RDPs lived apart for the entire year, enter half of the amount listed on the chart for married/RDP filing jointly on the line below. Follow the instructions next to the chart.

Filing status	Number of months						
	6	7	8	9	10	11	12
Single or married/RDP filing separately	\$30	\$35	\$40	\$45	\$50	\$55	\$60
Married/RDP filing jointly, head of household or qualifying widow(er)	\$60	\$70	\$80	\$90	\$100	\$110	File Form 540

\$ \_\_\_\_\_

**If this credit is the only special credit you are claiming,** enter the amount on your Long or Short Form 540NR, line 61.  
**If you are a Long Form 540NR filer and are claiming additional special credits in addition to this credit,** go to the instructions on page 18 for Long Form 540NR.

**Street Address** \_\_\_\_\_ **City, State, and ZIP Code** \_\_\_\_\_ **Dates Rented in 2010 (From \_\_\_\_\_ to \_\_\_\_\_)**

**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.

**Name** \_\_\_\_\_ **Street Address** \_\_\_\_\_ **City, State, ZIP Code, and Telephone Number** \_\_\_\_\_

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

# How To Get California Tax Information

## Where To Get Income Tax Forms and Publications

**By Internet** – You can download, view, and print California income tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov) or you may have these forms and publications mailed to you. Our most frequently used forms may be filed electronically, printed out for submission, and saved for record keeping.

**By phone** – To order 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 “Forms and Publications.”
- Enter the three-digit form code when you are instructed.

Allow two weeks to receive your order. If you live outside California, allow three weeks to receive your order.

**In person** – Many post offices and libraries provide free California tax booklets during the filing season.

Employees at libraries and post offices 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 (SSN), or individual taxpayer identification number (ITIN), 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 for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on the tax return.

## Your Rights As A Taxpayer

The FTB's goals include making certain that your rights are protected so that you have the highest confidence in the integrity, efficiency, and fairness of your 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 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 Notice

The Franchise Tax Board considers the privacy of your tax information to be of the utmost importance.

**Reasons for Information Requests** – We ask for return information so that we can administer the tax law fairly and correctly.

**Rights and Responsibility** – You have the right to see our records that contain your personal information. To obtain information about your records, you may write to:

DISCLOSURE OFFICER MS A181  
FRANCHISE TAX BOARD  
PO BOX 1468  
SACRAMENTO, CA 95812-1468,

or call: 800.852.5711 within the United States, or 916.845.6500 outside of the United States.

**Your Responsibility** – California Revenue and Taxation Code Sections 18501 and 18621 require you to file a return on the forms we prescribe if you meet certain requirements. It is mandatory that you furnish all requested information. You may be charged penalties and interest, and in certain cases, you may be criminally prosecuted if you do not provide the information we ask for, or you provide fraudulent information.

**Information Disclosures** – As provided by law, we may give your tax information to other tax officials to determine your tax liability or collect tax amounts you owe. If you owe the Franchise Tax Board money we may also give your information to employers, financial institutions, county recorders, or others who hold assets belonging to you.

For full text of Franchise Tax Board's Privacy Notice, get form FTB 1131.

## Need help with your tax return?

We provide free assistance to individuals with limited income and/or over the age of 60 who need help in completing simple federal and state income tax returns. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **vita**.



**MyFTB** | ACCOUNT

The window to your info  
[ftb.ca.gov](http://ftb.ca.gov)

### The window to your information . . . MyFTB Account

MyFTB Account is a secure online service allowing you to:

- View estimated tax payments, recent payments made, and the total balance due on your account.
- Look up your California wage and withholding and FTB-issued 1099-G and 1099-INT records.
- Update your mailing address and phone number.
- Link to additional services offered by FTB:
  - Make payments online
  - Apply for an installment agreement
  - Check your refund status
  - Check your e-file return status
  - Request a paper copy of your filed tax return
  - Sign-up for estimated tax payment email reminders

Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **myftb account**.

**Automated Phone Service**

Use our automated phone service to get recorded answers to many of your questions about California Taxes and to order current year Personal Income Tax Forms and Publications.

You can also:

- Get current year tax refund information.
- Get balance due and payment information.

Have paper and pencil ready to take notes.

Telephone: 800.338.0505 from within the United States

916.845.6500 from outside the United States

**Answers To Tax Questions**

Call our automated phone service, select "Personal Income Tax Information," then "Frequently Asked Questions," and enter the 3-digit code.

**Code Filing Assistance**

- 100 Do I need to file a tax 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 tax return?
- 209 I lived in California for part of the year. Do I have to file a tax return?
- 210 I did not live in California. Do I have to file a tax 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 tax return?

**Miscellaneous**

- 611 What address do I send my payment to?
- 619 How do I report a change of address?

**Order Forms and Publications**

If your current address is on file, you can order California tax forms and publications. Call our automated phone service, select "Personal Income Tax," then "Forms and Publications," and enter the 3-digit code.

**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 – Residents, FTB 3885A, Depreciation & Amortization Adjustments, and Schedule D, California Capital Gain or Loss Adjustment
- 907 Form 540-ES, Estimated Tax for Individuals
- 908 Form 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
- 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 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
- 940 FTB 3540, Credit Carryover Summary
- 949 FTB 3567, Installment Agreement Request
- 924 FTB 3800, Tax Computation for Certain Children with Investment Income
- 929 FTB 3801, Passive Activity Loss Limitations
- 925 FTB 3805E, Installment Sale Income
- 928 FTB 3805P, Additional Taxes from Qualified Retirement Plans
- 926 FTB 3805V, Net Operating Loss (NOL) – Individuals
- 927 FTB 5805, Underpayment of Estimated Tax – 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
- 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/RDP Filing Separate Returns
- 934 FTB Pub. 1540, California Head of Household Filing Status
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights

**Current Year Refund Information**

If you file by mail, wait at least 8 weeks after you file your tax return before you call to find out about your refund. You need your social security number, the numbers in your street address, box number, route number, or PMB number, and your ZIP Code to use this service.

**Balance Due And Payment Information**

Wait at least 45 days from the date you mailed your payment before you call to verify receipt. You need your social security number, the numbers in your street address, box number, route number or PMB number, and your ZIP Code to use this service.

**General Phone Service**

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday, except holidays. Hours are subject to change.

- Telephone: 800.852.5711 from within the United States  
916.845.6500 from outside the United States  
800.829.1040 for federal tax questions, call the IRS  
TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

**Asistencia bilingüe en español**

Asistencia telefónica está disponible todo el año durante las 7 a.m. y las 5 p.m. lunes a viernes, excepto días festivos. Las horas están sujetas a cambios.

- Telefono: 800.852.5711 dentro de los Estados Unidos  
916.845.6500 fuera de los Estados Unidos  
800.829.1040 para preguntas sobre impuestos federales  
Sitio web: [ftb.ca.gov](http://ftb.ca.gov)  
TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla

