Forms & Instructions

California 540 & 540A

2008 Personal Income Tax Booklet

Members of the
Franchise Tax Board

John Chiang, Chair
Judy Chu, Ph.D., Member
Michael C. Genest, Member

FRANCHISE TAX BOARD

COVER GRAPHICS OMITTED FOR DOWNLOADING SPEED

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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, 2009	Last day to file and pay the 2008 amount you owe to avoid penalties and interest.* See form FTB 3519 on page 41 for more information. *If you are living or traveling outside the United States on April 15, 2009, the due dates for filing your return and paying your tax are different. See form FTB 3519 on page 41 for more information.
October 15, 2009	Last day to file or e-file your 2008 return to avoid penalties and interest computed from the original due date of April 15, 2009.
April 15, 2009 June 15, 2009 September 15, 2009 January 15, 2010	Due dates for 2009 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 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 penalty. See Form 540-ES instructions on page 45 for more information.

$$$ for You

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

- You earned less than $38,646 ($41,646 if married filing jointly) and have qualifying children.
- You have no qualifying children and you earned less than $12,880 ($15,880 if married filing jointly).

Call the IRS at 800.829.4477, when instructed enter topic 601, see your federal income tax booklet, or go to the IRS website at **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 2008 who together paid you more than $86,698 in wages may qualify for a refund of excess SDI. See the instructions on page 15.

Common Errors and How to Prevent Them

Help us process your return quickly and accurately. When we find an error, it requires us to stop to verify the information on the 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 help process your return faster, use these helpful hints when preparing your return.

Claiming estimated tax payments:

- Verify the amount of estimated tax payments claimed on your return matches what you sent to the Franchise Tax Board (FTB) for that year. Go to our website at **ftb.ca.gov** and search for **myftb account** to view your total estimated tax payments before you file your return.
- Verify the overpayment amount from your 2007 tax return you requested to be applied to your 2008 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 540/540A, 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 540/540A, line 34 is calculated correctly.
- Go to our website at **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 21) and transfer it to your 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 Form 540/540A, line 29 to ensure the amount is calculated correctly.

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

Do I Have to File?

Steps to Determine Filing Requirement

Step 1: Is your gross income (all income received from all sources in the form of money, goods, property, and services that are not exempt from tax) more than the amount shown in the California Gross Income chart on the next page 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 (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 on the next page for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 3.

(continued on next page)

Do I Have to File? *(continued)*

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/RDP filing separately with separate property income? If no, you do not have a filing requirement. If yes, prepare a return. If you owe tax, you have a filing requirement.

On 12/31/08, my filing status was:	and on 12/31/08, my age was: (If your 65th birthday is on January 1, 2009, you are considered to be age 65 on December 31, 2008)	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	14,845 19,795	25,145 27,520	32,870 33,700	11,876 16,826	22,176 24,551	29,901 30,731
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)	29,690 34,640 39,590	39,990 42,365 47,315	47,715 48,545 53,495	23,752 28,702 33,652	34,052 36,427 41,377	41,777 42,607 47,557
Qualifying widow(er)	Under 65 65 or older		25,145 27,520	32,870 33,700		22,176 24,551	29,901 30,731
Dependent of another person Any filing status	Any age	More than your standard deduction (Use the California Standard Deduction Worksheet for Dependents on page 11 or page 12 to figure your standard deduction.)					

Requirements for Children with Investment Income

Federal law allows parents' election to report a child's interest and dividend income from a child 18 and under or a student under age 24 on their return. California allows you to report your child's interest and dividend income on your return if they are under age 14. For each child under age 14 who received more than $1,800 of investment income in 2008, complete Form 540 and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child.

If you qualify, you may elect to report your child's income of $9,000 or less (but not less than $900) 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. To get form FTB 3800 or FTB 3803, see "Order Forms and Publications" on page 67 or go to our website at **ftb.ca.gov.**

Other Situations When You Must File

If you have a tax liability for 2008 or owe any of the following taxes for 2008, you must file Form 540.

- Tax on a lump-sum distribution.
- Tax on a qualified retirement plan including an Individual Retirement Arrangement (IRA) or an Archer Medical Savings Account (MSA).
- Tax for children under age 14 who have investment income greater than $1,800 (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 (explained under What's New on page 4) 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 purposes, you may file head of household for California purposes only if you meet the requirements to be considered unmarried or considered not in a domestic partnership.

Exception: If you file a joint return for federal purposes, 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 2008.
- A nonresident for the entire year and had no income from California sources during 2008.

  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 that you would have used to file a federal income tax return.

If you filed a joint return and either you or your spouse/RDP was a nonresident for 2008, file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Registered Domestic Partners (RDP) – RDPs under California law 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 more information on what states have legal unions that are considered substantially equivalent, go to our website at **ftb.ca.gov** and search for **rdp**.

For purposes of California income tax, references to a spouse, a husband, or a 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.

Single – If **any** of the following was true on December 31, 2008:

- You were not 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, 2008, and did not remarry or enter into another registered domestic partnership in 2008.

Married/RDP Filing Jointly – If **any** of the following is true:

- You were married or an RDP as of December 31, 2008, even if you did not live with your spouse/RDP at the end of 2008.
- Your spouse/RDP died in 2008 and you did not remarry or enter into another registered domestic partnership in 2008.
- Your spouse/RDP died in 2009 before you filed a 2008 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 67.
- You cannot claim a personal exemption credit for your spouse/RDP even if your spouse/RDP had no income, is not filing a return, and is not claimed as a dependent on another person's return.
- You may be able to file as head of household if your child lived with you and you lived apart from your spouse/RDP during the entire last six months of 2008.

Head of Household is for unmarried individuals and certain married individuals or RDPs living apart who provide a home for a specified relative. You are entitled to use head of household filing status only 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, 2008.
- You paid more than one-half the cost of keeping up your home for the year in 2008.

(continued on next page)

Do I Have to File? *(continued)*

- 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.

Beginning in 2005, 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.

If you are unmarried, your unmarried child no longer qualifies you for head of household filing status if he or she is 19 years of age or older, is not a student, and has gross income equal to or greater than the federal exemption amount ($3,500 in 2008). In addition, if you are unmarried, your unmarried child also no longer qualifies you for the status if he or she is under 19 years of age or a student under 24 and pays more than half of his or her own support.

For more information, go to our website at **ftb.ca.gov** or get FTB Pub. 1540, California Head of Household Filing Status. See code **934** on page 67 to order FTB Pub.1540 by telephone.

Qualifying Widow(er) with Dependent Child
Fill in the circle on line 5 and use the joint return tax rates for 2008 if **all** five of the following apply:

- Your spouse/RDP died in 2006 or 2007 and you did not remarry or enter into another registered domestic partnership in 2008.
- You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent.
- This child lived in your home for all of 2008. 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 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 2008

Differences between California and Federal Law

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. 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 our website at **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.

2008 Tax Law Changes/What's New

Electronic Payments – Taxpayers are required to remit their payments electronically if they make an estimated or extension payment exceeding $20,000 for taxable year 2009 or the total tax liability shown on their original 2009 tax return exceeds $80,000. Once you meet the threshold, all payments regardless of amount, tax type or taxable year must be remitted electronically. Electronic payments can be made using Web Pay on FTB's website, by using electronic funds withdrawal (EFW) as part of the e-file return, or by using your credit card. For more information go to our website at **ftb.ca.gov** and search for **mandatory epay**.

Any taxpayer required to remit a payment electronically who makes a payment by other means, shall pay a penalty of one percent of the amount paid, unless it is shown that the failure to make a payment as required was for a reasonable cause and was not the result of willful neglect.

Net Operating Loss – For taxable years beginning in 2008 and 2009, California has suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. However, taxpayers with net business income of less than $500,000 or with disaster loss carryovers are not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by:

- Two years for losses incurred in taxable years beginning before January 1, 2008.
- One year for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

Also, NOL carrybacks, NOL carryovers, and the number of taxable years to which the loss may be carried, are modified. For more information, see form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals.

Business tax credit limitation – For taxable years beginning on or after January 1, 2008, and before January 1, 2010, there is a limitation on the application of business tax credits for taxpayers whose net business income is $500,000 or more. The limitation is equal to 50 percent of the net tax before the application of any credits.

Third Party Designee – For taxable years beginning on or after January 1, 2008, you can designate a third party to discuss your tax return with the Franchise Tax Board (FTB). For more information, go to the instructions on page 19.

Conformity – For updates regarding the following federal acts, go to our website at **ftb.ca.gov** and search for **conformity**.

- Economic Stimulus Act of 2008
- Heroes Earnings and Assistance Relief Tax (HEART) Act of 2008

Rice Straw Credit – For taxable years beginning on or after January 1, 2008, the Rice Straw Credit has expired. Unused carryover credits are taken on form FTB 3540, Credit Carryover Summary.

Mortgage Forgiveness Debt Relief – California partially conforms to the federal Mortgage Forgiveness Debt Relief Act of 2007 (P.L. 110-142) for the 2007 and 2008 tax years. California limits the amount of qualified principal residence indebtedness to $800,000 ($400,000 for married/RDP filing separately)(the federal limit is $2,000,000/$1,000,000 for MFS) and debt relief to $250,000 ($125,000 for married/RDP filing separately). For more information, go to our website at **ftb.ca.gov** and search for **mortgage forgiveness**.

Estimated Tax Payments – Installments due for each taxable year beginning on or after January 1, 2009 are now required to be 30 percent of the required estimated tax liability for the 1st and 2nd required installments and 20 percent of the required estimated tax liability for the 3rd and 4th required installments. Prior to this law change, installments were made in four equal (25%) payments.

Taxpayers with adjusted gross income over $1,000,000 ($500,000 for married/RDP filing separately) may no longer compute estimate payments based on 100% of the tax shown on the return of the preceding year.

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

Voluntary Contributions – For taxable years beginning on or after January 1, 2008, you may contribute to the following new funds:

- California Ovarian Cancer Research Fund
- Municipal Shelter Spay-Neuter Fund
- California Cancer Research Fund
- ALS/Lou Gehrig's Disease Research Fund

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 on June 16, 2008 and before November 5, 2008 have been recognized as valid marriages for California purposes. For more information, get FTB Pub. 776, Tax Information for Same-Sex Married Couples.

Proposition 8 was approved by the voters on November 4, 2008, and it provides that "only marriage between a man and a woman is valid or recognized in California." Lawsuits challenging the Proposition have been filed. To find updates and information about the filing status to be used on your 2008 return, go to our website at **ftb.ca.gov** and search for **same sex married couples** or get FTB Pub. 776, Tax Information for Same-Sex Married Couples.

Riverside County Wind Damage – For tax treatment information for victims of extremely strong and damaging winds that occurred in October 2007 in Riverside county, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

Humboldt County Fire and California Wildfires 2008 – For tax treatment information for victims of the Humboldt county fire that occurred in May 2008 or wildfires that occurred in Butte, Kern, Mariposa, Mendocino, Monterey, Plumas, Santa Barbara, Santa Clara, Santa Cruz, Shasta, and Trinity counties, get FTB Pub. 1034.

Inyo Complex Fire – For tax treatment information for victims of the Inyo Complex Fire and subsequent damage that occurred as a result of severe rainstorms in July 2008, get FTB Pub. 1034.

Southern California Wildfires 2008 – For tax treatment information for victims of the Tea Fire in Santa Barbara county, the Sayre fire in Los Angeles county, and Triangle Complex (formerly named Freeway Complex) fire in Orange and Riverside counties that occurred in November 2008, get FTB Pub. 1034.

Other Important Information

Round Cents to Dollars – Round cents to the nearest whole dollar. For example, round $50.50 up to $51 or round $25.49 down to $25. If you do not round, the FTB will disregard the cents. This helps process your return quickly and accurately.

Direct Deposit Refund – You can request a direct deposit refund on your tax return whether you e-file or file a paper return. 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.

ReadyReturn – If you are single and your income is only from wages, you may qualify for ReadyReturn. It simplifies the filing process by pre-filling a tax return with information the state already has. For more information and to see if you qualify, go to our website at **ftb.ca.gov** and search for **readyreturn** or call 800.338.0505.

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Which Form Should I Use?

✓Tip e-file and you won't have to decide which form to use! The software will select the correct form for you.

Were you and your spouse/RDP residents during the entire year 2008?

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

No. Use the Long or Short Form 540NR. To download or order the California Nonresident or Part-Year Resident Income Tax Booklet, see page 7, "Where to Get Income Tax Forms and Publications."

	Form 540 2EZ **Form not included in this booklet. If you qualify to use Form 540 2EZ, see "Where To Get Income Tax Forms and Publications" on page 7 to download or order this form.**	Form 540A	Form 540
Filing Status	Single, married/RDP filing jointly, head of household, qualifying widow(er)	Any filing status	Any filing status
Dependents	0-3 allowed	All dependents you are entitled to claim	All dependents you are entitled to claim
Amount of Income	Total income of: • $100,000 or less if single or head of household • $200,000 or less if married/RDP filing jointly or qualifying widow(er)	Any amount of income	Any amount of income
Sources of Income	Only income from: • Wages, salaries, and tips • Taxable interest, dividends, and pensions • Taxable scholarship and fellowship grants (only if reported on Form(s) W-2) • Capital gains from mutual funds (reported on Form 1099DIV, box 2a only) • Unemployment compensation reported on Form 1099-G • Paid Family Leave Insurance • U.S. social security benefits • Tier 1 and tier 2 railroad retirement payments You cannot use Form 540 2EZ if you (or your spouse/RDP) can be claimed as a dependent by another taxpayer, and your TOTAL income is less than or equal to $12,242 if single; $24,434 if married/RDP filing jointly or qualifying widow(er); or $17,334 if head of household.	Only income from: • Wages, salaries, and tips • Taxable scholarship and fellowship grants • Interest and dividends • Unemployment compensation reported on Form 1099-G • Paid Family Leave Insurance • U.S. social security benefits • Tier 1 and tier 2 railroad retirement payments • Fully and partially taxable IRA distributions, pensions, and annuities • Alimony	All sources of income
Adjustments to Income	No adjustments to income	Allowed if the amount is the same as your federal adjustments to income. If you claimed educator expenses or the tuition and fees deduction, do not file Form 540A. Instead file Form 540.	All adjustments to income
Standard Deduction	Allowed	Allowed	Allowed
Itemized Deductions	No itemized deductions	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
Payments	Only withholding shown on Form(s) W-2 , CA Sch W-2, or 1099-R	• Withholding shown on Form(s) W-2, CA Sch W-2, and 1099-R • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)	• Withholding shown on Form(s) W-2, CA Sch W-2, W-2G, 1099, 592-B, 593, and 594 • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)
Tax Credits	• Personal exemption credit • Up to three dependent exemption credits • Nonrefundable renter's credit • Senior exemption credit	• Personal exemption credit • Senior exemption credit • Blind exemption credit • Dependent exemption credit • Nonrefundable renter's credit • Child and Dependent Care Expenses Credit	All tax credits
Other Taxes	Only tax computed using the 540 2EZ Table	• Tax computed using the tax table • Mental Health Services Tax	All taxes: • Tax computed using the tax table • Alternative minimum tax • Tax on early distributions from IRAs or other qualified retirement plans • Tax on distributions from MSAs and education IRAs • Tax for children under age 14 with investment income of more than $1,800 • Tax on lump-sum distributions • Recapture taxes • Deferred tax on certain installment obligations • Tax on accumulation distributions of trusts • Mental Health Services Tax

✓Tip If you qualify to use 540 2EZ or 540A, go to our website at **ftb.ca.gov** to CalFile or e-file. You qualify for free!

Additional Information

California Use Tax General Information

The use tax has been in effect in California since July 1, 1935. It applies to purchases from out-of-state sellers and is similar to the sales tax paid on purchases you make in California. If you have not already paid all use tax due to the State Board of Equalization, you must report and pay the use tax due on your state income tax return. See the information below and the instructions for line 49 of your income tax return.

In general, you should pay California use tax on purchases made from out-of-state (for example, by telephone, over the Internet, by mail, or in person) if:

- The seller does not collect California sales or use tax.
- You use, give away, store, or consume the item in this state.

Example: You live in California and purchase a dining table from a company in North Carolina. The company ships the table from North Carolina to your home for your use and does not charge California sales or use tax. You owe use tax on the purchase.

Complete the Use Tax Worksheet on page 17 to calculate the amount due.

Extensions to file. If you request an extension to file your income tax return, wait until you file your return to report your purchases subject to use tax and make your use tax payment.

Penalty. To avoid late payment penalties for use tax, you must report and pay the use tax with a timely filed income tax return.

Changes in use tax reported. Do not file an Amended Income Tax Return (Form 540X) to revise the use tax previously reported. If you have changes to the amount of use tax previously reported on the original return contact the State Board of Equalization.

For assistance with your use tax questions, go to the State Board of Equalization's website at **boe.ca.gov** or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929. Income tax information is not available at this number.

Collection Fees

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

Deceased Taxpayers

A final return must be filed for a person who died in 2008 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Print "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse/RDP and no administrator or executor has been appointed, file a joint return if you did not remarry or enter into another registered domestic partnership during 2008. Indicate next to your signature that you are the surviving spouse/RDP.

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

If you file a return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, attach certified copies of the letters of administration or letters testamentary) or that you are entitled to the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a return and claim a refund due.

Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (1) you were granted Innocent Spouse Relief by the IRS, (2) there is an understatement of tax because you are divorced, legally separated, terminated the registered domestic partnership or no longer living with your spouse/RDP, **and** (3) given all the facts and circumstances, it would be unfair to hold you liable for the tax. For more information, get FTB Pub. 705, Request for Innocent Spouse Relief Form and Brochure, by going to our website at **ftb.ca.gov** or calling 916.845.7072 (not toll-free), Monday - Friday between 8 a.m. to 5 p.m. except holidays.

Registered Domestic Partners

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

Military Personnel

If you are a member of the military and need additional information on how to file your return, get FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on page 67.

Homeowner and Renter Assistance

This California program provides a once-a-year State payment to qualifying homeowners and renters based on the property tax they paid in the prior year. **Important update:** The state budget approved for the 2008/2009 fiscal year deleted funding for the Homeowner and Renter Assistance Program. Since there is no funding in the state budget for this program, 2008 claims cannot be paid.

The FTB will continue to accept 2008 claims and will hold them in the event that funding later becomes available. However, at this time there is no expectation that there will be any funds available to pay those claims.

The filing period for filing a 2008 claim began July 1, 2008, and ends June 30, 2009. For more information, call 800.868.4171 or go to our website at **ftb.ca.gov**.

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 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 return. See "Where To Get Tax Forms and Publications" on page 7 to download or order form FTB 3516.

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. 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, 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. To obtain a Voter Registration Card, call the California Secretary of State's toll-free voter hotline at 800.345.VOTE or go to their website at **sos.ca.gov.**

It's Your Right . . . Register and Vote

If You File Electronically

If you e-file your return, make sure all the amounts entered on the paper copy of your California 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 your account and routing information is correct. Your return can be transmitted to FTB by your preparer or electronic e-file service only after you sign form FTB 8453 or form FTB 8879. The preparer or electronic e-file service must provide you with:

- A copy of form FTB 8453 or FTB 8879.
- Any original Form(s) W-2, CA Sch W-2CG, W-2G, 592-B, 593 594, 1099-G, and 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 Form 540X, Amended Individual Income Tax Return, and mailing the paper copy to us. See "Where To Get Income Tax Forms and Publications" on page 7.

What's New and Other Important Information for 2008 *(continued from page 4)*

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 percent 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 real estate installment sales, if a buyer receives a seller's certification as to an alternative withholding election, the buyer would be required to withhold either the full alternative withholding amount at the time of sale or an alternative withholding percentage on the amount of each installment payment.

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 return along with any other supporting schedules. If this is the first time the reportable transaction is disclosed on the 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, Form 8918, Material Advisor Disclosure Statement, or 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 95812-9900

For more information, go to our website at **ftb.ca.gov** and search for **tax shelters**.

Need help with your 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 our website at **ftb. ca.gov** and search for **vita**.

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 from our website at **ftb.ca.gov** or you may have these forms and publications mailed to you. Many of our most frequently used forms may be filed electronically, printed out for submission, and saved for record keeping.

By phone – To order 2006-2008 California tax forms and publications:

- Refer to the list on page 67 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 or individual taxpayer identification number and your daytime and evening telephone numbers. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

We will respond to your letter within 10 weeks. In some cases, we may call you to respond to your inquiry, or ask you for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on the return.

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 our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how to 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

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:

FRANCHISE TAX BOARD
DISCLOSURE OFFICER MS A181
PO BOX 1468
SACRAMENTO CA 95812-1468

or call: 800.852.5711 within the United States, or 916.845.6500 (not toll-free) 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.

MyFTB | ACCOUNT
The window to your info
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.
- 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** and search for **myftb account**.

Marketing
page

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

Reference to these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005**, and the California Revenue and Taxation Code (R&TC).

Before You Begin

Complete your federal income tax return (Form 1040, Form 1040A, or Form 1040EZ) before you begin your California Form 540/540A. Use information from your federal income tax return to complete your Form 540/540A. Complete and mail Form 540/540A by April 15, 2009. If unable to mail your tax return by the due date, see page 2.

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

Filling in Your Tax Return

- Use black or blue ballpoint pen on the tax return you send to the Franchise Tax Board (FTB).
- Enter your social security number(s) (SSN) or individual taxpayer identification number(s) (ITIN) at the top of Form 540/540A, Side 1.
- Print numbers and CAPITAL LETTERS between the combed lines. Be sure to line up dollar amounts.
- Round cents to the nearest whole dollar. For example, round $50.50 up to $51 or round $25.49 down to $25.
- If you do not have an entry for a line, leave it blank unless the instructions for a line specifically tell you to enter -0-. **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 Form 540/540A.

Private Mail Box
Include the Private Mail Box (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 Code (Form 540 only)
Enter the numeric principal business activity (PBA) code from federal Schedule C, line B.

Prior Name
If you or your spouse/RDP filed your 2007 tax return under a different last name, write the last name **only** from the 2007 tax return.

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

Enter your SSN in the spaces provided. To protect your privacy, your SSN is not printed on the tax booklet with your name and address. If filing 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 resident alien for federal tax purposes, and the IRS issued you an ITIN, enter the ITIN in the space 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

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.

Use the same filing status for California that you used for your federal income tax return.

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 2008.
- A nonresident for the entire year and had no income from California sources during 2008.

  Caution – 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.

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

If you filed a joint tax return and either you or your spouse/RDP was a nonresident for 2008, you must file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Exemptions

Line 6 – Can be Claimed as Dependent

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

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

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

Yes Ignore the instructions on Form 540/540A, line 7. Instead, enter in the box on line 7 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 his or her tax return.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, attach a doctor's statement to the back of Form 540/540A indicating you or your spouse/RDP are 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, 2008,* 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 60 for information about this fund.

*If your 65th birthday is on January 1, 2009, you are considered to be age 65 on December 31, 2008.

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 separate schedule. 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.

Taxable Income

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

Line 12 – State Wages

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Enter the total amount of your state wages from all states from each of your Form(s) W-2, Wage and Tax Statement, or CA Sch W-2, Wage and Withholding Summary. This amount appears on Form W-2, box 16, or CA Sch W-2, line 3.

If you received wages and do not have a Form W-2, see "Attachments to your tax return" on page 19.

Line 13 – Federal Adjusted Gross Income (AGI) from Form 1040, line 37; 1040A, line 21; or 1040EZ, line 4

Same-sex married couples (SSMCs) or 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 Internal Revenue Service (IRS). Enter the combined AGI on Form 540/540A, 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 Adjustment 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 Form 540/540A, 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 Form 540/540A, line 13.

Line 14 (Form 540) – California Adjustments – Subtractions [from Schedule CA (540), line 37, column B]

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

If there are differences between your federal and California income or deductions, complete Schedule CA (540). Follow the instructions for Schedule CA (540) beginning on page 51. Enter on line 14 the amount from Schedule CA (540), line 37, column B. If a negative amount, see Schedule CA (540), line 37 instructions, page 56.

Line 14a (Form 540A) – State Income Tax Refund

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

Line 14b (Form 540A) – Unemployment Compensation

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 return. These types of income are not taxed by California and should be included on line 14b and in the total for line 14g.

Line 14c (Form 540A) – Social Security Benefits (and Tier 1 or Tier 2 Railroad Retirement Benefits)

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

Do not include any other pension amounts on this line. If you filed Form 1040EZ, enter -0-.

Line 14d (Form 540A) – California Nontaxable Interest or Dividend Income

California does not tax interest earned from:

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

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

Interest from municipal or state bonds from a state other than California: This interest is taxed by California. You may not use Form 540A. Use Form 540, e-file, or CalFile.

Interest from Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities: This interest is taxed by California. Do not enter it on line 14d.

Exempt-interest dividends from mutual funds: Certain mutual funds are qualified to pay "exempt-interest dividends" if at least 50% of their assets consist of tax-exempt government obligations. The portion of the dividends that are tax-exempt will be shown on your annual statement from the mutual fund. If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 14d. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you may not use Form 540A. Use Form 540, e-file, or CalFile.

Line 14e (Form 540A) – California Individual Retirement Arrangement (IRA) Distributions

Differences may exist between the taxable amounts of federal and California IRA distributions, pensions, and annuities. Enter any differences on line 14e and line 14f.

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

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

The maximum IRA contribution allowed as a deduction for California was less than the maximum amount allowed for federal for years 1975 and 1982 through 1986. If you made contributions during these years, report the difference between the deduction you took for federal and the deduction you took for California on this line. For more information, get FTB Pub. 1005, Pension and Annuity Guidelines. See "Order Forms and Publications" on page 67.

Report the difference between your California and your federal taxable IRA distributions on line 14e. Attach Form 1099-R to your Form 540A if tax was withheld.

Line 14f (Form 540A) – Non-taxable Pensions and Annuities

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

If you received a federal Form RRB-1099-R, Annuities or Pensions by the Railroad Retirment Board, for railroad retirement benefits and included all or part of these benefits in federal AGI on line 13, enter the taxable benefit amount on line 14f.

If you began receiving a retirement annuity between July 1, 1986, and January 1, 1987, and you elected to use the three-year recovery rule for California, make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the gross distribution shown on your Form 1099-R, box 1 and the taxable shown in box 2a. Enter the difference in parentheses on line 14f. For example: "(12,325)."

If you received a lump-sum distribution from a profit sharing or retirement plan and choose the 10-year averaging method you may pay less tax on the distribution. To use this method file Form 540. See the instructions for Form 540 and get Schedule G-1, Tax on Lump-Sum Distributions (not in this booklet), for more information. See "Order Forms and Publications" on page 67.

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

Line 14g (Form 540A) – Total California Adjustments

Combine line 14a through line 14f. If the result is less than zero, enter the amount in parentheses. For example, "(13,325)."

Line 15 (Form 540) – Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the result in parentheses. For example: "(12,325)."

Line 16 (Form 540) – California Adjustments – Additions [from Schedule CA (540), line 37, column C]

If there are differences between your federal and California income or deductions, complete Schedule CA (540). Follow the instructions for Schedule CA (540) beginning on page 51. Enter on line 16 the amount from Schedule CA (540), line 37, column C. If a negative amount, see Schedule CA (540), line 37 instructions, page 56.

Line 18 – California Itemized Deductions or California Standard Deduction

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

- Your California itemized deductions.
- Your California standard deduction.

California itemized deductions may be limited based on federal AGI. To compute limitations, use Schedule CA (540). RDPs use your recalculated federal AGI to figure your itemized deductions.

On federal tax returns, individual taxpayers who claim the standard deduction are allowed an additional deduction for state and local real estate taxes paid and disaster losses. For California, deductions for state and local real estate taxes paid and disaster losses are only allowed for those individual taxpayers who itemized their deductions.

If married or an RDP and filing separate tax returns, you and your spouse/RDP must either both itemize your deductions or both take the standard deduction.

Form 540 – 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, use the Form 540 – California Standard Deduction Worksheet for Dependents on this page.

Form 540A – Use Form 540A – California Standard Deduction Worksheet for Dependents on the next page.

Form 540 – Itemized deductions. Figure your California itemized deductions by completing Schedule CA (540), Part II, line 38 through line 44. Enter the result on Form 540, line 18.

If you did not itemize deductions on your federal income tax return but will itemize deductions for your Form 540, first complete a sample federal Schedule A, Itemized Deductions. Then complete Schedule CA (540), Part II, line 38 through line 44. Attach both the federal Schedule A and California Schedule CA (540) to the back of your tax return.

Form 540A – Itemized deductions. Figure your California itemized deductions by completing the Form 540A – California Itemized Deductions Worksheet on the next page. Enter the result on Form 540A, line 18.

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

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

California Standard Deduction Chart for Most People

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

Your Filing Status	Enter On Line 18
1 – Single	$3,692
2 – Married/RDP filing jointly	$7,384
3 – Married/RDP filing separately	$3,692
4 – Head of household	$7,384
5 – Qualifying widow(er)	$7,384

The California standard deduction amounts are less than the federal standard deduction amounts.

Form 540 – 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 his or her tax return. **Use whole dollars only.**

1. Enter your earned income from: line 1 of the "Standard Deduction Worksheet for Dependents" in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ. . . . . 1 _____
2. Minimum standard deduction 2 $900.00
3. Enter the **larger** of line 1 or line 2 here . . . . . 3 _____
4. Enter the amount shown for your filing status
   - Single or married/RDP filing separately, enter $3,692
   - Married/RDP filing jointly, head of household, or qualifying widow(er), enter $7,384

   } 4 _____
5. **Standard deduction.** Enter the **smaller** of line 3 or line 4 here and on Form 540, line 18 . . . . 5 _____

Form 540A – If you filled in the circle on Form 540A, line 6, enter your wages, salaries, and tips on the California Standard Deduction Worksheet

for Dependents, line 1 on this page. If you have earned income other than wages, then file Form 540 and use the standard deduction worksheet for that form.

Form 540A – California Standard Deduction Worksheet for Dependents
Use this worksheet only if someone else can claim you (or your spouse/RDP) as a dependent on his or her tax return. **Use whole dollars only.**

1. Enter your total wages, salaries, and tips from all your Form(s) W-2, box 1 or CA Sch W-2, line 3. (You may also refer to federal Form 1040EZ, line 1; Form 1040A, line 7; or Form 1040, line 7) . . . . . 1 _____
2. . . . . 2 $300.00
3. Add line 1 and line 2. Enter total here . . . . . 3 _____
4. Minimum standard deduction 4 $900.00
5. Enter the **larger** of line 3 or line 4 here . . . . . 5 _____
6. Enter the amount shown for your filing status:
   - Single or married/RDP filing separately, enter $3,692
   - Married/RDP filing jointly, head of household, or qualifying widow(er) enter $7,384

   } 6 _____
7. **Standard deduction.** Enter the **smaller** of line 5 or line 6 here and on Form 540A, line 18 7 _____

Form 540A – California Itemized Deductions Worksheet
Use whole dollars only.

1. Federal itemized deductions: Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 15, 19, 20, 27, and 28 . . . . . 1 _____
2. Add the following amounts from federal Schedule A (Form 1040) and enter on line 2
   - Line 5, state and local income tax: . . . . . _____
   - State Disability Insurance (SDI): _____
   - Line 8, foreign income taxes: _____ 2 _____
3. Subtract line 2 from line 1. This amount is your total California **itemized deductions** . . . . . 3 _____
4. Is the amount on Form 540A, line 13, more than the amount shown below for your filing status?
   Single or married/RDP filing separately $163,187
   Married/RDP filing jointly or qualifying widow(er) $326,379
   Head of household $244,785
   Yes Continue to line 5 of this worksheet
   No Enter on Form 540A, line 18, the **larger** of:
   - The amount on line 3; or,
   - Your standard deduction* shown below:
     Single or married/RDP filing separately $3,692
     Married/RDP filing jointly, head of household, or qualifying widow(er). . . . $7,384

   Do not complete the rest of this worksheet.
5. Using California amounts, add the amounts on federal Schedule A, (Form 1040) lines 4, 14, 20, and any gambling losses included on line 28 . . . . 5 _____
6. Subtract line 5 from line 3 . . . . . 6 _____
   If zero, skip line 7 through line 12, enter the amount from line 3 on line 13 and continue to line 14.
7. Multiply line 6 by 80% (.80) . . . . . 7 _____
8. Amount from Form 540A, line 13 . . . . . 8 _____

(continued on next column)

9. Enter the amount shown below for your filing status. . . . . 9 _____
   Single or married/RDP filing separately . $163,187
   Married/RDP filing jointly or qualifying widow(er). $326,379
   Head of household $244,785
10. Subtract line 9 from line 8 . . . . . 10 _____
    If zero or less, skip line 11 and line 12, enter the amount from line 3 on line 13 and continue to line 14.
11. Multiply line 10 by 6% (.06) . . . . . 11 _____
12. Compare line 7 and line 11. Enter the **smaller** amount here . . . . . 12 _____
13. Total itemized deductions. Subtract line 12 from line 3 . . . . . 13 _____
14. Enter on Form 540A, line 18, the **larger** of:
    The amount on line 13; or,
    Your standard deduction* shown below:
    Single or married/RDP filing separately . . $3,692
    Married/RDP filing jointly, head of household, or qualifying widow(er) $7,384

***Standard Deduction for Dependents**
If someone else can claim you as a dependent use the standard deduction amount from line 7 of the "Form 540A – California Standard Deduction Worksheet for Dependents" on this page instead of the standard deduction amount shown above.

Line 19 (Form 540) – Taxable Income

Capital Construction Fund (CCF). If you claim a deduction on your federal Form 1040, line 43 for the contribution made to a capital construction fund set up under the Merchant Marine Act of 1936, reduce the amount you contributed 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.

Tax

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

Line 20 (Form 540A) – Tax

If your taxable income on line 19 is:

- $100,000 or less, use the tax table beginning on page 21. Use the correct column for your filing status.
- Over $100,000, use the tax rate schedules on page 26. Use the correct tax rate schedule for your filing status.

Line 20 (Form 540) – Tax

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

- **Tax Table.** If your taxable income on line 19 is $100,000 or less, use the tax table beginning on page 21. 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 schedule for your filing status on page 26.
- **FTB 3800.** Generally, use form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child who was under age 14 on January 1, 2009, and who had more than $1,800 of investment income. Attach form FTB 3800 to the child's Form 540.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of $9,000 or less (but not less than $900) on your tax 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 Form 540. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 20. Attach form(s) FTB 3803 to your tax 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 by going to our website at **ftb.ca.gov** and search for **tax calculator**.

✓Tip CalFile or e-file and you won't have to do the math. Go to our website at **ftb.ca.gov**.

Line 21 – Exemption Credits

Exemption credits reduce your tax. If your federal adjusted gross income (AGI) on line 13 is more than the amount shown below for your filing status, your credits will be limited.

For purposes of computing limitations based upon AGI, SSMCs and RDPs recalculate their AGI using a federal pro forma, California SSMC Adjustments Worksheet (located in FTB Pub. 776), or California RDP Adjustments Worksheet (located in FTB Pub. 737). If your recalculated federal AGI is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is:	**And** Form 540/540A, line 13 or RDP recalculated AGI is more than:
Single or married/RDP filing separately	$163,187
Married/RDP filing jointly or qualifying widow(er)	$326,379
Head of household	$244,785

Yes Complete the AGI Limitation Worksheet on this page.
No Follow the instructions on Form 540/540A, line 21.

AGI Limitation Worksheet
Use whole dollars only.

a	Enter the amount from Form 540/540A, line 13, or RDP recalculated AGI	**a**_____
b	Enter the amount for your filing status on line b: • Single or married/RDP filing separately . . .$163,187 • Married/RDP filing jointly or qualifying widow(er) . . . . . .$326,379 • Head of household $244,785	**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 Form 540/540A, lines 7, 8, and 9 (not the dollar amounts)	**f**_____
g	Multiply line e by line f	**g**_____
h	Enter the total **dollar amount** for lines 7, 8, and 9	**h**_____
i	Subtract line g from line h. If zero or less, enter -0-	**i**_____
j	Enter the number from the box on Form 540/540A, line 10 (not the dollar amount)	**j**_____
k	Multiply line e by line j	**k**_____
l	Enter the **dollar amount** (that you filled in) from Form 540/540A, line 10	**l**_____
m	Subtract line k from line l. If zero or less, enter -0-	**m**_____
n	Add line i and line m. Enter the result here and on Form 540/540A, line 21	**n**_____

Line 23 (Form 540) – Tax from Schedule G-1 and Form FTB 5870A

If you received a qualified lump-sum distribution in 2008 and you were born before January 2, 1936, get Schedule G-1, 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 67.

Special Credits and Nonrefundable Renter's Credit

Form 540A – Did you pay rent for at least six months in 2008 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 58.
No Go to line 29.

Form 540 – A variety of California tax credits are available to reduce your tax if you qualify. To figure and claim most special credits, you must complete a separate form or schedule and attach it to your Form 540. (**Note:** If your net business income is $500,000 or more and you have business tax credits, complete Schedule P (540), Alternative Minimum Tax and Credit Limitations – Resident. See "Order Forms and Publications" on page 67.)

The Credit Chart on page 59 describes the credits and provides the name, credit code, and number of the required form or schedule. Many credits are limited to a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax (TMT). Answer the following questions before you claim credits on your tax return.

1. Do you qualify to claim the nonrefundable renter's credit? Complete the qualification record on page 58.

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

2. Are you claiming any other special credit listed on the Credit Chart on page 59?

   No If you checked "Yes" for Question 1 and entered an amount on Form 540, line 28, go to line 29. If you checked "No" for Question 1, skip to the instructions for line 30.
   Yes Figure your credit using the form, schedule, worksheet, or certificate identified on the Credit Chart. Then go to Box A to see if the total amount you may claim for all credits is limited by TMT. If you checked "Yes" for Question 1, verify you entered your nonrefundable renter's credit on line 28.

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 alternative minimum tax (AMT). For more information, see line 31 instructions, on page 15.):

- 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 Complete Schedule P (540). See "Order Forms and Publications" on page 67.
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 tax return ☎ **225**
- Income from installment sales of certain property

Yes Complete Schedule P (540). See "Order Forms and Publications" on page 67.
No Go to Box C.

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

Single or head of household $225,050
Married/RDP filing jointly or qualifying widow(er) $300,065
Married/RDP filing separately $150,031

Yes Complete Schedule P (540). See "Order Forms and Publications" on page 67.
No Your credits are not limited. Go to the instructions for Form 540, line 25.

Line 25 through Line 27 (Form 540) – 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 25 and line 26. To claim more than two credits, use Schedule P (540), Part III. See "Order Forms and Publications" on page 67. List two of the credits on line 25 and line 26. Enter the total of any remaining credits from Schedule P (540) on line 27.

Important: Attach Schedule P (540) and any supporting schedules or statements to your Form 540.

Carryovers: If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, carry over any excess credit to future years until the credit is used (unless the carryover period is a fixed number of years). If you claim a credit carryover for an expired credit, use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit. Otherwise, enter the amount of the credit on Schedule P (540), Part III, and do not attach form FTB 3540.

Credit for Joint Custody Head of Household — Code 170

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

Claim the credit if unmarried and not an RDP at the end of 2008 (or if married/or an RDP, you lived apart from your spouse/RDP for all of 2008 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 the taxable year. If the child is married or an RDP, you must be entitled to claim a dependent exemption credit for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or 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.

Use the worksheet below to figure the Joint Custody Head of Household credit **using whole dollars only**.

1. Enter the amount from Form 540, line 24 . . . . . 1 _____
2. Credit percentage — 30% . . . . . 2 x .30
3. Credit amount. Multiply line 1 by line 2.
   Enter the result or $393, whichever is less . . . . . 3 _____

If you qualify for the credit for Joint Custody Head of Household and the Credit for Dependent Parent, claim only one credit. Select the credit that allows the maximum benefit.

Credit for Dependent Parent — Code 173

You may **not** claim the Credit for Dependent Parent 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 2008 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 above for the Credit for Joint Custody Head of Household. If you qualify for the Credit for Joint Custody Head of Household and the Credit for Dependent Parent, claim only one. Select the credit that will allow the maximum benefit.

Credit for Senior Head of Household — Code 163

You may claim this credit if you:

- Were 65 years of age or older on December 31, 2008.*
- Qualified as a head of household in 2006 or 2007 by providing a household for a qualifying individual who died during 2006 or 2007.
- Did not have AGI over $63,831 for 2008.

* If your 65th birthday is on January 1, 2009, you are considered to be age 65 on December 31, 2008.

If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2008 in order to claim this credit.

Use this worksheet to figure this credit **using whole dollars only**.

1. Enter the amount from Form 540, line 19 . . . . . 1 _____
2. Credit percentage — 2% . . . . . 2 x .02
3. Credit amount. Multiply line 1 by line 2.
   Enter the result or $1,203, whichever is less . . . . . 3 _____

Credit for Child Adoption Costs — Code 197

For the year in which an adoption decree or an order of adoption is entered (e.g., adoption is final), 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 was not in the custody of a California public agency or a California political subdivision.
- Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the worksheet below to figure this credit **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 2008. Carry over the excess credit to future years until the credit is used.

Line 28 – Nonrefundable Renter's Credit

Did you pay rent for at least six months in 2008 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 58.
No Go to line 29.

Line 30 (Form 540)

Subtract the amount on line 29 from the amount on line 24. Enter the result on line 30. If the amount on line 29 is more than the amount on line 24, 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 30. 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 30.

Other Taxes

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

Line 31 (Form 540) – 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:

- $80,017 married/RDP filing jointly or qualifying widower(er)
- $60,014 single or head of household
- $40,007 married/RDP filing separately

A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540) and included on the return is more than the sum of $5,500 and the child's earned income.

AMT income does not include income, adjustments, and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than $1,000,000 from **all** trades or businesses.

Get Schedule P (540) for more information. See "Order Forms and Publications" on page 67.

Line 32 – Mental Health Services Tax

If your taxable income is more than $1,000,000, compute the Mental Health Services Tax below **using whole dollars only**:

A. Taxable income from Form 540/540A, line 19	
B. Less	$(1,000,000)
C. Subtotal	
D. Multiply line C by 1%	x .01
E. Mental Health Services Tax – Enter this amount here and on Form 540/540A, line 32	

Line 33 (Form 540) – 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 33 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 33. 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 3806, Los Angeles Revitalization 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, if any, on line 33. Write the form number on the dotted line to the left of the amount on line 33.

Payments

To avoid a delay in the processing of your tax return, enter the correct amounts on line 36 through line 43.

Line 36 – California Income Tax Withheld

Enter the total California income tax withheld from your:

- Form(s) W-2, Wage and Tax Statement, box 17
- CA Sch W-2, Wage and Withholding Summary
- Form(s) W-2G, Certain Gambling Winnings, box 14
- Form(s) 1099-MISC, Miscellaneous Income, box 16
- Form(s) 1099-R, Distributions from Pensions, Annuities, Retirement, or Profit Sharing Plans, IRAs, Insurance Contracts, etc. box 10

Do not include city, local, or county tax withheld or tax withheld by other states. Do not include withholding from Forms 592-B, Resident and Nonresident Tax Withholding Statement; Form 593, Real Estate Withholding Tax Statement; or Form 594, Notice to Withhold Tax at Source, on this line. For more details, see instructions for line 38 on this page.

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

Line 37 – 2008 CA Estimated Tax and Other Payments

Enter the total of any:

- California estimated tax payments you made using 2008 Form 540-ES or Web Pay
- Overpayment from your 2007 California income tax return that you applied to your 2008 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, trust, or S Corporation on Schedule K-1 (541) or Schedule K-1 (100S)

✓Tip To view payments made or get your current account balance, go to our website at **ftb.ca.gov** and search for **myftb account**.

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

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 Form 540/540A 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 2009 and did not have a California tax liability in 2008.

Line 38 (Form 540) – Real Estate and Other Withholding

Enter the total of California withholding from the sale of real estate, Form 593 or California payments, Forms 592-B or 594 on this line. Attach a copy of Forms 592-B, 593, or 594, to the lower front of Form 540, Side 1.

Caution: Do not include withholding from federal Form(s) W-2, W-2G, 1099, or CA Sch W-2 on this line.

Line 39 – Excess California SDI (or VPDI) Withheld

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

- You had **two or more** California employers during 2008.
- You received more than $86,698 in wages.
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2 or CA Sch W-2. Be sure to attach either your Forms W-2 or CA Sch W-2 to your Form 540/540A.

If SDI (or VPDI) was withheld from your wages by a single employer, at more than 0.8% of your gross wages, you may not claim excess SDI (or VPDI) on your Form 540/540A. Contact the employer for a refund.

To determine the amount to enter on line 39, complete the Excess SDI (or VPDI) Worksheet on the next page. If married/RDP filing jointly, figure the amount of excess SDI (or VPDI) separately for each spouse/RDP.

Excess SDI (or VPDI) Worksheet
Use whole dollars only.

Follow the instructions below to figure the amount of income tax to enter on Form 540/540A, line 39. If you are married/RDP and file a joint return, you must figure the amount of excess SDI (or VPDI) separately for each spouse/RDP.

		You	Your Spouse/ RDP
1. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2. Enter the total here	1		
2. 2008 SDI (or VPDI) limit	2	$693.58	$693.58
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 **whole dollars only** on Form 540/540A, line 39	3		

If zero or less, enter -0- on line 39.

Line 40 through Line 43 – Child and Dependent Care Expenses Credit

Claim this credit if you paid someone to care for your qualifying 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. The care must be provided in California. To claim this credit, your federal AGI must be $100,000 or less and you must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

Line 40 and Line 41

Enter the qualifying person's SSN. Do not enter more than one qualifying person's SSN on line 40 or line 41 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 42

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

Line 43

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

Line 44 (Form 540)

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

Claim of Right: If you are claiming the tax deduction on your California 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 deduction, refer to your prior year California 540/540A, 540NR Long Form, 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 deduction.

Overpaid Tax or Tax Due

If you received a refund for 2007, you may receive a federal Form 1099-G. The refund amount reported on your federal 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 delay in processing of your tax return, enter the correct amounts on line 45 through line 48.

Line 45 – Overpaid Tax

If the amount on line 44 is more than the amount on line 34, your payments and credits are more than your tax. Subtract the amount on line 34 from the amount on line 44. Enter the result on line 45.

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

Line 46 – Amount You Want Applied to Your 2009 Estimated Tax

Apply all or part of the amount on line 45 to your estimated tax for 2009. Enter on line 46 the amount of line 45 that you want applied to your 2009 estimated tax.

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

Line 47 – Overpaid Tax Available This Year

If you entered an amount on line 46, subtract it from the amount on line 45. Enter the result on line 47. Choose to have this entire amount refunded to you, make contributions to the California Seniors Special Fund (see page 60), or make other voluntary contributions from this amount. If you make a contribution, skip line 48 and go to the Use Tax section of the tax return.

Line 48 – Tax Due

If the amount on line 44 is less than the amount on line 34, subtract the amount on line 44 from the amount on line 34. Enter the result on line 48. 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 48 is $200 or more ($100 or more if married/RDP filing separately).
- The amount of state income tax withheld on line 36 is less than 90% of the amount of your total tax on line 34.

If this applies to you, go to line 64.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete EDD Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. Get this form from your employer or by calling EDD at **888.**745.3886. Download the DE 4 at **www.edd.ca.gov** or use the online calculator by going to **ftb.ca.gov** and searching for **de 4**.

Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

Use Tax

Line 49 – Use Tax. This is not a total line.

As explained on page 6, California use tax applies to purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person).

You may report use tax on your income tax return instead of filing a use tax return with the State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet on the next page. For questions on whether a purchase is taxable, go to the State Board of Equalization's website at **boe.ca.gov**, or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929.

If you owe use tax but you do not report it on your income tax return, you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from **boe.ca.gov** or request a copy by calling the State Board of Equalization's Taxpayer Information Center.

Use Tax Penalty

Failure to timely report and pay the use tax due may result in the assessment of penalties.

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

See page 6 for a general explanation of California use tax.

Use Tax Worksheet
Use whole dollars only.

1. Enter purchases from out-of-state sellers made without payment of California sales/use tax. See worksheet instructions below . . . . . $ _____.00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See table on page 20 . . . . . _____
3. Multiply line 1 by the tax rate on line 2. Enter result here . . . . . $ _____.00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. See worksheet instructions below . . . . . $ _____.00
5. Subtract line 4 from line 3. This is the total use tax due. Enter the amount due on line 49. If the amount is less than zero, enter -0-. . . . . $ _____.00

Worksheet, Line 1, Purchases Subject to Use Tax

- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine.
- Include handling charges.
- Do not include any other state's sales or use tax paid on the purchases.
- Enter only purchases made during the year that corresponds with the tax return you are filing.
- If you traveled to a foreign country and brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the $800 per-person exemption. This $800 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- If your filing status is "married/RDP filing separately," you may elect to report one-half of the use tax due or the entire amount on your income tax return. If you elect to report one-half, your spouse/RDP may report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on the previous page).

  Note: Report and pay any use tax you owe on the following purchases to the State Board of Equalization, **not** on your income tax return:

- Vehicles, vessels, and trailers that must be registered with the Department of Motor Vehicles.
- Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.
- Vessels documented with the U.S. Coast Guard.
- Aircraft.
- Leases of machinery, equipment, vehicles, and other tangible personal property.

Worksheet, Line 2, Sales and Use Tax Rate

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375.
- If you do not know the applicable rate, see the table on page 20, "Sales and Use Tax Rates by County." If you have questions regarding the use tax rate in effect in your area, please go to the State Board of Equalization's website at **boe.ca.gov** or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929.

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

- This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if you paid $8.00 sales tax to another state for a purchase, and would have paid $6.00 in California, you can claim a credit of only $6.00 for that purchase.

Contributions

You can make voluntary contributions to the funds listed on Form 540/540A, Side 2. See page 60 for a description of the funds.

Amount You Owe

Add or subtract correctly to figure the amount you owe.

Line 62 – Amount You Owe

If you have an amount on line 48, add the amount on line 48, line 49, and line 61, if any. Enter the result on line 62.

If you have an amount on line 47, subtract line 49 and line 61 from line 47. If the combined amount of line 49 and line 61 is more than line 47, enter the difference on line 62.

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

Payment Options

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Web Pay** – Pay the amount you owe using our secure online payment service. Go to our website at **ftb.ca.gov** and search for **web pay**.
- **Credit Card** – Use your Discover/Novus, MasterCard, Visa, or American Express card to pay your tax. If you pay by credit card, do not mail form FTB 3519 to us. Call 800.272.9829 or go to the Official Payments Corp. website at **officialpayments.com**, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.
- **Check or Money Order –** Make your check or money order payable to the "Franchise Tax Board." **Do not send cash.** Write your SSN or ITIN and "2008 Form 540" or "2008 Form 540A" as applicable on the check or money order. Enclose, but **do not** staple, your payment with your tax return.

  Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution. **Do not** combine your 2008 tax payment and any 2009 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

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

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

- 2.5% 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, have the following ready:

- 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. online payment center at **officialpayments.com** or call their toll-free number 800.2PAY.TAX or 800.272.9829 and follow the recorded instructions. Official Payments Corp. provides customer assistance Monday through Friday, 5:00 a.m. to 5:00 p.m. PST.

Payment Date: _____

Confirmation Number: _____

If you cannot pay the full amount or can only make a partial payment for the amount shown on Form 540, line 65 or Form 540A, line 62, see the information regarding Installment Payments on page 28.

Interest and Penalties

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

Do not reduce the amount on line 45 or increase the amount on line 48 by any penalty or interest amounts. Enter on Form 540, line 63 the amount of interest and penalties.

Line 63 (Form 540) – 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** and search for **interest**.

Late Filing of Return. The maximum total penalty is 25% of the tax not paid if the tax return is filed after October 15, 2009. The minimum penalty for filing a tax return more than 60 days late is $100 or 100% of the balance due, whichever is less.

Late Payment of Tax. If you fail to pay your total tax liability by April 15, 2009, you will incur a late payment penalty plus interest. If you have paid at least 90% of the tax shown on the 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, 2009, 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. If you do not file your tax return by October 15, 2009, you will incur a late filing penalty plus interest from the original due date of the tax return. 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.

Penalties. To avoid late payment penalties for use tax, you must report and pay the use tax with a timely filed income tax return, or California Individual Use Tax return.

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 64 – 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 or 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 $200.

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

Is line 48 less than $200 ($100 if married/RDP filing separately)?

Yes **Stop.** You are not subject to an estimated payment penalty.
No Continue. You may be subject to an estimate payment penalty.

Is line 48 less than 10% of the amount on line 30? Form 540 filers: this excludes the tax on lump-sum distributions on Form 540, line 23.

Yes **Stop.** You are not subject to an estimated payment penalty.
No You may be subject to an estimate payment penalty; get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and 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 the underpayment of estimated tax penalty, get form FTB 5805 or form FTB 5805F.

If you complete one of these forms, attach it to the back of your Form 540/540A. Enter the amount of the penalty on line 64 and fill in the correct circle on line 64. Complete and attach the form if you claim a waiver; use the annualized income installment method, or pay tax according to the schedule for farmers and fishermen, even if you do not owe a penalty.

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

See the instructions for Form 540, line 65 or Form 540A, line 62 for information about figuring your payment, if any.

Line 65 (From 540) – Total Amount Due

Is there an amount on line 62?

Yes Add line 62, line 63, and line 64. Enter the result on line 65. For payment options, see line 62 instructions.
No Go to line 66.

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

Refund or No Amount Due

Line 66 (Form 540A) – Refund or No Amount Due

If you did not enter an amount on line 49 or line 61, enter the amount from line 47 on line 66. This is the amount that will be refunded to you. If it is less than $1, attach a written statement to your 540A requesting the refund.

Subtract line 49 and line 61 from line 47. If the result is zero or more, enter the result on line 66. If the combined amount of line 49 and line 61 is more than line 47, enter the difference on line 62.

Line 66 (Form 540) – Refund or No Amount Due

Did you report amounts on line 49, line 61, line 63, or line 64?

No Enter the amount from line 47 on line 66. This is your refund amount. If it is less than $1, attach a written statement to your Form 540 requesting the refund.
Yes Combine the amounts from line 49, line 61, line 63, or line 64. If the result is:

- More than line 47, subtract line 47 from the sum of line 49, line 61, line 63, and line 64 and enter the result on line 65. This is your total amount due. For payment options, see line 62 instructions.
- Less than line 47, subtract the sum of line 49, line 61, line 63, and line 64 from line 47 and enter on line 66. This is your refund amount.

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

Direct Deposit (Refund Only)

Line 67 and Line 68 – Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on

Form 540/540A, Side 2, line 67 and line 68. 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 below.

Individual taxpayers may request that his or her 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.

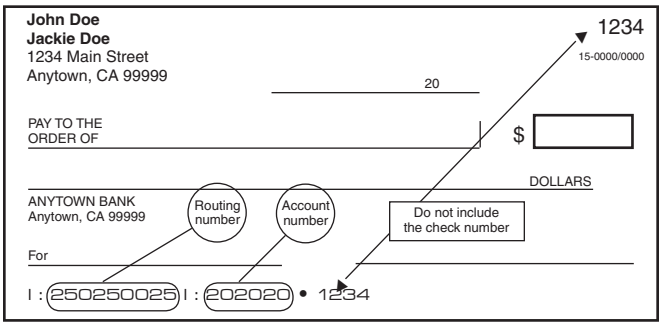
The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens but omit spaces and special symbols. On the sample 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 67 and line 68 must equal the total amount of your refund on line 66. If line 67 and line 68 do not equal line 66, 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

You must sign your tax return in the space provided on Side 2. If you file a joint tax return, your spouse/RDP must sign it also. See below for more information on verifying and checking information on your tax return, attachments to your tax return, and assembling and mailing your tax return.

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 may be liable. See "Innocent Spouse Relief," on page 6.

Paid Preparer's Information. If you pay a person to prepare your Form 540/540A, that person signs and completes the area at the bottom of Side 2 including an identification number (social security number, FEIN, or PTIN). A paid preparer must give you two copies of your tax return: one to file with the FTB, and one to keep for your records.

Third Party Designee. If you want to allow a friend, family member, or any other person you choose to discuss your 2008 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 want to allow the paid preparer who signed your tax return to discuss it with the FTB, enter "Preparer" in the space for the designee's name and print the preparer's 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 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 2009 tax return. This is April 15, 2010, for most people. If you wish to revoke the authorization before it ends, notify us by telephone at 800.338.0505 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 this 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, available at **ftb.ca.gov**. See "Where To Get Income Tax Forms and Publications" on page 67.

Filing Your Tax Return

Attachments to your tax return

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

Form 540A Filers:

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

Form 540 Filers:

Other than Schedule A or Schedule B, did you attach any federal forms or schedules to your federal Form 1040?"

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

If Yes, attach a copy of your federal 1040 return and all supporting federal forms and schedules to Form 540.

Exception: If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, complete and attach a copy of the federal Schedule A to Form 540.

Do not attach any documents to your tax return unless specifically instructed. This will help us reduce government processing and storage costs.

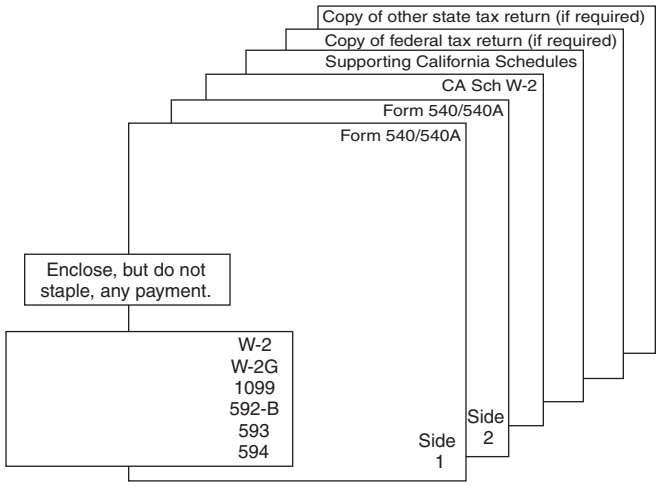
Federal Form(s) W-2, W-2G, and 1099, and CA Form(s) 592-B, 593, and 594: Make sure to attach all the Form(s) W-2 and W-2G you received to the front of your tax return. If you completed CA Sch W-2, attach CA Sch W-2 behind Side 2 of the tax return.

If you do not receive your Form(s) W-2 by January 31, 2009, contact your employer or go to our website at **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, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms and Publications" on page 67 or go to our website at **ftb.ca.gov.**

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

Assembling Your Tax Return

Assemble your tax return in the order shown below.



Mailing Your Tax Return

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

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0002

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

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Sales and Use Tax Rates by County

(includes state, local, and district taxes)

January 1, 2008 through December 31, 2008

County	Rate	County	Rate
Alameda	8.75%	Orange[1]	7.75%
Alpine	7.25%	Placer	7.25%
Amador	7.25%	Plumas	7.25%
Butte	7.25%	Riverside	7.75%
Calaveras	7.25%	Sacramento	7.75%
Colusa[1]	7.25%	San Benito[1]	7.25%
Contra Costa[1]	8.25%	San Bernardino[1]	7.75%
Del Norte	7.25%	San Diego[1]	7.75%
El Dorado[1]	7.25%	San Francisco	8.50%
Fresno[1]	7.975%	San Joaquin[1]	7.75%
Glenn	7.25%	San Luis Obispo[1]	7.25%
Humboldt[1]	7.25%	San Mateo	8.25%
Imperial	7.75%	Santa Barbara	7.75%
Inyo	7.75%	Santa Clara	8.25%
Kern[1]	7.25%	Santa Cruz[1]	8.00%
Kings	7.25%	Shasta	7.25%
Lake[1]	7.25%	Sierra	7.25%
Lassen	7.25%	Siskiyou	7.25%
Los Angeles[1]	8.25%	Solano	7.375%
Madera	7.75%	Sonoma[1]	7.75%
Marin[1]	7.75%	Stanislaus[1]	7.375%
Mariposa	7.75%	Sutter	7.25%
Mendocino[1]	7.25%	Tehama	7.25%
Merced[1]	7.25%	Trinity	7.25%
Modoc	7.25%	Tulare[1]	7.75%
Mono[1]	7.25%	Tuolumne[1]	7.25%
Monterey[1]	7.25%	Ventura	7.25%
Napa	7.75%	Yolo[1]	7.25%
Nevada[1]	7.375%	Yuba	7.25%

1. Many cities in California impose a district tax which results in a higher sales and use tax rate than in other parts of the county. If you are reporting an item that was purchased for use in one of these counties, please check the following city list to see if a higher rate applies to your city. The tax rates shown apply if you live within the city limits of the listed community.

County	City	Citywide Rate
Colusa	Williams	7.75%
Contra Costa	El Cerrito (effective 7/1/08)[5]	8.75%
Contra Costa	Pinole	8.75%
Contra Costa	Richmond	8.75%
El Dorado	Placerville	7.50%
El Dorado	South Lake Tahoe	7.75%
Fresno	Clovis (effective 10/1/08)[9]	7.975%
Fresno	Reedley (effective 7/1/08)[6]	8.475%
Fresno	Sanger (effective 7/1/08)[7]	8.725%
Fresno	Selma (effective 4/1/08)[1]	8.475%
Humboldt	Trinidad	8.25%
Kern	Delano (effective 4/1/08)[2]	8.25%
Lake	Clearlake	7.75%
Lake	Lakeport	7.75%
Los Angeles	Avalon	8.75%
Los Angeles	Inglewood	8.75%
Los Angeles	South Gate (effective 10/1/08)[10]	9.25%
Marin	San Rafael	8.25%
Mendocino	Fort Bragg	7.75%
Mendocino	Point Arena	7.75%
Mendocino	Ukiah	7.75%
Mendocino	Willits	7.75%
Merced	Los Banos	7.75%
Merced	Merced	7.75%
Mono	Mammoth Lakes (effective 10/1/08)[11]	7.75%
Monterey	Del Rey Oaks	8.25%
Monterey	Pacific Grove (effective 10/1/08)[12]	8.25%
Monterey	Salinas	7.75%
Monterey	Sand City	7.75%
Monterey	Seaside (effective 7/1/08)[8]	8.25%
Nevada	Nevada City	7.875%
Nevada	Truckee	7.875%
Orange	Laguna Beach	8.25%
San Benito	Hollister (effective 4/1/08)[3]	8.25%
San Benito	San Juan Bautista	8.00%
San Bernardino	Montclair	8.00%
San Bernardino	San Bernardino	8.00%
San Diego	El Cajon	8.25%
San Diego	National City	8.75%
San Diego	Vista	8.25%
San Joaquin	Manteca	8.25%
San Joaquin	Stockton	8.00%
San Luis Obispo	Arroyo Grande	7.75%
San Luis Obispo	Grover Beach	7.75%
San Luis Obispo	Morro Bay	7.75%
San Luis Obispo	Pismo Beach (effective 10/1/08)[13]	7.75%
San Luis Obispo	San Luis Obispo	7.75%
Santa Cruz	Capitola	8.25%
Santa Cruz	Santa Cruz	8.50%
Santa Cruz	Scotts Valley	8.50%
Santa Cruz	Watsonville	8.25%
Sonoma	Sebastopol	8.00%
Sonoma	Santa Rosa	8.00%
Stanislaus	Ceres (effective 4/1/08)[4]	7.875%
Tulare	Dinuba	8.50%
Tulare	Farmersville	8.25%
Tulare	Porterville	8.25%
Tulare	Tulare	8.25%
Tulare	Visalia	8.00%
Tuolumne	Sonora	7.75%
Yolo	Davis	7.75%
Yolo	West Sacramento	7.75%
Yolo	Woodland	7.75%

1. The tax rate in Selma prior to April 1, 2008 was 7.975%.
2. The tax rate in Delano prior to April 1, 2008 was 7.25%.
3. The tax rate in Hollister prior to April 1, 2008 was 7.25%.
4. The tax rate in Ceres prior to April 1, 2008 was 7.375%.
5. The tax rate in El Cerrito prior to July 1, 2008 was 8.25%.
6. The tax rate in Reedley prior to July 1, 2008 was 7.975%.
7. The tax rate in Sanger prior to July 1, 2008 was 7.975%.
8. The tax rate in Seaside prior to July 1, 2008 was 7.25%.
9. The tax rate in Clovis prior to October 1, 2008 was 8.275%.
10. The tax rate in South Gate prior to October 1, 2008 was 8.25%.
11. The tax rate in Mammoth Lakes prior to October 1, 2008 was 7.25%.
12. The tax rate in Pacific Grove prior to October 1, 2008 was 7.25%.
13. The tax rate in Pismo Beach prior to October 1, 2008 was 7.25%.

2008 California Tax Table

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is …" to find the range that includes your taxable income from Form 540/540A, 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	65	65	65	12,951	13,050	188	130	130
51	150	1	1	1	6,551	6,650	66	66	66	13,051	13,150	190	131	131
151	250	2	2	2	6,651	6,750	67	67	67	13,151	13,250	192	132	132
251	350	3	3	3	6,751	6,850	68	68	68	13,251	13,350	194	133	133
351	450	4	4	4	6,851	6,950	69	69	69	13,351	13,450	196	134	134
451	550	5	5	5	6,951	7,050	70	70	70	13,451	13,550	198	135	135
551	650	6	6	6	7,051	7,150	71	71	71	13,551	13,650	200	136	136
651	750	7	7	7	7,151	7,250	72	72	72	13,651	13,750	202	137	137
751	850	8	8	8	7,251	7,350	74	73	73	13,751	13,850	204	138	138
851	950	9	9	9	7,351	7,450	76	74	74	13,851	13,950	206	139	139
951	1,050	10	10	10	7,451	7,550	78	75	75	13,951	14,050	208	140	140
1,051	1,150	11	11	11	7,551	7,650	80	76	76	14,051	14,150	210	141	141
1,151	1,250	12	12	12	7,651	7,750	82	77	77	14,151	14,250	212	142	142
1,251	1,350	13	13	13	7,751	7,850	84	78	78	14,251	14,350	214	143	143
1,351	1,450	14	14	14	7,851	7,950	86	79	79	14,351	14,450	216	145	145
1,451	1,550	15	15	15	7,951	8,050	88	80	80	14,451	14,550	218	147	147
1,551	1,650	16	16	16	8,051	8,150	90	81	81	14,551	14,650	220	149	149
1,651	1,750	17	17	17	8,151	8,250	92	82	82	14,651	14,750	222	151	151
1,751	1,850	18	18	18	8,251	8,350	94	83	83	14,751	14,850	224	153	153
1,851	1,950	19	19	19	8,351	8,450	96	84	84	14,851	14,950	226	155	155
1,951	2,050	20	20	20	8,451	8,550	98	85	85	14,951	15,050	228	157	157
2,051	2,150	21	21	21	8,551	8,650	100	86	86	15,051	15,150	230	159	159
2,151	2,250	22	22	22	8,651	8,750	102	87	87	15,151	15,250	232	161	161
2,251	2,350	23	23	23	8,751	8,850	104	88	88	15,251	15,350	234	163	163
2,351	2,450	24	24	24	8,851	8,950	106	89	89	15,351	15,450	236	165	165
2,451	2,550	25	25	25	8,951	9,050	108	90	90	15,451	15,550	238	167	167
2,551	2,650	26	26	26	9,051	9,150	110	91	91	15,551	15,650	240	169	169
2,651	2,750	27	27	27	9,151	9,250	112	92	92	15,651	15,750	242	171	171
2,751	2,850	28	28	28	9,251	9,350	114	93	93	15,751	15,850	244	173	173
2,851	2,950	29	29	29	9,351	9,450	116	94	94	15,851	15,950	246	175	175
2,951	3,050	30	30	30	9,451	9,550	118	95	95	15,951	16,050	248	177	177
3,051	3,150	31	31	31	9,551	9,650	120	96	96	16,051	16,150	250	179	179
3,151	3,250	32	32	32	9,651	9,750	122	97	97	16,151	16,250	252	181	181
3,251	3,350	33	33	33	9,751	9,850	124	98	98	16,251	16,350	254	183	183
3,351	3,450	34	34	34	9,851	9,950	126	99	99	16,351	16,450	256	185	185
3,451	3,550	35	35	35	9,951	10,050	128	100	100	16,451	16,550	258	187	187
3,551	3,650	36	36	36	10,051	10,150	130	101	101	16,551	16,650	260	189	189
3,651	3,750	37	37	37	10,151	10,250	132	102	102	16,651	16,750	262	191	191
3,751	3,850	38	38	38	10,251	10,350	134	103	103	16,751	16,850	264	193	193
3,851	3,950	39	39	39	10,351	10,450	136	104	104	16,851	16,950	266	195	195
3,951	4,050	40	40	40	10,451	10,550	138	105	105	16,951	17,050	268	197	197
4,051	4,150	41	41	41	10,551	10,650	140	106	106	17,051	17,150	272	199	199
4,151	4,250	42	42	42	10,651	10,750	142	107	107	17,151	17,250	276	201	201
4,251	4,350	43	43	43	10,751	10,850	144	108	108	17,251	17,350	280	203	203
4,351	4,450	44	44	44	10,851	10,950	146	109	109	17,351	17,450	284	205	205
4,451	4,550	45	45	45	10,951	11,050	148	110	110	17,451	17,550	288	207	207
4,551	4,650	46	46	46	11,051	11,150	150	111	111	17,551	17,650	292	209	209
4,651	4,750	47	47	47	11,151	11,250	152	112	112	17,651	17,750	296	211	211
4,751	4,850	48	48	48	11,251	11,350	154	113	113	17,751	17,850	300	213	213
4,851	4,950	49	49	49	11,351	11,450	156	114	114	17,851	17,950	304	215	215
4,951	5,050	50	50	50	11,451	11,550	158	115	115	17,951	18,050	308	217	217
5,051	5,150	51	51	51	11,551	11,650	160	116	116	18,051	18,150	312	219	219
5,151	5,250	52	52	52	11,651	11,750	162	117	117	18,151	18,250	316	221	221
5,251	5,350	53	53	53	11,751	11,850	164	118	118	18,251	18,350	320	223	223
5,351	5,450	54	54	54	11,851	11,950	166	119	119	18,351	18,450	324	225	225
5,451	5,550	55	55	55	11,951	12,050	168	120	120	18,451	18,550	328	227	227
5,551	5,650	56	56	56	12,051	12,150	170	121	121	18,551	18,650	332	229	229
5,651	5,750	57	57	57	12,151	12,250	172	122	122	18,651	18,750	336	231	231
5,751	5,850	58	58	58	12,251	12,350	174	123	123	18,751	18,850	340	233	233
5,851	5,950	59	59	59	12,351	12,450	176	124	124	18,851	18,950	344	235	235
5,951	6,050	60	60	60	12,451	12,550	178	125	125	18,951	19,050	348	237	237
6,051	6,150	61	61	61	12,551	12,650	180	126	126	19,051	19,150	352	239	239
6,151	6,250	62	62	62	12,651	12,750	182	127	127	19,151	19,250	356	241	241
6,251	6,350	63	63	63	12,751	12,850	184	128	128	19,251	19,350	360	243	243
6,351	6,450	64	64	64	12,851	12,950	186	129	129	19,351	19,450	364	245	245

Continued on next page.

2008 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
19,451	**19,550**	368	247	247	**26,451**	**26,550**	648	387	387	**33,451**	**33,550**	1,062	527	527
19,551	**19,650**	372	249	249	**26,551**	**26,650**	652	389	389	**33,551**	**33,650**	1,068	529	529
19,651	**19,750**	376	251	251	**26,651**	**26,750**	656	391	391	**33,651**	**33,750**	1,074	531	531
19,751	**19,850**	380	253	253	**26,751**	**26,850**	660	393	393	**33,751**	**33,850**	1,080	533	533
19,851	**19,950**	384	255	255	**26,851**	**26,950**	666	395	395	**33,851**	**33,950**	1,086	535	535
19,951	**20,050**	388	257	257	**26,951**	**27,050**	672	397	397	**33,951**	**34,050**	1,092	537	537
20,051	**20,150**	392	259	259	**27,051**	**27,150**	678	399	399	**34,051**	**34,150**	1,098	541	541
20,151	**20,250**	396	261	261	**27,151**	**27,250**	684	401	401	**34,151**	**34,250**	1,104	545	545
20,251	**20,350**	400	263	263	**27,251**	**27,350**	690	403	403	**34,251**	**34,350**	1,110	549	549
20,351	**20,450**	404	265	265	**27,351**	**27,450**	696	405	405	**34,351**	**34,450**	1,116	553	553
20,451	**20,550**	408	267	267	**27,451**	**27,550**	702	407	407	**34,451**	**34,550**	1,122	557	557
20,551	**20,650**	412	269	269	**27,551**	**27,650**	708	409	409	**34,551**	**34,650**	1,128	561	561
20,651	**20,750**	416	271	271	**27,651**	**27,750**	714	411	411	**34,651**	**34,750**	1,134	565	565
20,751	**20,850**	420	273	273	**27,751**	**27,850**	720	413	413	**34,751**	**34,850**	1,140	569	569
20,851	**20,950**	424	275	275	**27,851**	**27,950**	726	415	415	**34,851**	**34,950**	1,146	573	573
20,951	**21,050**	428	277	277	**27,951**	**28,050**	732	417	417	**34,951**	**35,050**	1,152	577	577
21,051	**21,150**	432	279	279	**28,051**	**28,150**	738	419	419	**35,051**	**35,150**	1,158	581	581
21,151	**21,250**	436	281	281	**28,151**	**28,250**	744	421	421	**35,151**	**35,250**	1,164	585	585
21,251	**21,350**	440	283	283	**28,251**	**28,350**	750	423	423	**35,251**	**35,350**	1,170	589	589
21,351	**21,450**	444	285	285	**28,351**	**28,450**	756	425	425	**35,351**	**35,450**	1,176	593	593
21,451	**21,550**	448	287	287	**28,451**	**28,550**	762	427	427	**35,451**	**35,550**	1,182	597	597
21,551	**21,650**	452	289	289	**28,551**	**28,650**	768	429	429	**35,551**	**35,650**	1,188	601	601
21,651	**21,750**	456	291	291	**28,651**	**28,750**	774	431	431	**35,651**	**35,750**	1,194	605	605
21,751	**21,850**	460	293	293	**28,751**	**28,850**	780	433	433	**35,751**	**35,850**	1,200	609	609
21,851	**21,950**	464	295	295	**28,851**	**28,950**	786	435	435	**35,851**	**35,950**	1,206	613	613
21,951	**22,050**	468	297	297	**28,951**	**29,050**	792	437	437	**35,951**	**36,050**	1,212	617	617
22,051	**22,150**	472	299	299	**29,051**	**29,150**	798	439	439	**36,051**	**36,150**	1,218	621	621
22,151	**22,250**	476	301	301	**29,151**	**29,250**	804	441	441	**36,151**	**36,250**	1,224	625	625
22,251	**22,350**	480	303	303	**29,251**	**29,350**	810	443	443	**36,251**	**36,350**	1,230	629	629
22,351	**22,450**	484	305	305	**29,351**	**29,450**	816	445	445	**36,351**	**36,450**	1,236	633	633
22,451	**22,550**	488	307	307	**29,451**	**29,550**	822	447	447	**36,451**	**36,550**	1,242	637	637
22,551	**22,650**	492	309	309	**29,551**	**29,650**	828	449	449	**36,551**	**36,650**	1,248	641	641
22,651	**22,750**	496	311	311	**29,651**	**29,750**	834	451	451	**36,651**	**36,750**	1,254	645	645
22,751	**22,850**	500	313	313	**29,751**	**29,850**	840	453	453	**36,751**	**36,850**	1,260	649	649
22,851	**22,950**	504	315	315	**29,851**	**29,950**	846	455	455	**36,851**	**36,950**	1,266	653	653
22,951	**23,050**	508	317	317	**29,951**	**30,050**	852	457	457	**36,951**	**37,050**	1,272	657	657
23,051	**23,150**	512	319	319	**30,051**	**30,150**	858	459	459	**37,051**	**37,150**	1,278	661	661
23,151	**23,250**	516	321	321	**30,151**	**30,250**	864	461	461	**37,151**	**37,250**	1,284	665	665
23,251	**23,350**	520	323	323	**30,251**	**30,350**	870	463	463	**37,251**	**37,350**	1,291	669	669
23,351	**23,450**	524	325	325	**30,351**	**30,450**	876	465	465	**37,351**	**37,450**	1,299	673	673
23,451	**23,550**	528	327	327	**30,451**	**30,550**	882	467	467	**37,451**	**37,550**	1,307	677	677
23,551	**23,650**	532	329	329	**30,551**	**30,650**	888	469	469	**37,551**	**37,650**	1,315	681	681
23,651	**23,750**	536	331	331	**30,651**	**30,750**	894	471	471	**37,651**	**37,750**	1,323	685	685
23,751	**23,850**	540	333	333	**30,751**	**30,850**	900	473	473	**37,751**	**37,850**	1,331	689	689
23,851	**23,950**	544	335	335	**30,851**	**30,950**	906	475	475	**37,851**	**37,950**	1,339	693	693
23,951	**24,050**	548	337	337	**30,951**	**31,050**	912	477	477	**37,951**	**38,050**	1,347	697	697
24,051	**24,150**	552	339	339	**31,051**	**31,150**	918	479	479	**38,051**	**38,150**	1,355	701	701
24,151	**24,250**	556	341	341	**31,151**	**31,250**	924	481	481	**38,151**	**38,250**	1,363	705	705
24,251	**24,350**	560	343	343	**31,251**	**31,350**	930	483	483	**38,251**	**38,350**	1,371	709	709
24,351	**24,450**	564	345	345	**31,351**	**31,450**	936	485	485	**38,351**	**38,450**	1,379	713	713
24,451	**24,550**	568	347	347	**31,451**	**31,550**	942	487	487	**38,451**	**38,550**	1,387	717	717
24,551	**24,650**	572	349	349	**31,551**	**31,650**	948	489	489	**38,551**	**38,650**	1,395	721	721
24,651	**24,750**	576	351	351	**31,651**	**31,750**	954	491	491	**38,651**	**38,750**	1,403	725	725
24,751	**24,850**	580	353	353	**31,751**	**31,850**	960	493	493	**38,751**	**38,850**	1,411	729	729
24,851	**24,950**	584	355	355	**31,851**	**31,950**	966	495	495	**38,851**	**38,950**	1,419	733	733
24,951	**25,050**	588	357	357	**31,951**	**32,050**	972	497	497	**38,951**	**39,050**	1,427	737	737
25,051	**25,150**	592	359	359	**32,051**	**32,150**	978	499	499	**39,051**	**39,150**	1,435	741	741
25,151	**25,250**	596	361	361	**32,151**	**32,250**	984	501	501	**39,151**	**39,250**	1,443	745	745
25,251	**25,350**	600	363	363	**32,251**	**32,350**	990	503	503	**39,251**	**39,350**	1,451	749	749
25,351	**25,450**	604	365	365	**32,351**	**32,450**	996	505	505	**39,351**	**39,450**	1,459	753	753
25,451	**25,550**	608	367	367	**32,451**	**32,550**	1,002	507	507	**39,451**	**39,550**	1,467	757	757
25,551	**25,650**	612	369	369	**32,551**	**32,650**	1,008	509	509	**39,551**	**39,650**	1,475	761	761
25,651	**25,750**	616	371	371	**32,651**	**32,750**	1,014	511	511	**39,651**	**39,750**	1,483	765	765
25,751	**25,850**	620	373	373	**32,751**	**32,850**	1,020	513	513	**39,751**	**39,850**	1,491	769	769
25,851	**25,950**	624	375	375	**32,851**	**32,950**	1,026	515	515	**39,851**	**39,950**	1,499	773	773
25,951	**26,050**	628	377	377	**32,951**	**33,050**	1,032	517	517	**39,951**	**40,050**	1,507	777	777
26,051	**26,150**	632	379	379	**33,051**	**33,150**	1,038	519	519	**40,051**	**40,150**	1,515	781	781
26,151	**26,250**	636	381	381	**33,151**	**33,250**	1,044	521	521	**40,151**	**40,250**	1,523	785	785
26,251	**26,350**	640	383	383	**33,251**	**33,350**	1,050	523	523	**40,251**	**40,350**	1,531	789	789
26,351	**26,450**	644	385	385	**33,351**	**33,450**	1,056	525	525	**40,351**	**40,450**	1,539	793	793

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2008 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
40,451	**40,550**	1,547	797	797	**47,451**	**47,550**	2,113	1,077	1,150	**54,451**	**54,550**	2,764	1,374	1,576
40,551	**40,650**	1,555	801	801	**47,551**	**47,650**	2,122	1,081	1,156	**54,551**	**54,650**	2,773	1,380	1,584
40,651	**40,750**	1,563	805	805	**47,651**	**47,750**	2,132	1,085	1,162	**54,651**	**54,750**	2,783	1,386	1,592
40,751	**40,850**	1,571	809	809	**47,751**	**47,850**	2,141	1,089	1,168	**54,751**	**54,850**	2,792	1,392	1,600
40,851	**40,950**	1,579	813	813	**47,851**	**47,950**	2,150	1,093	1,174	**54,851**	**54,950**	2,801	1,398	1,608
40,951	**41,050**	1,587	817	817	**47,951**	**48,050**	2,160	1,097	1,180	**54,951**	**55,050**	2,811	1,404	1,616
41,051	**41,150**	1,595	821	821	**48,051**	**48,150**	2,169	1,101	1,186	**55,051**	**55,150**	2,820	1,410	1,624
41,151	**41,250**	1,603	825	825	**48,151**	**48,250**	2,178	1,105	1,192	**55,151**	**55,250**	2,829	1,416	1,632
41,251	**41,350**	1,611	829	829	**48,251**	**48,350**	2,188	1,109	1,198	**55,251**	**55,350**	2,839	1,422	1,640
41,351	**41,450**	1,619	833	833	**48,351**	**48,450**	2,197	1,113	1,204	**55,351**	**55,450**	2,848	1,428	1,648
41,451	**41,550**	1,627	837	837	**48,451**	**48,550**	2,206	1,117	1,210	**55,451**	**55,550**	2,857	1,434	1,656
41,551	**41,650**	1,635	841	841	**48,551**	**48,650**	2,215	1,121	1,216	**55,551**	**55,650**	2,866	1,440	1,664
41,651	**41,750**	1,643	845	845	**48,651**	**48,750**	2,225	1,125	1,222	**55,651**	**55,750**	2,876	1,446	1,672
41,751	**41,850**	1,651	849	849	**48,751**	**48,850**	2,234	1,129	1,228	**55,751**	**55,850**	2,885	1,452	1,680
41,851	**41,950**	1,659	853	853	**48,851**	**48,950**	2,243	1,133	1,234	**55,851**	**55,950**	2,894	1,458	1,688
41,951	**42,050**	1,667	857	857	**48,951**	**49,050**	2,253	1,137	1,240	**55,951**	**56,050**	2,904	1,464	1,696
42,051	**42,150**	1,675	861	861	**49,051**	**49,150**	2,262	1,141	1,246	**56,051**	**56,150**	2,913	1,470	1,704
42,151	**42,250**	1,683	865	865	**49,151**	**49,250**	2,271	1,145	1,252	**56,151**	**56,250**	2,922	1,476	1,712
42,251	**42,350**	1,691	869	869	**49,251**	**49,350**	2,281	1,149	1,258	**56,251**	**56,350**	2,932	1,482	1,720
42,351	**42,450**	1,699	873	873	**49,351**	**49,450**	2,290	1,153	1,264	**56,351**	**56,450**	2,941	1,488	1,728
42,451	**42,550**	1,707	877	877	**49,451**	**49,550**	2,299	1,157	1,270	**56,451**	**56,550**	2,950	1,494	1,736
42,551	**42,650**	1,715	881	881	**49,551**	**49,650**	2,308	1,161	1,276	**56,551**	**56,650**	2,959	1,500	1,744
42,651	**42,750**	1,723	885	885	**49,651**	**49,750**	2,318	1,165	1,282	**56,651**	**56,750**	2,969	1,506	1,752
42,751	**42,850**	1,731	889	889	**49,751**	**49,850**	2,327	1,169	1,288	**56,751**	**56,850**	2,978	1,512	1,760
42,851	**42,950**	1,739	893	893	**49,851**	**49,950**	2,336	1,173	1,294	**56,851**	**56,950**	2,987	1,518	1,768
42,951	**43,050**	1,747	897	897	**49,951**	**50,050**	2,346	1,177	1,300	**56,951**	**57,050**	2,997	1,524	1,776
43,051	**43,150**	1,755	901	901	**50,051**	**50,150**	2,355	1,181	1,306	**57,051**	**57,150**	3,006	1,530	1,784
43,151	**43,250**	1,763	905	905	**50,151**	**50,250**	2,364	1,185	1,312	**57,151**	**57,250**	3,015	1,536	1,792
43,251	**43,350**	1,771	909	909	**50,251**	**50,350**	2,374	1,189	1,318	**57,251**	**57,350**	3,025	1,542	1,800
43,351	**43,450**	1,779	913	913	**50,351**	**50,450**	2,383	1,193	1,324	**57,351**	**57,450**	3,034	1,548	1,808
43,451	**43,550**	1,787	917	917	**50,451**	**50,550**	2,392	1,197	1,330	**57,451**	**57,550**	3,043	1,554	1,816
43,551	**43,650**	1,795	921	921	**50,551**	**50,650**	2,401	1,201	1,336	**57,551**	**57,650**	3,052	1,560	1,824
43,651	**43,750**	1,803	925	925	**50,651**	**50,750**	2,411	1,205	1,342	**57,651**	**57,750**	3,062	1,566	1,832
43,751	**43,850**	1,811	929	929	**50,751**	**50,850**	2,420	1,209	1,348	**57,751**	**57,850**	3,071	1,572	1,840
43,851	**43,950**	1,819	933	934	**50,851**	**50,950**	2,429	1,213	1,354	**57,851**	**57,950**	3,080	1,578	1,848
43,951	**44,050**	1,827	937	940	**50,951**	**51,050**	2,439	1,217	1,360	**57,951**	**58,050**	3,090	1,584	1,856
44,051	**44,150**	1,835	941	946	**51,051**	**51,150**	2,448	1,221	1,366	**58,051**	**58,150**	3,099	1,590	1,864
44,151	**44,250**	1,843	945	952	**51,151**	**51,250**	2,457	1,225	1,372	**58,151**	**58,250**	3,108	1,596	1,872
44,251	**44,350**	1,851	949	958	**51,251**	**51,350**	2,467	1,229	1,378	**58,251**	**58,350**	3,118	1,602	1,880
44,351	**44,450**	1,859	953	964	**51,351**	**51,450**	2,476	1,233	1,384	**58,351**	**58,450**	3,127	1,608	1,888
44,451	**44,550**	1,867	957	970	**51,451**	**51,550**	2,485	1,237	1,390	**58,451**	**58,550**	3,136	1,614	1,896
44,551	**44,650**	1,875	961	976	**51,551**	**51,650**	2,494	1,241	1,396	**58,551**	**58,650**	3,145	1,620	1,904
44,651	**44,750**	1,883	965	982	**51,651**	**51,750**	2,504	1,245	1,402	**58,651**	**58,750**	3,155	1,626	1,912
44,751	**44,850**	1,891	969	988	**51,751**	**51,850**	2,513	1,249	1,408	**58,751**	**58,850**	3,164	1,632	1,920
44,851	**44,950**	1,899	973	994	**51,851**	**51,950**	2,522	1,253	1,414	**58,851**	**58,950**	3,173	1,638	1,928
44,951	**45,050**	1,907	977	1,000	**51,951**	**52,050**	2,532	1,257	1,420	**58,951**	**59,050**	3,183	1,644	1,936
45,051	**45,150**	1,915	981	1,006	**52,051**	**52,150**	2,541	1,261	1,426	**59,051**	**59,150**	3,192	1,650	1,944
45,151	**45,250**	1,923	985	1,012	**52,151**	**52,250**	2,550	1,265	1,432	**59,151**	**59,250**	3,201	1,656	1,952
45,251	**45,350**	1,931	989	1,018	**52,251**	**52,350**	2,560	1,269	1,438	**59,251**	**59,350**	3,211	1,662	1,960
45,351	45,450	1,939	993	1,024	**52,351**	**52,450**	2,569	1,273	1,444	**59,351**	**59,450**	3,220	1,668	1,968
45,451	**45,550**	1,947	997	1,030	**52,451**	**52,550**	2,578	1,277	1,450	**59,451**	**59,550**	3,229	1,674	1,976
45,551	**45,650**	1,955	1,001	1,036	**52,551**	**52,650**	2,587	1,281	1,456	**59,551**	**59,650**	3,238	1,680	1,984
45,651	**45,750**	1,963	1,005	1,042	**52,651**	**52,750**	2,597	1,285	1,462	**59,651**	**59,750**	3,248	1,686	1,992
45,751	**45,850**	1,971	1,009	1,048	**52,751**	**52,850**	2,606	1,289	1,468	**59,751**	**59,850**	3,257	1,692	2,000
45,851	**45,950**	1,979	1,013	1,054	**52,851**	**52,950**	2,615	1,293	1,474	**59,851**	**59,950**	3,266	1,698	2,008
45,951	**46,050**	1,987	1,017	1,060	**52,951**	**53,050**	2,625	1,297	1,480	**59,951**	**60,050**	3,276	1,704	2,016
46,051	**46,150**	1,995	1,021	1,066	**53,051**	**53,150**	2,634	1,301	1,486	**60,051**	**60,150**	3,285	1,710	2,024
46,151	**46,250**	2,003	1,025	1,072	**53,151**	**53,250**	2,643	1,305	1,492	**60,151**	**60,250**	3,294	1,716	2,032
46,251	**46,350**	2,011	1,029	1,078	**53,251**	**53,350**	2,653	1,309	1,498	**60,251**	**60,350**	3,304	1,722	2,040
46,351	**46,450**	2,019	1,033	1,084	**53,351**	**53,450**	2,662	1,313	1,504	**60,351**	**60,450**	3,313	1,728	2,048
46,451	**46,550**	2,027	1,037	1,090	**53,451**	**53,550**	2,671	1,317	1,510	**60,451**	**60,550**	3,322	1,734	2,056
46,551	**46,650**	2,035	1,041	1,096	**53,551**	**53,650**	2,680	1,321	1,516	**60,551**	**60,650**	3,331	1,740	2,064
46,651	**46,750**	2,043	1,045	1,102	**53,651**	**53,750**	2,690	1,326	1,522	**60,651**	**60,750**	3,341	1,746	2,072
46,751	**46,850**	2,051	1,049	1,108	**53,751**	**53,850**	2,699	1,332	1,528	**60,751**	**60,850**	3,350	1,752	2,080
46,851	**46,950**	2,059	1,053	1,114	**53,851**	**53,950**	2,708	1,338	1,534	**60,851**	**60,950**	3,359	1,758	2,088
46,951	**47,050**	2,067	1,057	1,120	**53,951**	**54,050**	2,718	1,344	1,540	**60,951**	**61,050**	3,369	1,764	2,096
47,051	**47,150**	2,076	1,061	1,126	**54,051**	**54,150**	2,727	1,350	1,546	**61,051**	**61,150**	3,378	1,770	2,104
47,151	**47,250**	2,085	1,065	1,132	**54,151**	**54,250**	2,736	1,356	1,552	**61,151**	**61,250**	3,387	1,776	2,112
47,251	**47,350**	2,095	1,069	1,138	**54,251**	**54,350**	2,746	1,362	1,560	**61,251**	**61,350**	3,397	1,782	2,120
47,351	**47,450**	2,104	1,073	1,144	**54,351**	**54,450**	2,755	1,368	1,568	**61,351**	**61,450**	3,406	1,788	2,128

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2008 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
61,451	**61,550**	3,415	1,794	2,136	**68,451**	**68,550**	4,066	2,214	2,754	**75,451**	**75,550**	4,717	2,655	3,405
61,551	**61,650**	3,424	1,800	2,144	**68,551**	**68,650**	4,075	2,220	2,763	**75,551**	**75,650**	4,726	2,663	3,414
61,651	**61,750**	3,434	1,806	2,152	**68,651**	**68,750**	4,085	2,226	2,772	**75,651**	**75,750**	4,736	2,671	3,423
61,751	**61,850**	3,443	1,812	2,160	**68,751**	**68,850**	4,094	2,232	2,782	**75,751**	**75,850**	4,745	2,679	3,433
61,851	**61,950**	3,452	1,818	2,168	**68,851**	**68,950**	4,103	2,238	2,791	**75,851**	**75,950**	4,754	2,687	3,442
61,951	**62,050**	3,462	1,824	2,176	**68,951**	**69,050**	4,113	2,244	2,800	**75,951**	**76,050**	4,764	2,695	3,451
62,051	**62,150**	3,471	1,830	2,184	**69,051**	**69,150**	4,122	2,250	2,810	**76,051**	**76,150**	4,773	2,703	3,461
62,151	**62,250**	3,480	1,836	2,192	**69,151**	**69,250**	4,131	2,256	2,819	**76,151**	**76,250**	4,782	2,711	3,470
62,251	**62,350**	3,490	1,842	2,200	**69,251**	**69,350**	4,141	2,262	2,828	**76,251**	**76,350**	4,792	2,719	3,479
62,351	**62,450**	3,499	1,848	2,208	**69,351**	**69,450**	4,150	2,268	2,838	**76,351**	**76,450**	4,801	2,727	3,489
62,451	**62,550**	3,508	1,854	2,216	**69,451**	**69,550**	4,159	2,274	2,847	**76,451**	**76,550**	4,810	2,735	3,498
62,551	**62,650**	3,517	1,860	2,224	**69,551**	**69,650**	4,168	2,280	2,856	**76,551**	**76,650**	4,819	2,743	3,507
62,651	**62,750**	3,527	1,866	2,232	**69,651**	**69,750**	4,178	2,286	2,865	**76,651**	**76,750**	4,829	2,751	3,516
62,751	**62,850**	3,536	1,872	2,240	**69,751**	**69,850**	4,187	2,292	2,875	**76,751**	**76,850**	4,838	2,759	3,526
62,851	**62,950**	3,545	1,878	2,248	**69,851**	**69,950**	4,196	2,298	2,884	**76,851**	**76,950**	4,847	2,767	3,535
62,951	**63,050**	3,555	1,884	2,256	**69,951**	**70,050**	4,206	2,304	2,893	**76,951**	**77,050**	4,857	2,775	3,544
63,051	**63,150**	3,564	1,890	2,264	**70,051**	**70,150**	4,215	2,310	2,903	**77,051**	**77,150**	4,866	2,783	3,554
63,151	**63,250**	3,573	1,896	2,272	**70,151**	**70,250**	4,224	2,316	2,912	**77,151**	**77,250**	4,875	2,791	3,563
63,251	**63,350**	3,583	1,902	2,280	**70,251**	**70,350**	4,234	2,322	2,921	**77,251**	**77,350**	4,885	2,799	3,572
63,351	**63,450**	3,592	1,908	2,288	**70,351**	**70,450**	4,243	2,328	2,931	**77,351**	**77,450**	4,894	2,807	3,582
63,451	**63,550**	3,601	1,914	2,296	**70,451**	**70,550**	4,252	2,334	2,940	**77,451**	**77,550**	4,903	2,815	3,591
63,551	**63,650**	3,610	1,920	2,304	**70,551**	**70,650**	4,261	2,340	2,949	**77,551**	**77,650**	4,912	2,823	3,600
63,651	**63,750**	3,620	1,926	2,312	**70,651**	**70,750**	4,271	2,346	2,958	**77,651**	**77,750**	4,922	2,831	3,609
63,751	**63,850**	3,629	1,932	2,320	**70,751**	**70,850**	4,280	2,352	2,968	**77,751**	**77,850**	4,931	2,839	3,619
63,851	**63,950**	3,638	1,938	2,328	**70,851**	**70,950**	4,289	2,358	2,977	**77,851**	**77,950**	4,940	2,847	3,628
63,951	**64,050**	3,648	1,944	2,336	**70,951**	**71,050**	4,299	2,364	2,986	**77,951**	**78,050**	4,950	2,855	3,637
64,051	**64,150**	3,657	1,950	2,345	**71,051**	**71,150**	4,308	2,370	2,996	**78,051**	**78,150**	4,959	2,863	3,647
64,151	**64,250**	3,666	1,956	2,354	**71,151**	**71,250**	4,317	2,376	3,005	**78,151**	**78,250**	4,968	2,871	3,656
64,251	**64,350**	3,676	1,962	2,363	**71,251**	**71,350**	4,327	2,382	3,014	**78,251**	**78,350**	4,978	2,879	3,665
64,351	**64,450**	3,685	1,968	2,373	**71,351**	**71,450**	4,336	2,388	3,024	**78,351**	**78,450**	4,987	2,887	3,675
64,451	**64,550**	3,694	1,974	2,382	**71,451**	**71,550**	4,345	2,394	3,033	**78,451**	**78,550**	4,996	2,895	3,684
64,551	**64,650**	3,703	1,980	2,391	**71,551**	**71,650**	4,354	2,400	3,042	**78,551**	**78,650**	5,005	2,903	3,693
64,651	**64,750**	3,713	1,986	2,400	**71,651**	**71,750**	4,364	2,406	3,051	**78,651**	**78,750**	5,015	2,911	3,702
64,751	**64,850**	3,722	1,992	2,410	**71,751**	**71,850**	4,373	2,412	3,061	**78,751**	**78,850**	5,024	2,919	3,712
64,851	**64,950**	3,731	1,998	2,419	**71,851**	**71,950**	4,382	2,418	3,070	**78,851**	**78,950**	5,033	2,927	3,721
64,951	**65,050**	3,741	2,004	2,428	**71,951**	**72,050**	4,392	2,424	3,079	**78,951**	**79,050**	5,043	2,935	3,730
65,051	**65,150**	3,750	2,010	2,438	**72,051**	**72,150**	4,401	2,430	3,089	**79,051**	**79,150**	5,052	2,943	3,740
65,151	**65,250**	3,759	2,016	2,447	**72,151**	**72,250**	4,410	2,436	3,098	**79,151**	**79,250**	5,061	2,951	3,749
65,251	**65,350**	3,769	2,022	2,456	**72,251**	**72,350**	4,420	2,442	3,107	**79,251**	**79,350**	5,071	2,959	3,758
65,351	**65,450**	3,778	2,028	2,466	**72,351**	**72,450**	4,429	2,448	3,117	**79,351**	**79,450**	5,080	2,967	3,768
65,451	**65,550**	3,787	2,034	2,475	**72,451**	**72,550**	4,438	2,454	3,126	**79,451**	**79,550**	5,089	2,975	3,777
65,551	**65,650**	3,796	2,040	2,484	**72,551**	**72,650**	4,447	2,460	3,135	**79,551**	**79,650**	5,098	2,983	3,786
65,651	**65,750**	3,806	2,046	2,493	**72,651**	**72,750**	4,457	2,466	3,144	**79,651**	**79,750**	5,108	2,991	3,795
65,751	**65,850**	3,815	2,052	2,503	**72,751**	**72,850**	4,466	2,472	3,154	**79,751**	**79,850**	5,117	2,999	3,805
65,851	**65,950**	3,824	2,058	2,512	**72,851**	**72,950**	4,475	2,478	3,163	**79,851**	**79,950**	5,126	3,007	3,814
65,951	**66,050**	3,834	2,064	2,521	**72,951**	**73,050**	4,485	2,484	3,172	**79,951**	**80,050**	5,136	3,015	3,823
66,051	**66,150**	3,843	2,070	2,531	**73,051**	**73,150**	4,494	2,490	3,182	**80,051**	**80,150**	5,145	3,023	3,833
66,151	**66,250**	3,852	2,076	2,540	**73,151**	**73,250**	4,503	2,496	3,191	**80,151**	**80,250**	5,154	3,031	3,842
66,251	**66,350**	3,862	2,082	2,549	**73,251**	**73,350**	4,513	2,502	3,200	**80,251**	**80,350**	5,164	3,039	3,851
66,351	**66,450**	3,871	2,088	2,559	**73,351**	**73,450**	4,522	2,508	3,210	**80,351**	**80,450**	5,173	3,047	3,861
66,451	**66,550**	3,880	2,094	2,568	**73,451**	**73,550**	4,531	2,514	3,219	**80,451**	**80,550**	5,182	3,055	3,870
66,551	**66,650**	3,889	2,100	2,577	**73,551**	**73,650**	4,540	2,520	3,228	**80,551**	**80,650**	5,191	3,063	3,879
66,651	**66,750**	3,899	2,106	2,586	**73,651**	**73,750**	4,550	2,526	3,237	**80,651**	**80,750**	5,201	3,071	3,888
66,751	**66,850**	3,908	2,112	2,596	**73,751**	**73,850**	4,559	2,532	3,247	**80,751**	**80,850**	5,210	3,079	3,898
66,851	**66,950**	3,917	2,118	2,605	**73,851**	**73,950**	4,568	2,538	3,256	**80,851**	**80,950**	5,219	3,087	3,907
66,951	**67,050**	3,927	2,124	2,614	**73,951**	**74,050**	4,578	2,544	3,265	**80,951**	**81,050**	5,229	3,095	3,916
67,051	**67,150**	3,936	2,130	2,624	**74,051**	**74,150**	4,587	2,550	3,275	**81,051**	**81,150**	5,238	3,103	3,926
67,151	**67,250**	3,945	2,136	2,633	**74,151**	**74,250**	4,596	2,556	3,284	**81,151**	**81,250**	5,247	3,111	3,935
67,251	**67,350**	3,955	2,142	2,642	**74,251**	**74,350**	4,606	2,562	3,293	**81,251**	**81,350**	5,257	3,119	3,944
67,351	**67,450**	3,964	2,148	2,652	**74,351**	**74,450**	4,615	2,568	3,303	**81,351**	**81,450**	5,266	3,127	3,954
67,451	**67,550**	3,973	2,154	2,661	**74,451**	**74,550**	4,624	2,575	3,312	**81,451**	**81,550**	5,275	3,135	3,963
67,551	**67,650**	3,982	2,160	2,670	**74,551**	**74,650**	4,633	2,583	3,321	**81,551**	**81,650**	5,284	3,143	3,972
67,651	**67,750**	3,992	2,166	2,679	**74,651**	**74,750**	4,643	2,591	3,330	**81,651**	**81,750**	5,294	3,151	3,981
67,751	**67,850**	4,001	2,172	2,689	**74,751**	**74,850**	4,652	2,599	3,340	**81,751**	**81,850**	5,303	3,159	3,991
67,851	**67,950**	4,010	2,178	2,698	**74,851**	**74,950**	4,661	2,607	3,349	**81,851**	**81,950**	5,312	3,167	4,000
67,951	**68,050**	4,020	2,184	2,707	**74,951**	**75,050**	4,671	2,615	3,358	**81,951**	**82,050**	5,322	3,175	4,009
68,051	**68,150**	4,029	2,190	2,717	**75,051**	**75,150**	4,680	2,623	3,368	**82,051**	**82,150**	5,331	3,183	4,019
68,151	**68,250**	4,038	2,196	2,726	**75,151**	**75,250**	4,689	2,631	3,377	**82,151**	**82,250**	5,340	3,191	4,028
68,251	**68,350**	4,048	2,202	2,735	**75,251**	**75,350**	4,699	2,639	3,386	**82,251**	**82,350**	5,350	3,199	4,037
68,351	**68,450**	4,057	2,208	2,745	**75,351**	**75,450**	4,708	2,647	3,396	**82,351**	**82,450**	5,359	3,207	4,047

Continued on next page.

2008 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**	5,368	3,215	4,056	**88,951**	**89,050**	5,973	3,735	4,660	**95,451**	**95,550**	6,577	4,273	5,265
82,551	**82,650**	5,377	3,223	4,065	**89,051**	**89,150**	5,982	3,743	4,670	**95,551**	**95,650**	6,586	4,282	5,274
82,651	**82,750**	5,387	3,231	4,074	**89,151**	**89,250**	5,991	3,751	4,679	**95,651**	**95,750**	6,596	4,291	5,283
82,751	**82,850**	5,396	3,239	4,084	**89,251**	**89,350**	6,001	3,759	4,688	**95,751**	**95,850**	6,605	4,301	5,293
82,851	**82,950**	5,405	3,247	4,093	**89,351**	**89,450**	6,010	3,767	4,698	**95,851**	**95,950**	6,614	4,310	5,302
82,951	**83,050**	5,415	3,255	4,102	**89,451**	**89,550**	6,019	3,775	4,707	**95,951**	**96,050**	6,624	4,319	5,311
83,051	**83,150**	5,424	3,263	4,112	**89,551**	**89,650**	6,028	3,783	4,716	**96,051**	**96,150**	6,633	4,329	5,321
83,151	**83,250**	5,433	3,271	4,121	**89,651**	**89,750**	6,038	3,791	4,725	**96,151**	**96,250**	6,642	4,338	5,330
83,251	**83,350**	5,443	3,279	4,130	**89,751**	**89,850**	6,047	3,799	4,735	**96,251**	**96,350**	6,652	4,347	5,339
83,351	**83,450**	5,452	3,287	4,140	**89,851**	**89,950**	6,056	3,807	4,744	**96,351**	**96,450**	6,661	4,356	5,349
83,451	**83,550**	5,461	3,295	4,149	**89,951**	**90,050**	6,066	3,815	4,753	**96,451**	**96,550**	6,670	4,366	5,358
83,551	**83,650**	5,470	3,303	4,158	**90,051**	**90,150**	6,075	3,823	4,763	**96,551**	**96,650**	6,679	4,375	5,367
83,651	**83,750**	5,480	3,311	4,167	**90,151**	**90,250**	6,084	3,831	4,772	**96,651**	**96,750**	6,689	4,384	5,376
83,751	**83,850**	5,489	3,319	4,177	**90,251**	**90,350**	6,094	3,839	4,781	**96,751**	**96,850**	6,698	4,394	5,386
83,851	**83,950**	5,498	3,327	4,186	**90,351**	**90,450**	6,103	3,847	4,791	**96,851**	**96,950**	6,707	4,403	5,395
83,951	**84,050**	5,508	3,335	4,195	**90,451**	**90,550**	6,112	3,855	4,800	**96,951**	**97,050**	6,717	4,412	5,404
84,051	**84,150**	5,517	3,343	4,205	**90,551**	**90,650**	6,121	3,863	4,809	**97,051**	**97,150**	6,726	4,422	5,414
84,151	**84,250**	5,526	3,351	4,214	**90,651**	**90,750**	6,131	3,871	4,818	**97,151**	**97,250**	6,735	4,431	5,423
84,251	**84,350**	5,536	3,359	4,223	**90,751**	**90,850**	6,140	3,879	4,828	**97,251**	**97,350**	6,745	4,440	5,432
84,351	**84,450**	5,545	3,367	4,233	**90,851**	**90,950**	6,149	3,887	4,837	**97,351**	**97,450**	6,754	4,449	5,442
84,451	**84,550**	5,554	3,375	4,242	**90,951**	**91,050**	6,159	3,895	4,846	**97,451**	**97,550**	6,763	4,459	5,451
84,551	**84,650**	5,563	3,383	4,251	**91,051**	**91,150**	6,168	3,903	4,856	**97,551**	**97,650**	6,772	4,468	5,460
84,651	**84,750**	5,573	3,391	4,260	**91,151**	**91,250**	6,177	3,911	4,865	**97,651**	**97,750**	6,782	4,477	5,469
84,751	**84,850**	5,582	3,399	4,270	**91,251**	**91,350**	6,187	3,919	4,874	**97,751**	**97,850**	6,791	4,487	5,479
84,851	**84,950**	5,591	3,407	4,279	**91,351**	**91,450**	6,196	3,927	4,884	**97,851**	**97,950**	6,800	4,496	5,488
84,951	**85,050**	5,601	3,415	4,288	**91,451**	**91,550**	6,205	3,935	4,893	**97,951**	**98,050**	6,810	4,505	5,497
85,051	**85,150**	5,610	3,423	4,298	**91,551**	**91,650**	6,214	3,943	4,902	**98,051**	**98,150**	6,819	4,515	5,507
85,151	**85,250**	5,619	3,431	4,307	**91,651**	**91,750**	6,224	3,951	4,911	**98,151**	**98,250**	6,828	4,524	5,516
85,251	**85,350**	5,629	3,439	4,316	**91,751**	**91,850**	6,233	3,959	4,921	**98,251**	**98,350**	6,838	4,533	5,525
85,351	**85,450**	5,638	3,447	4,326	**91,851**	**91,950**	6,242	3,967	4,930	**98,351**	**98,450**	6,847	4,542	5,535
85,451	**85,550**	5,647	3,455	4,335	**91,951**	**92,050**	6,252	3,975	4,939	**98,451**	**98,550**	6,856	4,552	5,544
85,551	**85,650**	5,656	3,463	4,344	**92,051**	**92,150**	6,261	3,983	4,949	**98,551**	**98,650**	6,865	4,561	5,553
85,651	**85,750**	5,666	3,471	4,353	**92,151**	**92,250**	6,270	3,991	4,958	**98,651**	**98,750**	6,875	4,570	5,562
85,751	**85,850**	5,675	3,479	4,363	**92,251**	**92,350**	6,280	3,999	4,967	**98,751**	**98,850**	6,884	4,580	5,572
85,851	**85,950**	5,684	3,487	4,372	**92,351**	**92,450**	6,289	4,007	4,977	**98,851**	**98,950**	6,893	4,589	5,581
85,951	**86,050**	5,694	3,495	4,381	**92,451**	**92,550**	6,298	4,015	4,986	**98,951**	**99,050**	6,903	4,598	5,590
86,051	**86,150**	5,703	3,503	4,391	**92,551**	**92,650**	6,307	4,023	4,995	**99,051**	**99,150**	6,912	4,608	5,600
86,151	**86,250**	5,712	3,511	4,400	**92,651**	**92,750**	6,317	4,031	5,004	**99,151**	**99,250**	6,921	4,617	5,609
86,251	**86,350**	5,722	3,519	4,409	**92,751**	**92,850**	6,326	4,039	5,014	**99,251**	**99,350**	6,931	4,626	5,618
86,351	**86,450**	5,731	3,527	4,419	**92,851**	**92,950**	6,335	4,047	5,023	**99,351**	**99,450**	6,940	4,635	5,628
86,451	**86,550**	5,740	3,535	4,428	**92,951**	**93,050**	6,345	4,055	5,032	**99,451**	**99,550**	6,949	4,645	5,637
86,551	**86,650**	5,749	3,543	4,437	**93,051**	**93,150**	6,354	4,063	5,042	**99,551**	**99,650**	6,958	4,654	5,646
86,651	**86,750**	5,759	3,551	4,446	**93,151**	**93,250**	6,363	4,071	5,051	**99,651**	**99,750**	6,968	4,663	5,655
86,751	**86,850**	5,768	3,559	4,456	**93,251**	**93,350**	6,373	4,079	5,060	**99,751**	**99,850**	6,977	4,673	5,665
86,851	**86,950**	5,777	3,567	4,465	**93,351**	**93,450**	6,382	4,087	5,070	**99,851**	**99,950**	6,986	4,682	5,674
86,951	**87,050**	5,787	3,575	4,474	**93,451**	**93,550**	6,391	4,095	5,079	**99,951**	**100,000**	6,993	4,689	5,681
87,051	**87,150**	5,796	3,583	4,484	**93,551**	**93,650**	6,400	4,103	5,088					
87,151	**87,250**	5,805	3,591	4,493	**93,651**	**93,750**	6,410	4,111	5,097	OVER $100,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES.				
87,251	**87,350**	5,815	3,599	4,502	**93,751**	**93,850**	6,419	4,119	5,107					
87,351	**87,450**	5,824	3,607	4,512	**93,851**	**93,950**	6,428	4,127	5,116					
87,451	**87,550**	5,833	3,615	4,521	**93,951**	**94,050**	6,438	4,135	5,125					
87,551	**87,650**	5,842	3,623	4,530	**94,051**	**94,150**	6,447	4,143	5,135					
87,651	**87,750**	5,852	3,631	4,539	**94,151**	**94,250**	6,456	4,152	5,144					
87,751	**87,850**	5,861	3,639	4,549	**94,251**	**94,350**	6,466	4,161	5,153					
87,851	**87,950**	5,870	3,647	4,558	**94,351**	**94,450**	6,475	4,170	5,163					
87,951	**88,050**	5,880	3,655	4,567	**94,451**	**94,550**	6,484	4,180	5,172					
88,051	**88,150**	5,889	3,663	4,577	**94,551**	**94,650**	6,493	4,189	5,181					
88,151	**88,250**	5,898	3,671	4,586	**94,651**	**94,750**	6,503	4,198	5,190					
88,251	**88,350**	5,908	3,679	4,595	**94,751**	**94,850**	6,512	4,208	5,200					
88,351	**88,450**	5,917	3,687	4,605	**94,851**	**94,950**	6,521	4,217	5,209					
88,451	**88,550**	5,926	3,695	4,614	**94,951**	**95,050**	6,531	4,226	5,218					
88,551	**88,650**	5,935	3,703	4,623	**95,051**	**95,150**	6,540	4,236	5,228					
88,651	**88,750**	5,945	3,711	4,632	**95,151**	**95,250**	6,549	4,245	5,237					
88,751	**88,850**	5,954	3,719	4,642	**95,251**	**95,350**	6,559	4,254	5,246					
88,851	**88,950**	5,963	3,727	4,651	**95,351**	**95,450**	6,568	4,263	5,256					

2008 California Tax Rate Schedules

✓Tip Go to our website at **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 Form 540/540A, 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 Form 540/540A, line 19 is over –	But not over –	Enter on Form 540/540A, line 20		of the amount over –
$ 0	$ 7,168	$ 0.00	+ 1.0%	$ 0.00
7,168	16,994	71.68	+ 2.0%	7,168
16,994	26,821	268.20	+ 4.0%	16,994
26,821	37,233	661.28	+ 6.0%	26,821
37,233	47,055	1,286.00	+ 8.0%	37,233
47,055	AND OVER	2,071.76	+ 9.3%	47,055

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

$ 0	$ 14,336	$ 0.00	+ 1.0%	$ 0.00
14,336	33,988	143.46	+ 2.0%	14,336
33,988	53,642	536.40	+ 4.0%	33,988
53,642	74,466	1,322.56	+ 6.0%	53,642
74,466	94,110	2,572.00	+ 8.0%	74,466
94,110	AND OVER	4,143.52	+ 9.3%	94,110

Schedule Z –
Use if your filing status is
Head of Household

$ 0	$ 14,345	$ 0.00	+ 1.0%	$ 0.00
14,345	33,989	143.45	+ 2.0%	14,345
33,989	43,814	536.33	+ 4.0%	33,989
43,814	54,225	929.33	+ 6.0%	43,814
54,225	64,050	1,553.99	+ 8.0%	54,225
64,050	AND OVER	2,339.99	+ 9.3%	64,050

How to Figure Tax Using the 2008 California Tax Rate Schedules

Example: Chris and Pat Anderson are filing a joint return using Form 540. Their taxable income on Form 540, 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.

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

If the amount on Form 540, line 19 is: over –	But not over –	Enter on Form 540, line 20		of the amount over –
$ 0	$ 14,336	$ 0.00	+ 1.0%	$ 0.00
14,336	33,988	143.46	+ 2.0%	14,336
33,988	53,642	536.40	+ 4.0%	33,988
53,642	74,466	1,322.56	+ 6.0%	53,642
74,466	94,110	2,572.00	+ 8.0%	74,466
94,110	AND OVER	4,143.52	+ 9.3%	94,110

		Example	Your Income
Step 2:	They subtract the amount at the beginning of their range from their taxable income.	$125,000 - 94,110 $ 30,890	$ - $
Step 3:	They multiply the result from Step 2 by the percentage for their range.	$30,890 x .093 $2,872.77	$ x $
Step 4:	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 $7,016 on Form 540, line 20. For information on rounding, see "Filling in Your Tax Return" on page 9.	$4,143.52 + 2,872.77 $7,016.29	$ + $

Frequently Asked Questions

(Go to our website at ftb.ca.gov for more frequently asked questions.)

1. What if I can't file by April 15, 2009, and I think I owe tax?

You must pay 100% of the amount you owe by April 15, 2009, 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 41. Mail it to the FTB with your payment by April 15, 2009, or pay on our website at **ftb.ca.gov**. Then, when you receive all your Form(s) W-2, complete and mail your return by October 15, 2009 (you must use Form 540A or Form 540).

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

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If all of your Form(s) W-2 were not received by January 31, 2009, 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. See "Where To Get Income Tax Forms and Publications" on page 7. For online wage and withhold information, go to our website at **ftb.ca.gov** and search for **myftb account**.

3. How can I get help?

Throughout California more than 1,500 sites provide trained volunteers offering free help during the tax filing season to persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. Go to our website at **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 2008 return?

Pay as much as possible when you file your return. If unable to pay your tax in full with your 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, 2009, 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 return.

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

949

To order this form, go to our website at **ftb.ca.gov** or by phone, 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 our website at **ftb.ca.gov**, 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?

112

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 e-filed return. For more information about e-filing, go to our website at **ftb.ca.gov** or call 800.338.0505, select "Personal Income Tax," then select "Frequently Asked Questions," and enter code **112** when instructed.

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

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

Go to our website at **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 return.

You can also call our automated phone service. See page 67 for more information.

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

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

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

If your federal income tax return is examined and changed by the IRS and you owe additional tax, 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 a question relating to the IRS audit adjustment call 916.845.4028 (not toll-free).

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information. See "Order Forms and Publications" on page 67.

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

9. How long should I keep my tax information?

Requests for information 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 return or four years from the file date of the return. (**Exception:** An extended statute of limitations period applies for California or federal tax returns related or subject to a federal audit.)

Keep a copy of your return and the records that verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as needed to figure the basis of the property or records needed to verify carryover items (i.e., net operating losses) or records needed to track deferred gains on a 1031 exchange.

10. I will be moving after I file my 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 on our website at **ftb.ca.gov** or you may call 800. 852.5711, select "Personal Income Tax," then select option 6 to report a change of address.

After filing your 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 return.

11. Are all domestic partners required to file joint or separate 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.

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visit our website:

ftb.ca.gov

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visit our website:

ftb.ca.gov

2009 Instructions for Form 540-ES Estimated Tax For Individuals

What's New

Electronic Payments – Taxpayers are required to remit their payments electronically if they make an estimate payment exceeding $20,000 for taxable year 2009 or the total tax liability shown on their original 2009 tax return exceeds $80,000. Once you meet the threshold, all payments regardless of amount, taxable type or tax year must be remitted electronically. Electronic payments can be made using Web Pay on FTB's website by using electronic funds withdrawal (EFW) as part of the e-file return, or by using your credit card. For more information go to our website at **ftb.ca.gov** and search for **mandatory epay**.

Any taxpayer required to remit a payment electronically who makes a payment by other means, shall pay a penalty of one percent of the amount paid, unless it is shown that the failure to make a payment as required was for a reasonable cause and was not the result of willful neglect.

Installment Payments – Installments due for each taxable year beginning on or after January 1, 2009 shall be thirty percent of the required annual payment for the 1st and 2nd required installments and twenty percent of the required annual payment for the 3rd and 4th required installments.

A Purpose

Use Form 540-ES, Estimated Tax for Individuals, and the 2009 Estimated Tax Worksheet, to determine if you owe estimated tax for 2009 and to figure the required amounts. Estimated tax is the tax you expect to owe in 2009 after subtracting the credits you plan to take and tax you expect to have withheld.

If you need to make a payment for your 2008 tax liability or make a separate payment for any balance due on your 2008 tax return, use form FTB 3519, Payment for Automatic Extension for Individuals, or form FTB 3567, Installment Agreement Request, or call 800.338.0505.

Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C below for more information. Check for estimated payments we've received on our website at **ftb.ca.gov** and search for **myftb account**.

Increasing your withholding could eliminate the need to make a large payment with your tax return. To increase your withholding, complete Employment Development Department (EDD) Form DE 4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can get this form from your employer, or by calling EDD at **888**.745.3886. You can download the Form DE 4 at EDD's website at **www.edd.ca.gov** or go to our website at **ftb.ca.gov** and search for **de 4**.

Form DE 4 specifically adjusts your California state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

B Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least $500 ($250 if married/RDP filing separately) in tax for 2009 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 2009 tax return.
2. The tax shown on your 2008 tax return including AMT.

Note:

- You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2009 and did not have a California tax liability in 2008, see Section C for more information.
- If you are a military servicemember not domiciled in California, do not include your military pay in your computation of estimated tax payments. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

If you and your spouse/RDP paid joint estimated tax payments, but are now filing separate income tax returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payments. If you want the estimated tax payments to be divided, notify the FTB before you file the income tax returns so that the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

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

C Limit on the Use of Prior Year's Tax

Individuals who are required to make estimated tax payments, and whose 2008 adjusted gross income is more than $150,000 (or $75,000 if married/RDP filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2009 or 110% of their tax for 2008 including AMT. This rule does not apply to farmers or fishermen.

Taxpayers with adjusted gross income equal to or greater than $1,000,000 (or $500,000 if married/RDP filing separately), must figure estimated tax based on their tax for 2009.

D When to Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. The payment periods and due dates are:

For the payment period:	File and Pay by:
January 1 through March 31, 2009	April 15, 2009
April 1 through May 31, 2009	June 15, 2009
June 1 through August 31, 2009	September 15, 2009
Sept. 1 through Dec. 31, 2009	January 15, 2010

Filing an Early Return In Place of the 4th Installment. If you file your 2009 tax return by January 31, 2010, and pay the entire balance due, you do not have to make your last estimated tax payment. In addition, you will not owe a penalty for the fourth installment.

Annualization Option. If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with the 2008 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. If you are a farmer or fisherman, and at least two-thirds of your 2008 and 2009 gross income is from farming or fishing, you may do either of the following:

- Pay all of your estimated tax by January 15, 2010.
- File your tax return for 2009 on or before March 3, 2010, and pay the total tax due. In this case, you need not make estimated tax payments for 2009. Use the 2008 form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you paid the required estimated tax. If the estimated tax is underpaid, attach the completed form FTB 5805F to the back of your return.

Fiscal Year. If you file your return on a fiscal year basis, your due dates will be the 15th day of the 4th, 6th, and 9th months of your fiscal year and the 1st month of the following fiscal year. If the due date falls on a weekend, or legal holiday, use the next business day.

Mental Health Services Tax. If your taxable income or nonresident CA source taxable income is more than $1,000,000, compute the Mental Health Services Tax on the worksheet below.

A. Taxable income from Forms 540/540A, line 19, or Long Form 540NR, line 22	
B. Less:	$(1,000,000)
C. Subtotal	
D. Multiply line C by 1%	x .01
E. **Mental Health Services Tax –** Enter this amount on line 17 of the 2009 CA Estimated Tax Worksheet on the next page	

E How to Use Form 540-ES Payment Form

Use the CA Estimated Tax Worksheet and your 2008 California income tax return as a guide for figuring your 2009 estimated tax. Be sure that the amount shown on line 21 of the CA Estimated Tax Worksheet has been reduced by any overpaid tax on your 2008 tax return which you chose to apply toward your 2009 estimated tax payment.

Note:

- Form 540-ES is not an application for an installment agreement. If you have a financial hardship and cannot pay your taxes in full, you may request to make monthly installment payments. Go to our website at **ftb.ca.gov** and search for **installment agreement**.
- If you filed Form 540 2EZ for 2008, do **not** use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2008 California 540 & 540A Personal Income Tax Booklet.

There is a separate payment form for each due date. Please be sure you use the form with the correct due date shown in the top margin of the form. Complete Form 540-ES using black or blue ink:

1. Print your name, address, and social security number (SSN) or individual taxpayer identification number (ITIN) in the space provided on Form 540-ES. If you have a foreign address, enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.
2. Complete the amount of payment line of the form by entering the amount of the payment that you are sending. Your entry must match the amount you are sending.
3. Paying your tax:
   Web Pay – To make a payment online or to schedule a future payment (up to one year in advance), go to our website at **ftb.ca.gov** and search for **Web Pay**. **Do not mail** Forms 540-ES to us.
   Credit card – Go to our website at **ftb.ca.gov** and search for **pay by credit card** or call 800.272.9829. You will be charged a fee for this service. **Do not mail** the form if you pay by credit card.
   Check or money order – Make your check or money order payable to the "**Franchise Tax Board.**" Write your SSN or ITIN and "2009 Form 540-ES" on it and mail to the address on the form.
   Make all checks and money orders payable in U.S. dollars and drawn against a U.S. financial institution.
4. Complete the Record of Estimated Tax Payments on the next page for your files.
5. **Fiscal year filers:** Enter the month of your fiscal year end (located directly below the form's title).

F Failure to Make Estimated Tax Payments

If you do not make the required estimate payments, if you pay an installment after the date it is due, or if you underpay any installment, a penalty may be assessed on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. Refer to the 2008 form FTB 5805 for more information.

2009 California Estimated Tax Worksheet Keep this worksheet for your records.

1 **Residents:** Enter your estimated 2009 California AGI. Nonresidents and part-year residents: Enter your estimated 2009 total AGI from all sources. If you are a military servicemember not domiciled in California, do not include your military pay . . . . . 1 _____

2 **a** If you plan to itemize deductions, enter the estimated total of your itemized deductions . . . . . **2a** _____

b If you do not plan to itemize deductions, enter the standard deduction for your filing status:
$3,692 single or married/RDP filing separately
$7,384 married/RDP filing jointly, head of household, or qualifying widow(er) . . . . . **2b** _____

c Enter the amount from line 2a or line 2b, whichever applies . . . . . **2c** _____

3 Subtract line 2c from line 1 . . . . . **3** _____

4 Tax. Figure your tax on the amount on line 3 using the 2008 tax table for Forms 540/540A, or Long Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Children with Investment Income; form FTB 3803, Parents' Election to Report Child's Interest and Dividends . . . . . **4** _____

5 **Residents:** Skip to line 6a. **Nonresidents and part-year residents:**

a Enter your estimated California taxable income from Schedule CA (540NR), Part IV, line 49 . . . . . **5a** _____

b Compute the CA Tax Rate: $\frac{\text{Tax on total taxable income from line 4}}{\text{Total taxable income from line 3}}$ . . . . . **5b** ___.___ ___ ___ ___

c Multiply the amount on line 5a by the CA Tax Rate on line 5b . . . . . **5c** _____

6 **a** **Residents:** Enter the exemption credit amount from the 2008 instructions for Forms 540/540A . . . . . **6a** _____

b **Nonresidents or part-year residents:** Enter the CA credit proration percentage. Divide line 5a by line 3. If more than 1 enter 1.0000 . . **6b** ___.___ ___ ___ ___

7 **Nonresidents:** CA prorated exemption credits. Multiply the total exemption credit amount by line 6b . . . . . **7** _____

8 **Residents:** Subtract line 6a from line 4. **Nonresidents or part-year residents:** Subtract line 7 from line 5c . . . . . **8** _____

9 Tax on accumulation distribution of trusts. See instructions for form FTB 5870A, Tax on Accumulation Distribution of Trusts . . . . . **9** _____

10 Add line 8 and line 9 . . . . . **10** _____

11 Credits for joint custody head of household, dependent parent, senior head of household, and child and dependent care expenses. **11** _____
Nonresidents and part-year residents: For the child and dependent care expenses credit, use the amount from your 2008 Long Form 540NR, line 50. For the other credits listed on line 11, multiply the total 2008 credit amount by the ratio on line 6b.

12 Subtract line 11 from line 10 . . . . . **12** _____

13 Other credits (such as other state tax credit). See the 2008 instructions for Forms 540/540A, or Long Form 540NR . . . . . **13** _____

14 Subtract line 13 from line 12 . . . . . **14** _____

15 Interest on deferred tax from installment obligations under IRC Sections 453 or 453A . . . . . **15** _____

16 Alternative Minimum Tax. See Schedule P (540 or 540NR) . . . . . **16** _____

17 Mental Health Services Tax Worksheet, line E . . . . . **17** _____

18 2009 Estimated Tax. Add line 14 through line 17. Enter the result, but not less than zero . . . . . **18** _____

19 **a** Multiply line 18 by 90% (.90). Farmers and fishermen multiply line 18 by 66 2/3% (.6667) . . . . . **19a** _____

b Enter the sum of line 30, line 31, and line 32 from your 2008 Form 540; line 34 from Form 540A; or the sum of line 38, line 39, and line 40 from your Long Form 540NR . . . . . **19b** _____

c Enter the amount from your 2008 Forms 540/540A, line 17; or Long Form 540NR, line 21 . . . . . **19c** _____

d Is the amount on line 19c more than $150,000 ($75,000 if married/RDP filing separately)?
Yes. Go to line 19e. **No**. Enter the lesser of line 19a or line 19b. Skip line 19e and 19f and go to line 20 . . . . . **19d** _____

e Multiply 110% (1.10) by the sum of line 30, line 31, and line 32 from your 2008 Form 540; line 34 from Form 540A; or the sum of line 38, line 39, and line 40 from your Long Form 540NR . . . . . **19e** _____

f Enter the lesser of line 19a or line 19e and go to line 20 (If your AGI is equal to or greater than $1,000,000/$500,000 for MFS, use line 19a.) . . . . . **19f** _____

Caution: Generally, if you do not prepay at least the amount on line 19d (or 19f if no amount on line 19d), you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimated tax on line 18 is as accurate as possible. If you prefer, you may pay 100% of your 2009 estimated tax (line 18).

20 California income tax withheld and estimated to be withheld during 2008 (include withholding on pensions, annuities, etc.) . . . . . **20** _____

21 **Balance**. Subtract line 20 from line 19d (or line 19f if no amount on line 19d). If less than $500 (or less than $250, if married/RDF filing separately), you do not have to make a payment at this time . . . . . **21** _____

22 **Installment** amount. Multiply the amount on line 21 by 30%. Enter the result on the 1st and 2nd installments of your Forms 540-ES. Multiply the amount on line 21 by 20%. Enter the result on the 3rd and 4th installments of your Forms 540-ES. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D.

Record of Estimated Tax Payments

Payment form number	**(a)** Date	**(b)** Web Pay/Credit Card and confirmation number	**(c)** Amount paid	**(d)** 2008 overpayment applied	**(e)** Total amount paid and credited add (c) and (d)
1			$	$	$
2					
3					
4					
Total . . . . . ▶			$	$	$

Instructions for California Schedule D (540)

California Capital Gain or Loss Adjustment

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005**, and to the California Revenue and Taxation Code (R&TC)

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. 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 our website at **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, a husband, or a 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

Use California Schedule D (540), California Capital Gain or Loss Adjustment, **only** if there is a difference between your California and federal capital gains and losses.

Get FTB Pub. 1001, for more information about the following:

- Disposition of property inherited before 1987.
- Disposition of S corporation stock acquired before 1987.
- Gain on the sale or disposition of a qualified assisted housing development to low-income residents or to specific entities maintaining housing for low-income residents.
- Capital loss carryback.

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

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

Installment Sales. If you sold property at a gain (other than publicly traded stocks or securities) and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E, Installment Sale Income. Also, use that form if you received a payment in 2008, for an installment sale made in an earlier year.

You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (540) (or Schedule D-1, 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 the 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 represents 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; therefore, your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss, and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss, and distributions received during the time your stock qualified for federal S corporation treatment. Effective for taxable years beginning on or after 1/1/02, any corporation with a valid federal S corporation election is considered an S corporation for California purposes. Existing law already requires federal C corporations to be treated as C corporations for California purposes.

Special Credits – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

Line 1b – R&TC Section 18152.5 Exclusion. If the gain qualifying for the IRC Section 1202 exclusion also qualifies for the California exclusion under R&TC Section 18152.5: Enter in column (a) "Section 18152.5 Exclusion." Complete column (b) and column (c) according to the instructions for line 1a. Enter in column (d) the amount of gain that qualifies for the California exclusion. Enter in column (e) the entire gain realized. **If the gain qualifying for the IRC Section 1202 exclusion does not qualify for the California exclusion:** Complete column (a),

column (b), and column (c) according to the instructions for line 1a. Enter -0- in column (d) and enter the entire gain realized in column (e).

Line 2 – Net Gain or (Loss) Shown on California Schedule(s) K-1 (541, 565, 568, and 100S). Combine gain(s) and loss(es) from all California Schedule(s) K-1(541), Beneficiary's Share of Income, Deductions, Credits, Etc.; K-1(565), Partner's Share of Income, Deductions, Credits, Etc.; K-1(568), Member's Share of Income, Deductions, Credits, Etc.; and K-1(100S), Shareholder's Share of Income, Deductions, Credits, Etc. See California Schedule(s) K-1 (541, 565, 568, and 100S) 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. If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

Line 6 – 2007 California Capital Loss Carryover. If you were a resident of California for all prior years, enter your California capital loss carryover from 2007. However, if you were a nonresident of California during any taxable year that generated a portion of your 2007 capital loss carryover, recalculate your 2007 capital carryover loss as if you resided in California for all prior years. Get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency, for more information. Enter your California capital loss carryover amount from 2007 on line 6.

Line 8 – Net Gain or Loss. If the amount on line 4 is more than the amount on line 7, subtract line 7 from line 4. Enter the difference as a gain on line 8.

If the amount on line 7 is more than the amount on line 4, subtract line 4 from line 7 and enter the difference as a negative amount on line 8.

Use the worksheet on this page to figure your capital loss carryover to 2009.

Line 9 – If line 8 is a net capital loss, enter the smaller of the loss on line 8 or $3,000 ($1,500 if you are married 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 (540), line 13, column B.

For example:

Loss on line 10 is less than loss on line 11.

Federal loss on line 10 is	($1,000)
California loss on line 11 is	($2,000)
Difference between line 10 and line 11	$1,000

Gain on line 10 and loss on line 11.

Federal gain on line 10 is	$3,000
California loss on line 11 is	($3,000)
Difference between line 10 and line 11	$6,000

Line 12b – Compare the amounts on line 10 and 11 to figure the adjustment to enter on Schedule CA (540), line 13, column C.

For example:

Loss on line 10 is more than loss on line 11.

Federal loss on line 10 is	($2,000)
California loss on line 11 is	($1,000)
Difference between line 11 and line 10	$1,000

Loss on line 10 and gain on line 11.

Federal loss on line 10 is	($2,000)
California gain on line 11 is	$5,000
Difference between line 10 and line 11	$7,000

California Capital Loss Carryover Worksheet

1.	Loss from Schedule D (540), line 11, stated as a positive number	1 _____
2.	Amount from Form 540, line 17	2 _____
3.	Amount from Form 540, line 18	3 _____
4.	Subtract line 3 from line 2. If less than zero, enter as a negative amount	4 _____
5.	Combine line 1 and line 4. If less than zero, enter -0-	5 _____
6.	Loss from Schedule D (540), line 8	6 _____
7.	Enter the smaller of line 1 or line 5	7 _____
8.	Subtract line 7 from line 6. This is your capital loss carryover to 2009	8 _____

Instructions for Form FTB 3885A

Depreciation and Amortization Adjustments

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005**, and to the California Revenue and Taxation Code (R&TC).

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. 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 our website at **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.

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

For purposes of California income tax, references to a spouse, a husband, or a 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

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 1/1/87.** 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 1/1/87.** California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993; therefore, the California basis or recovery periods may be different for some assets.

- **On or after 9/11/01**. If you claimed the 30% additional depreciation for federal purposes, California has not conformed to the federal Job Creation and Worker Assistance Act of 2002 which allows taxpayers to take an additional first year depreciation deduction and Alternative Minimum Tax depreciation adjustment for property placed in service after 9/10/01.
- California generally conforms to the federal 2003 increase (IRC Section 280F) for the limitation on luxury automobile depreciation. However, California does not conform to the IRC Section 168(k) provisions (30% and 50% additional first year depreciation). In addition, SUVs and minivans built on a truck chassis are included in the definition of trucks and vans when applying the 6,000 pound gross weight limit.

Differences may also occur for other less common reasons, and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. 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 2008, or have a carryover of unused cost from 2007. 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 $250,000, under California law, the maximum deduction allowed for 2008 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

1	Maximum dollar limitation for California	1	$25,000
2	Total cost of Section 179 property placed in service	2	
3	Threshold cost of Section 179 property before reduction in limitation	3	$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-	5	

	(a) Description of property	(b) Cost	(c) Elected cost
6			

7	Listed property (elected Section 179 cost)	7	
8	Total elected cost of Section 179 property. Add line 6 column (c) and line 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 2007	10	
11	Enter the smaller of business income (not less than zero) or line 5	11	
12	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	12	
13	Carryover of disallowed deduction to 2009. Add line 9 and line 10. Subtract line 12 from the result	13	

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, Profit or Loss From Business, activities; on line 17 for federal Schedule E, Supplemental Income and Loss, activities; and on line 18 for federal Schedule F, 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.

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visit our website:

ftb.ca.gov

Instructions for Schedule CA (540)

References to these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005,** and the California Revenue and Taxation Code (R&TC).

What's New

Conformity
For updates regarding the following federal acts, go to our website at **ftb.ca.gov** and search for **conformity**.

- Economic Stimulus Act of 2008
- Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008

Net Operating Loss – For taxable years beginning in 2008 and 2009, California has suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. **However**, taxpayers with net business income of less than $500,000 or with disaster loss carryovers are not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by:

- Two years for losses incurred in taxable years beginning before January 1, 2008.
- One year for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

Also, NOL carrybacks, NOL carryovers, and the number of taxable years to which the loss may be carried, are modified. For more information, see form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations - Individuals.

Mortgage Forgiveness Debt Relief – California partially conforms to the federal Mortgage Forgiveness Debt Relief Act of 2007 (P.L. 110-142) for the 2007 and 2008 tax years. California limits the amount of qualified principal residence indebtedness to $800,000 ($400,000 for married/RDP filing separately)(the federal limit is $2,000,000/$1,000,000 for MFS) and debt relief to $250,000 ($125,000 for married/RDP filing separately). Go to our website at **ftb.ca.gov** for more information on claiming debt relief.

Same-Sex Married Couples (SSMCs) – 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 on June 16, 2008 and before November 5, 2008 have been recognized as valid marriages for California purposes. For more information, get FTB Pub. 776, Tax Information for Same-Sex Married Couples.

Proposition 8 was approved by the voters on November 4, 2008, and it provides that "only marriage between a man and a woman is valid or recognized in California." Lawsuits challenging the Proposition have been filed. To find updates and information about the filing status to be used on your 2008 return, go to our website at **ftb.ca.gov** and search for **same sex married couples** or get FTB Pub. 776, Tax Information for Same-Sex Married Couples.

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. 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 our website at **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) – RDPs under California law 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 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 more information on what states have legal unions that are considered substantially equivalent, go to our website at **ftb.ca.gov** and search for **rdp**.

For purposes of California income tax, references to a spouse, a husband, or a 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.

Military Personnel – Servicemembers domiciled outside of California, and their spouses/RDPs, may exclude the servicemember's military compensation from gross income when computing the tax rate on nonmilitary income. Military servicemembers domiciled in California must include their military pay in total income. In addition, they must include their military pay in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

Round Cents to Dollars – Round cents to the nearest whole dollar. For example, round $50.50 up to $51 or round $25.49 down to $25. If you do not round, the Franchise Tax Board (FTB) will disregard the cents. This helps process your return quickly and accurately.

Purpose

Use Schedule CA (540), California Adjustments – Residents, to make adjustments to your federal adjusted gross income and to your federal itemized deductions using California law.

Specific Line Instructions

Part I Income Adjustment Schedule

Column A — Federal Amounts

Line 7 through Line 21
Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21; Form 1040A, line 7 through line 14b; or Form 1040EZ line 1, line 2, and line 3.

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, 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 540, line 13. In situations where SSMCs have no SSMC adjustments or RDPs have no RDP adjustments, these amounts may be the same.

Line 22 – Total
Combine the amounts on line 7 through line 21.

Line 23 through Line 30 and Line 32 through Line 35
Enter the same amounts entered on your federal Form 1040, line 23 through line 30 and line 32 through line 35 or Form 1040A, line 16 through line 19.

Line 31a and Line 31b
Enter on line 31a the same amount entered on your 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. 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.

Line 37 – Total
Subtract line 36 from line 22.

Column B and Column C — Subtractions and Additions
Use these columns to enter subtractions and additions to the federal amounts in column A that are necessary because of differences between California and federal law. Enter all amounts as positive numbers unless instructed otherwise.

You may need one or more 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 our website at **ftb.ca.gov** or see page 7 of your California 540 & 540A Personal Income Tax Booklet.

Line 7 – Wages, Salaries, Tips, etc.
Generally, you will not make any adjustments on this line. If you did not receive any of the following types of income, make no entry on this line in either column B or column C.

Active duty military pay. Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.

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

Ridesharing fringe benefit differences. Under federal law, qualified transportation benefits are excluded from gross income. Under the 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.

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 an amount qualifying for this exclusion in federal income, enter that amount in column B.

Compensation of merchant seamen, military servicemembers, rail, motor, and aircraft carriers. Exclude the following from gross income: compensation for the performance of duties of certain merchant seamen, rail carriers, motor carriers, aircraft carriers, and military servicemembers.

Line 8 – Taxable Interest Income
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 you received from:

- U.S. savings bonds (except for interest from series EE U.S. savings bonds issued after 1989 that qualified for the Education Savings Bond Program exclusion).
- U.S. Treasury bills, notes, and bonds.
- Any other bonds or obligations of the United States and its territories.
- Interest from Ottoman Turkish Empire Settlement Payments.
- Interest income from children ages 14 through 18, and students under age 24. For more information, get FTB Pub. 1001.
- Interest income from children under age 14, included on the parent's or child's federal return and reported on the California return by the opposite taxpayer.

Certain mutual funds pay "exempt-interest dividends." If the mutual fund has at least 50% of its assets invested in tax-exempt U.S. obligations and/or in California or its municipal obligations, that amount of dividend is exempt from California tax. The proportion of dividends that are tax-exempt will be shown on your annual statement or statement issued with Form 1099-INT, Interest Income.

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

- 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 12/27/73.
- Non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships, or Limited Liability Companies (LLCs).
- Interest or other earnings earned from a Health Savings Account (HSA) are not treated as taxed deferred. Interest or earnings in a HSA are taxable in the year earned.
- Interest on any bond or other obligation issued by the Government of American Samoa.
- Interest income from children under age 14, excluded on the parent's or child's federal return and reported on the California return.

Make no entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities, or grants paid to low income individuals.

Get FTB Pub. 1001 if you received interest income from the following sources:

- Loans made in an enterprise zone (EZ) or the former Los Angeles Revitalization Zone (LARZ).
- Items listed above passed through to you from S corporations, trusts, estates, 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.

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

- Dividend income for children ages 14 through 18, and students under age 24. For more information, get FTB Pub. 1001.
- Dividend income from children under age 14, included on the parent's or child's federal return and reported on the California return by the opposite taxpayer.

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

- Controlled foreign corporation (CFC) dividends in the year distributed.
- Regulated investment company (RIC) capital gains in the year distributed.
- Distributions of pre-1987 earnings from an S corporation.
- Dividend income from children under age 14, excluded on the parent's or child's federal return and reported on the California return.

Get FTB Pub. 1001 if you received dividends from:

- Non-cash patronage dividends from farmers' cooperatives or mutual associations.
- A CFC.
- Distributions of pre-1987 earnings from S corporations.
- Undistributed capital gains for 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 2008. 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, 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 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.

Basis adjustments related to:

- Property acquired prior to becoming a California resident.
- Sales or use tax credit for property used in an EZ, Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or former LARZ.
- Reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation; or on or after 1/1/97 as a result of Pierce's disease.
- Expenditures for tertiary injectants.
- Property placed in service on an Indian reservation after 1/1/94 and before 1/1/08.
- Amortization of pollution control facilities.
- Discharge of real property business indebtedness.
- Employer-paid child care program.
- Employer-paid child care plan.
- Vehicles used in an employer-sponsored ridesharing program.
- An enhanced oil recovery system.
- Joint Strike Fighter property costs.
- The cost of making a business accessible to disabled individuals.
- Property for which you received an energy conservation subsidy from a public utility on or after 1/1/95 and before 1/1/97.
- 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 6/8/97 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 (540), 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 2007 California Schedule D (540).

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 sale or disposition of qualified assisted housing development to low-income residents or to specified entities maintaining housing for low-income residents.
- Undistributed capital gain for RIC shareholders.
- Gain or loss on the sale of property inherited before 1/1/87.
- Capital loss carrybacks.
- Capital gain distribution for children ages 14 through 18, and students under age 24.

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.

Line 15 – Total IRA Distributions

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 contributions to 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 line 15, if any.

If you have an IRA basis and were a nonresident in prior years, you may need to restate your California IRA basis. Get FTB Pub. 1100 for more information.

Coverdell ESA formerly known as Education (ED) IRA – If column A includes a taxable distribution from an ED IRA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. Report only the taxable amount of the distribution on line 21f.

Line 16 – Total Pensions and Annuities

Generally, 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 following 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 7/1/86 and 1/1/87 and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

You may have to pay an additional tax if you received a taxable distribution from a qualified retirement plan before reaching age 59½ and the distribution was not rolled over into another qualified plan. See Form 540, line 33 instructions; or form FTB 3805P.

Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, Estates, 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. For more information, see the instructions for 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 business 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 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 basis you use to figure California depreciation may be different from the amount used for federal purposes, and you may need to make an adjustment to your farm income or loss.

Use form FTB 3801 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, 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 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. Payments received from the PFL Program are reported on Form 1099-G, Certain Government Payments. Enter on line 19, column B the amount of PFL payments shown in column A. For more information, get FTB Pub. 1001.

Line 20 – U.S. 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 U.S. social security benefits or equivalent Tier 1 railroad retirement benefits shown in column A.

Line 21 – Other Income

a. California Lottery Winnings. California 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 of reported 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 2007 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. Use form FTB 3805V to figure the allowable California NOL and enter it as a positive number in column B.

e. NOL from form 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) Computation and Limitation – Pierce's Disease
- 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).

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 earned income or housing exclusion. Enter in column C the amount deducted from federal income on Form 1040, line 21.

Beverage container recycling income. Enter in column B the amount of recycling income included in the amount on line 21 in column A.

Rebates or vouchers from a local water agency, energy agency, or energy supplier. California law allows an income exclusion for rebates or vouchers from a local water agency, energy agency, or energy supplier for the purchase and installation of water conservation appliances and devices. Enter in column B the amount of this type of income included in the amount on line 21 in column A.

Original issue discount (OID) for debt instruments issued in 1985 and 1986. In the year of sale or other disposition, you must recognize the difference between the amount reported on your federal return and the amount reported for California purposes. **Issuers:** Enter the difference between the federal deductible amount and the California deductible amount on line 21f in column B. **Holders:** Enter the difference between the amount included in federal gross income and the amount included for California purposes on line 21f in column C.

Foreign income of nonresident aliens. Adjust federal income to reflect worldwide income computed under California law. Enter losses from foreign sources in column B. Enter foreign source income in column C.

Cost-share payments received by forest landowners. Enter in column B the cost-share payments received from the Department of Forestry and Fire Protection under the California Forest Improvement Act of 1978 or from the United States Department of Agriculture, Forest Service, under the Forest Stewardship Program and the Stewardship Incentives Program, pursuant to the Cooperative Forestry Assistance Act.

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.

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 a 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 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 relief upon sale or other disposition of principal residence. For taxable years 2007 through 2012, federal law allows an exclusion of income from discharge of indebtedness from the disposition of your principal residence. Federal 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, for more information. California partially conforms to the federal provisions. California allows debt relief for taxable years 2007 and 2008 only. Also, California limits the amount of qualified principal residence indebtedness to $800,000 ($400,000 for married/RDP filing separate) and debt relief to $250,000 ($125,000 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 Schedule CA (540), line 21f, column C.

Hokie Spirit Memorial Fund exclusion. Enter in column C the amount excluded from federal income. For more information, get FTB Pub. 1001.

Line 22 – Total

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

Line 23 through Line 31a and Line 32 through Line 35 – California law is the same as federal law with the exception of the following:

- Line 23 (Educator expenses) – Enter the amount from column A, line 23 to column B, line 23.
- Line 24 (Certain business expenses of reservists, performing artists, and fee-basis government officials) – If claiming a depreciation deduction as an unreimbursed employee business expense on federal Form 2106, you may have an adjustment in column B or column C. For more information, get FTB Pub. 1001.
- Line 25 (Health Savings Account (HSA) Deduction) – Federal law allows a deduction for contributions to an HSA account. California does not conform to this provision. Transfer the amount from column A, line 25, to column B, line 25.
- 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 did not deduct alimony on your federal return, enter the amount you paid 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.

  California does not conform to the federal increase to the indexing of AGI requirements for IRAs. The phase-out for California remains at:

  - Single or Head of Household . . . . . $50,000 - $ 60,000
  - Married/RDP filing jointly or qualifying Widow(er). . . . . $80,000 - $100,000
  - Individual not active, spouse/RDP participant . . $150,000 - $160,000

  Federal amounts have increased to:

  - Single or Head of Household . . . . . $53,000 - $ 63,000
  - Married filing jointly/qualifying Widow(er). . . . . $85,000 - $105,000
  - Individual not active, spouse participant . . . . . $159,000 - $169,000

  Compute your federal IRA deduction following the federal instructions using the federal IRA worksheet. Compute your California IRA deduction using the federal IRA worksheet using California phase-out amounts instead of federal amounts. Enter as an adjustment in column B, the difference between the amount determined for the federal IRA deduction and the California IRA deduction.

- Line 33 (Student Loan Interest Deduction) – California conforms to federal law regarding student loan interest deduction except for a spouse/RDP of a non-California domiciled military taxpayer residing in a community property state. Use the Student Loan Interest Deduction Worksheet on this 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 (540), 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 2008 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) – $55,000
- Married/RDP filing jointly – $110,000

} **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. . . . . **10**_____

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

- Line 34 (Tuition and fees 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. If you made an adjustment on your federal return for domestic production activities, enter that amount in column B.

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 IRS. For column A, 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 540, line 13. In situations where SSMCs have no SSMC adjustments or RDPs have no RDP adjustments, these amounts may be the same.

Line 36 – Add line 23 through line 31a and line 32 through line 35 in column B and column C.

If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 36. Enter the amount and "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 22 in column B and column C.

Also, transfer the amount from:

- Line 37, column B to Form 540, Side 1, line 14

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

- Line 37, column C to Form 540, Side 1, line 16

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

Part II 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.

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 (540), Part II, line 38 through line 44.

Line 39 – State, Local, and Foreign Income Taxes; General Sales 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 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 for the same amounts on your Form 540, 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, Employee Business Expense, or Form 2106-EZ, Unreimbursed Employee Business Expense, prepare a second set of forms reflecting your employee business expense using California amounts (i.e., following California law).

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

- Assets (requiring depreciation) were placed in service before 1/1/87. 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 line 10 on the federal form and the form completed using California amounts. If the federal amount is larger, enter the difference as a negative number on line 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 place of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 41.

Charitable Qualified 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 1/1/02 – If deducting a charitable contribution carryover of appreciated stock donated to a private operating foundation prior to 1/1/02, and the fair market value allowed for federal purposes is larger than the basis allowed for California purposes, enter the difference as a negative number on line 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 return and are deducting the repayment for California, enter the allowable deduction as a positive amount on Schedule CA (540), line 41. Deductions of $3,000 or less are subject to the 2% federal AGI limit.

If you deducted the repayment on your federal return and are taking a credit for California, enter the amount of the federal deduction as a negative amount on Schedule CA (540), 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 44, the total payment line, of the Form 540. 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 $100 and 10% of federal AGI limitations. 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.

Line 43 – California Itemized Deductions

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

Single or married/RDP filing separately	$163,187
Head of household	$244,785
Married/RDP filing jointly or qualifying widow(er)	$326,379

NO Transfer the amount from line 42 to line 43. Do not complete the worksheet.

YES Complete the Itemized Deductions Worksheet below.

Note:

- If married or an RDP and filing a separate 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 instructions for "California Standard Deduction Worksheet for Dependents" on page 11 or page 12 of the California 540 & 540A Personal Income Tax Booklet to figure your standard deduction.

Itemized Deductions Worksheet

1. Amount from Schedule CA (540), 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 . . . . . 2 _____
3. Subtract line 2 from line 1 . . . . . 3 _____
   If zero, STOP. Enter the amount from line 1 on Schedule CA (540), line 43.
4. Multiply line 3 by 80% (.80) . . . . . 4 _____
5. Amount from Form 540, line 13 . . . . . 5 _____
6. Enter the amount shown above for your filing status . . 6 _____
7. Subtract line 6 from line 5 . . . . . 7 _____
   Note: If zero or less, STOP. Enter the amount from line 1 on Schedule CA (540), line 43.
8. Multiply line 7 by 6% (.06) . . . . . 8 _____
9. Compare line 4 and line 8. Enter the smaller amount here . . . . . 9 _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter here and on Schedule CA (540), line 43 . . . . . 10 _____

Nonrefundable Renter's Credit Qualification Record

✓Tip e-file and skip this page! The software you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Go to our website at **ftb.ca.gov** to check your e-file options.

If you were a resident of California and paid rent on property in California, which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify. For purposes of California income tax, references to a spouse, a husband, or a 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 the entire year in 2008?
Military personnel. If you are not a legal resident of California, you do not qualify for this credit. However, your spouse/RDP may claim this credit if he or she was a resident, did not live in military housing during 2008, and is otherwise qualified.
YES. Go to question 2. **NO.** Stop. File the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. See "Order Forms and Publications" on page 67.

2. Is your California adjusted gross income the amount on Form 540/540A, line 17:
- $34,936 or less if single or married/RDP filing separately; or
- $69,872 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 2008, 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 2008?
NO. Go to question 6. **YES.** Go to question 5.

5. For more than half the year in 2008, 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 2008?
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 2008?
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 2008?
YES. Go to question 11. **NO.** Go to question 9.

9. Did your spouse/RDP claim the homeowner's property tax exemption anytime during 2008?
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 2008?
YES. Go to question 11. **NO.** Stop here. You do not qualify for this credit.

11. If you are:
- Single, enter $60 on Form 540/540A, line 28.
- Head of household or qualifying widow(er), enter $120 on Form 540/540A, line 28.
- Married/RDP filing separately: if you and your spouse/RDP lived in the same rental property and both qualify for this credit, one spouse/RDP may claim the full amount of the credit ($120), or each spouse/RDP may claim half the amount ($60 each). If you and your spouse/RDP lived apart for the entire year and you qualify for this credit, you may claim half the amount of the credit ($60). Enter your credit amount on Form 540/540A, line 28.
- Married/RDP filing jointly, enter $120 on Form 540/540A, line 28. (Exception: If one spouse/RDP claimed the homeowner's tax exemption and you lived apart from your spouse/RDP for the entire year, enter $60 on Form 540/540A, line 28.)

Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2008, which qualified you for this credit.

	Street Address	City, State, and ZIP Code	Dates Rented in 2008 (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			

CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet on page 14	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses – FTB 3506 See the instructions on page 63	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, or go to their website at **insurance.ca.gov**.
Dependent Parent – See page 14	173	Must use married/RDP filing separately status and have a dependent parent
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to the federal credit but limited to $125 based on 50% of qualified expenditures that do not exceed $250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: 30% of cost for establishing a child care program or constructing a child care facility
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California.
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Environmental Tax – FTB 3511	218	Five cents ($.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
Farmworker Housing – Certification required	207	50% of new construction or rehabilitation costs for farmworker housing Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814, or go to the Treasurer's website at **treasurer.ca.gov**.
Joint Custody Head of Household – Worksheet on page 14	170	30% of tax up to $393 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
Nonrefundable Renter's – See page 58	None	For California residents who paid rent for their principal residence for at least 6 months in 2008 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 2008
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 14	163	2% of taxable income up to $1,203 for seniors who qualified for head of household in 2006 or 2007 and whose qualifying individual died during 2006 or 2007
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses

Repealed Credits: The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540), Alternative Minimum Tax and Credit Limitations – 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 7.

Agricultural Products 175
Commercial Solar Electric System 196
Commercial Solar Energy 181
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Employer Ridesharing: Large employer 191
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Owe Money?

Web Pay lets you pay **online**, so you can schedule it and forget it!

Go to our website at **ftb.ca.gov** and search for **web pay.**

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 instructions for code 400 below. 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 return. For more information, go to our website at **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, 2009, 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 of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.

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 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.

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. Please go to the California Senior Legislature's website at **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, please go to the California Breast Cancer Research Program's website at **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 409, California Military Family Relief Fund – Contributions will be used to provide financial aid grants to members of the California National Guard who are California residents, and have been called to active duty.

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 411, California Ovarian Cancer Research Fund – Contributions will be used to conduct research relating to the cause, cure, and prevention of ovarian cancer.

Code 412, Municipal Shelter Spay-Neuter Fund – Contributions will be used to provide low cost or free spay-neuter services and for administrative costs.

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 414, ALS/Lou Gehrig's Disease Research Fund – Contributions will be used to conduct research relating to the cause, cure, and prevention of ALS.

Instructions for Form FTB 3506

Child and Dependent Care Expenses Credit

General Information

Attach the completed form FTB 3506, Child and Dependent Care Expenses Credit, to your Form 540/540A, California Resident Income Tax Return, or Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, if you claim the child and dependent care expenses credit.

Registered Domestic Partners (RDP)
RDPs under California law 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 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 more information on what states have legal unions that are considered substantially equivalent, go to our website at **ftb.ca.gov** and search for **RDP**.

For purposes of California income tax, references to a spouse, a husband, or a 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.

Round Cents to Dollars
Round cents to the nearest whole dollar. For example, round $50.50 up to $51 or round $25.49 down to $25. If you do not round, the Franchise Tax Board (FTB) will disregard the cents. This helps process your return quickly and accurately.

A Purpose

You may qualify to claim the 2008 credit for child and dependent care expenses, if you (and your spouse/RDP) paid someone in California to care for your child or other qualifying person while you worked or looked for employment. You must have earned income to do so. If you qualify to claim the credit, use form FTB 3506 to figure the amount of your credit.

If you received dependent care benefits for 2008 but do not qualify to claim the credit, you are not required to complete form FTB 3506. For additional definitions, requirements, and instructions, get federal Form 2441, Child and Dependent Care Expenses.

B Differences in California and Federal Law

The differences between California and federal law are as follows:

- California allows this credit only for care provided in California.
- If you were a nonresident, you must have earned wages from working in California or earned self-employment income from California business activities.
- Federal adjusted gross income must be $100,000 or less to qualify for the California credit.
- The California credit is a percentage of the federal credit as modified by California law.
- The California credit is refundable.
- Same-sex married couples (SSMCs) and RDPs may file a joint California return and claim this credit. For more information, get FTB Pub. 776, Tax Information for Same-Sex Married Couples, or FTB Pub 737.

C Qualifications

You may take the credit if **all eight** of the following apply.

1. If you are married or an RDP, you must file a joint return. For an exception, see Section E, Married Persons or RDPs Filing Separate Returns, on page 64.
2. Care must be provided in California for one or more qualifying persons. See Section D, Qualifying Person Defined, on this page.
3. You paid for care so you (and your spouse/RDP) could work or look for work. However, if you did not find a job and have no earned income, you do not qualify for the credit. If your spouse/RDP was a student or disabled, see the instructions for Part III, line 5, on page 66.
4. You (and your spouse/RDP) must have earned income (wages or self-employment income) during the year. See the instructions for Part III, line 4, on page 65 for more information on earned income.
5. You and the qualifying person(s) live in the same home for more than half the year.
6. The person who provided care was not your spouse/RDP, the parent of your qualifying child, or a person for whom you can claim a dependent exemption. If your child provided the care, the child must have been age 19 or older by the end of 2008.
7. You report the required information about the care provider(s) in Part II, line 1, and the information about the qualifying person(s) in Part III, line 2.
8. Your federal adjusted gross income is $100,000 or less.

D Qualifying Person Defined

Rules for Most People
A qualifying person is: 1. A child under age 13 who meets the requirements to be your dependent as a Qualifying Child. A child who turned 13 during the year qualifies only for the part of the year when he or she was 12 years old. 2. Your spouse/RDP who was physically or mentally incapable of self-care. 3. Any person who was physically or mentally incapable of self-care and either: a. Was your dependent. b. Would have been your dependent except that: i. He or she received gross income of $3,500 or more. ii. He or she filed a joint return. iii. You, or your spouse/RDP if filing a joint return, could be claimed as a dependent on someone else's 2008 return.

Qualifying Child
A Qualifying Child is a child who meets **all** of the following tests:

- **Relationship Tes**t – The child must be your son, daughter, stepchild, adopted child, eligible foster child, brother, sister, half-brother, half-sister, stepbrother, stepsister, or a descendant of one of these. An adopted child includes a child who has been lawfully placed with you for legal adoption even if the adoption is not yet final. An eligible foster child must be placed with you by an authorized placement agency or by a court.
- **Age Test** – The child must be under 19 years of age or a full-time student under 24. (For the purposes of qualifying for the Child and Dependent Care Expenses Credit, the child must be under 13.)
- **Residency Test** – The child must live with you for more than half the year.
- **Support Test** – The child must not have provided more than half of his or her own support.
- **Joint Return Test** – The child must not have filed a joint federal or state income tax return with his or her spouse/RDP.
- **Citizenship Test** – The child must be a citizen or national of the U.S. or a resident of the U.S., Canada, or Mexico.

Qualifying Child of More Than One Person -- Tie-Breaker Rules	
If…	**Then the child will be treated as the qualifying child of the…**
Only one of the persons is the child's parent	Parent.
Both persons are the child's parent	Parent with whom the child lived with for the longer period of time. If the child lived with each parent for the same amount of time then the child will be treated as the qualifying child of the parent with the highest adjusted gross income.
None of the persons are the child's parent	Person with the highest adjusted gross income.

Divorced, RDP terminated, Separated, or Never Married Parents
For divorced, RDP terminated, separated, or never married parents, special rules apply in determining if your child meets the requirements to be your qualifying person. When parents file separate returns, only one parent qualifies to claim a child as a qualifying person.

Even if both parents pay for child care for the same child, both parents cannot qualify for the credit. Some custody agreements designate which parent is entitled to the credit. However, the designated parent must meet all

the qualifications in Section C, Qualifications, to claim the credit. To verify that your child meets the requirements to be your qualifying person, use the table below.

RULES FOR DIVORCED, SEPARATED, OR NEVER MARRIED PARENTS		
IF	**AND**	**THEN**
ALL **four** of the following apply: 1. Your child was under 13 and/or physically or mentally incapable of self-care when the care was provided. Children turning 13 during the year qualify only for the part of the year they were 12 years old. 2. One of the following applies a. You are divorced, legally separated, or have terminated a registered domestic partnership. b. You are separated under a written separation agreement. c. You and the other parent lived apart at all times during the last 6 months of the year. (This includes parents never married to each other.) 3. One or both parents had custody of the child for more than half the year. 4. One or both parents provided more than half the child's support for the year.	You were the custodial parent **and** you can claim the dependent exemption credit for the child.	The child is your qualifying person.
	You were the custodial parent and under the provisions of a decree of divorce, legal separation, termination of registered domestic partnership, or a written separation agreement, the noncustodial parent claimed the dependent exemption credit, or you signed a statement releasing the dependent exemption credit to the noncustodial parent.	The child is your qualifying person.
	You are **not** the custodial parent.	The child is **not** your qualifying person.
One or more of the four statements above do not apply.		Use the "Rules for Most People" on page 63, Section D.

Custodial parent. You are the custodial parent if you had physical custody of your child longer than the other parent during the calendar year. On days where custody is shared, the parent having custody of the child for more than 12 hours is considered to have custody for that day.

E Married Persons or RDPs Filing Separate Returns

Generally, if you are married or an RDP, you must file a joint return to claim the credit. However, you can take the credit on your separate return if:

1. You meet all three requirements below:
   - You lived apart from your spouse/RDP at all times during the last six months of 2008.
   - The qualifying person(s) lived in your home more than half of 2008.
   - You provided over half the cost of keeping up your home.
2. You meet all the other qualifications in Section C, Qualifications.

F Nonresidents and Part-Year Residents

1. You must complete and attach Schedule CA (540NR), California Adjustments – Nonresidents or Part-Year Residents, to your tax return, Long Form 540NR. If Part I of Schedule CA (540NR) is not fully completed, we may disallow your credit.
2. Nonresidents must have earned income from California sources to qualify for the credit. A nonresident servicemember's military wages are considered earned income from a California source for the purpose of qualifying for the credit.
3. Part-year residents must have earned income while a California resident or earned income from California sources while a nonresident to qualify for the credit.

G Military Personnel

For the purposes of this credit, active duty pay is considered earned income from California sources, regardless of whether the servicemember is domiciled in California.

Example: Sgt. Miller is domiciled in California, but stationed all year in Virginia. Sgt. Miller's only source of earned income is his military pay. His wife, Ann, and their child remained in California. Ann worked in California and they incurred childcare expenses for care provided in California. To qualify for the credit on their joint return, both spouses must have California earned income. Because Sgt. Miller's military pay while serving in Virginia is considered California earned income for purposes of computing the credit, they qualify for the credit on their joint return.

Military Personnel Domiciled Outside of California.

This is additional information you need to complete form FTB 3506.

1. Under California Law, your military pay for service in California is considered California earned income for purposes of computing the credit. See instructions for line 4.
2. Modified federal adjusted gross income – Use the federal adjusted gross income less your military pay to determine:
   - If your federal adjusted gross income is $100,000 or less.
   - The decimal amount to use on form FTB 3506, line 7 and line 9.

If using modified federal AGI to compute the Child and Dependent Care Expenses Credit, write "MPA" to the left of the credit amount on line 12 or include it according to your software's instructions.

For more information on Military Personnel, get FTB Pub 1032, Tax Information for Military Personnel.

Specific Line Instructions

Part I, Unearned Income and Other Funds Received in 2008

List the source and amount of **any** money you received in 2008 that is not included in your earned income (line 4 and line 5) but that was used to support your household. Include child support, property settlements, public assistance benefits, court awards, inheritances, insurance proceeds, pensions and annuities, social security payments, workers' compensation, unemployment compensation, interest, and dividends.

Part II, Persons or Organizations Who Provided the Care in California

Line 1

Complete line 1a through line 1g for each person or organization that provided the care in California. Only care provided in California qualifies for the credit. Use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for Form W-10 to get the information from your care provider. If your provider does not give you the information, complete as much of the information as possible and explain that your provider did not give you the information you requested.

If you do not give correct and complete information, we may disallow your credit unless you can show you used due diligence in trying to get the required information.

Lines 1a through Line 1c

Enter your California care provider's complete name (or business name), address, and telephone number (including the area code). If you do not give complete information, we may disallow your credit. We may contact your care provider to verify the information you provide.

If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name on line 1a. Next, enter "See W-2" on line 1b. Complete line 1c through line 1f. Then leave line 1g blank. But, if your employer paid a third party (not hired by your employer) on your behalf to provide care, you must provide information on the third party on line 1a through line 1g.

Line 1d

For each care provider, check one box indicating whether the care provider is a person or organization.

Line 1e

If your care provider is	Then enter on line 1e
An individual	The provider's social security number (SSN) or Individual Taxpayer Identification Number (ITIN)
Not an individual	The provider's federal employer identification number (FEIN)
A tax-exempt organization	"Tax-exempt"

Line 1f

Enter the complete physical address where the care was provided. A post office box is not acceptable. If you do not provide correct or complete information, your credit may be disallowed. Only care provided in California qualifies for the credit.

Line 1g

Enter the total amount you **actually paid** in 2008 to your care provider for care provided in California. Also include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

We may ask you to provide proof of payment. Cash payments without documentation may not be accepted.

Part III, Credit for Child and Dependent Care Expenses

Line 2

Complete column (a) through column (e) for each qualifying person for whom care was provided in California. If claiming more than three qualifying persons, attach a sheet of paper to your return with the required information and write "see attached." Write your name and SSN or ITIN on the sheet.

Column (a)
Enter each qualifying person's name.

Column (b)
Enter each qualifying person's SSN. Verify that the name and SSN match the qualifying person's social security card to avoid the reduction or disallowance of your credit. If the person was born in, and later died in, 2008, and does not have a SSN, enter "Deceased" in column (b) and attach a copy of the person's birth and death certificates.

Enter the SSNs of the first two qualifying persons on Form 540, line 40 and line 41; Form 540A, line 40 and line 41; or Long Form 540NR, line 47 and line 48.

Column (c)
Enter the qualifying person's date of birth (mm/dd/yyyy) in the space provided or if the qualifying person is disabled (physically or mentally incapable of self-care), check the "Yes" box. Incomplete information could result in a delay or disallowance of your credit.

Column (d)
If you shared custody of the qualifying person(s), enter the percentage of time you possessed physical custody during 2008. If you have 50% or less physical custody of your child, you don't qualify for the credit.

Column (e)
Enter the qualified expenses you incurred and paid in 2008 for the qualifying person(s). Include only the qualified expenses for care provided in California. If the child turned 13 years old during the year, include only the qualified expenses for the part of the year the child was under 13.

Do not include in column (e) qualified expenses:

- You incurred in 2008 but did not pay until 2009. You may be able to use these expenses to increase your 2009 credit.
- You incurred in 2007 but did not pay until 2008. Instead, see instructions for line 11.
- You prepaid in 2008 for care to be provided in 2009. These expenses may only be used to figure your 2009 credit.

A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

Qualified Expenses are amounts paid for the care of your qualifying person while you worked or looked for work.

Qualified expenses include:	Qualified expenses do not include:
• The cost of care for the qualifying person's well-being and protection. If care was provided by a dependent care center, the center must meet all applicable state and local regulations. • Cost of pre-school or similar program below the kindergarten level. • Day camp, even if it specialized in a particular activity, such as soccer.	• Child support payments. • Payments made to the parent of your qualifying child. • Payments made to your spouse/RDP. • Payments made to your child who is under age 19 at the end of the year, even if he or she is not your dependent. • Payments made to a dependent for whom you (or your spouse/RDP) can claim a dependent exemption. • Expenses paid by or reimbursed through a subsidy program. • Cost for education (school tuition) at the kindergarten level and above. • Overnight camp.

Line 4

Earned income Includes:	Earned income does not include:
• Wages, salary, tips, and other taxable employee compensation, as well as, military compensation including compensation for service in a combat zone. • Net earnings from self-employment. • Strike benefits. • Disability payments you report as wages. • Active duty pay received by servicemembers of the armed forces is considered earned income regardless of whether the servicemember is domiciled in this state or elsewhere.	• Pensions or annuities • Social security payments • Workers' compensation • Interest • Dividends • Capital gains • Unemployment compensation. • Public assistance • Homeowner and Renter Assistance

Nonresidents and Part-Year Residents Only: Earned income from California sources includes:	Earned income does not include:
• Wages, salary, tips, and other taxable employee compensation for working in California, as well as, military compensation including compensation for service in a combat zone. • Net earnings from self-employment from California business activities. • Strike benefits related to California employment. • Disability payments you report as California wages. • Active duty pay received by servicemembers of the armed forces is considered earned income regardless of whether the servicemember is domiciled in this state or elsewhere.	• Pensions or annuities • Social security payments • Workers' compensation • Interest • Dividends • Capital gains • Unemployment compensation • Public assistance • Homeowner and Renter Assistance

Line 5

Spouse/RDP Who Was a Student or Disabled
Your spouse/RDP was a **student** if he or she was enrolled as a full-time student at a school during any 5 months of 2008. A school does not include a night school or correspondence school.

Your spouse/RDP was **disabled** if he or she was not capable of self-care. Figure your spouse's/RDP's earned income on a monthly basis.

For each month your spouse/RDP was a full-time student or disabled, enter on line 5 the larger of the following:

- Your spouse's/RDP's actual earned income for that month.
- $250 ($500, if you have 2 or more qualifying persons).

If, in the same month, both you and your spouse/RDP qualified as either full-time students or disabled, only one of you receive treatment as having earned income of $250 (or $500) in that month. For any month that your spouse/RDP was not a full-time student or disabled, use your spouse's/RDP's actual earned income for that month.

Line 7

Use the chart on this page to determine the decimal amount to enter on line 7. Your federal adjusted gross income (AGI) is on Form 540, line 13; Form 540A, line 13; or Long Form 540NR, line 13. For military personnel domiciled outside of California, use your federal AGI less your military pay to determine the decimal amount to enter on line 7.

If your Federal AGI is: Over	But not over	The decimal amount on Line 7 is:
$0	$15,000	**35**
15,000	17,000	**34**
17,000	19,000	**33**
19,000	21,000	**32**
21,000	23,000	**31**
23,000	25,000	**30**
25,000	27,000	**29**
27,000	29,000	**28**
29,000	31,000	**27**
31,000	33,000	**26**
33,000	35,000	**25**
35,000	37,000	**24**
37,000	39,000	**23**
39,000	41,000	**22**
41,000	43,000	**21**
43,000	No limit	**20**

Line 9

Use the chart below to determine the decimal amount to enter on line 9. For military personnel domiciled outside of California, use your federal AGI less your military pay to determine the decimal amount to enter on line 9.

If your federal AGI from Form 540, line 13; Form 540A, line 13; or Long Form 540NR, line 13 is:	The decimal amount to enter on Line 9 is:
$40,000 or less	**50**
Over $40,000 but not over $70,000	**43**
Over $70,000 but not over $100,000	**34**
Over $100,000	**Stop.** You **do not qualify** for this credit.

Line 11

If you had qualified expenses for care that was provided in 2007 that you paid for in 2008, you may be able to increase your credit for 2008. Complete the Worksheet on Side 2 of form FTB 3506. See Worksheet instructions on this page.

Part IV, Dependent Care Benefits

Line 13

Dependent care benefits are:

- Amounts an employer paid directly to you (or your spouse/RDP), or to your care provider for the care of your qualifying person(s), while you worked.
- A day-care facility provided by your employer.
- Generally deducted from your salary.
- Shown in box 10 of your 2008 Form(s) W-2.

Line 14

Enter the amount from federal Form 2441, line 15.

Line 15

If you had a flexible spending account, any amount included on line 13 that you did not receive because you did not incur the expense is considered forfeited. Do not include amounts you expect to receive at a future date.

Line 17

Enter the total of all qualified expenses incurred in 2008. It does not matter when the expenses were paid.

A qualified expense does not include the amount you paid for education (school tuition) or the amount you received through a subsidy program.

Example: You received $2,000 cash under your employer's dependent care plan for 2008. The $2,000 is shown in box 10 of your Form W-2. You incurred $900 of qualified expenses in 2008 for the care of your 3-year-old dependent child. Enter $900 on line 17, but report the entire $2,000 on line 13.

For all other lines, follow specific line instructions on the form. For additional information, get federal Form 2441 or federal Publication 503, Child and Dependent Care Expenses.

Line 20

If you are married or an RDP filing a separate return and you meet the requirements of Section E, Married Persons Filing Separate Returns, item 1, then enter your earned income from line 19. On line 24, enter $5,000. If you were married or an RDP and filed a separate return but did not meet the requirements of Section E, Married Persons Filing Separate Returns, item 1, then enter **your spouse's/RDP's earned income**. If your spouse/RDP was a student or disabled in 2008, see the instructions for line 5. On line 24, enter $2,500.

Worksheet – Credit for 2007 Expenses Paid in 2008

You will need a copy of your 2007 California tax return to complete the worksheet.

Line 12 and line 14

You need the 2007 form FTB 3506 instructions to complete the Credit for 2007 Expenses Paid in 2008 Worksheet, on Side 2. Forms are available from our website at **ftb.ca.gov** or by calling 800.338.0505.

Line 12

Enter the decimal amount from the chart in the line 7 instructions of the **2007** form FTB 3506 that corresponds to your **2007** federal adjusted gross income.

Line 14

Enter the decimal amount from the chart in the line 9 instructions of the **2007** form FTB 3506 that corresponds to your **2007** California adjusted gross income.

☎ Automated Toll-Free Phone Service

(Keep This Booklet For Future Use)

General Toll-Free Phone Service

Telephone assistance is available year-round from 7 a.m. until 6 p.m. Monday through Friday, except holidays.

From within the United States 800.852.5711

From outside the United States (not toll-free). 916.845.6500

For federal tax questions, call the IRS at 800.829.1040

Assistance for persons with disabilities
We comply with the Americans with Disabilities Act. Persons with a hearing or speech impairment call:

TTY/TDD 800.822.6268

Large-print forms and instructions – The Resident Booklet is available in large print upon request and is also available on audio CD. See ''Where To Get Income Tax Forms and Publications'' on page 7.

Asistencia bilingüe en español
Asistencia telefónica esta disponible todo el año durante las 7 a.m. y las 6 p.m. lunes a viernes, excepto días festivos.

Dentro de los Estados Unidos, llame al 800.852.5711

Fuera de los Estados Unidos, llame al (cargos aplican) 916.845.6500

Para preguntas sobre impuestos federales, llame el IRS al. 800.829.1040

Sitio web . . . . . **ftb.ca.gov**

Asistencia para personas discapacitadas:
Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos o de habla, pueden llamar al 800.822.6268 con un aparato de telecomunicación TTY/TTD.

Use our automated toll-free 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.

Call from within the United States. 800.338.0505

Call from outside the United States . . . . . 916.845.6500 (not toll-free)

Order Forms and Publications

If your current address is on file, you can order California tax forms for the current and previous two years. See the instructions on page 7.

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 and Amortization Adjustments, and Schedule D, California Capital Gain or Loss Adjustment
969	Large Print Resident Booklet
970	Resident Booklet on Audio CD
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 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 by Individuals and Fiduciaries
919	FTB Pub. 1001, Supplemental Guidelines to California Adjustments
920	FTB Pub. 1005, Pension and Annuity Guidelines
945	FTB Pub. 1006, California Tax Forms and Related Federal Forms
946	FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities
943	FTB Pub. 4058, California Taxpayers' Bill of Rights
941	FTB Pub. 1031, Guidelines for Determining Resident Status
942	FTB Pub. 1032, Tax Information for Military Personnel
951	FTB Pub. 1051A, Guidelines for Married/RDP Filing Separate Returns
934	FTB Pub. 1540, California Head of Household Filing Status

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.

Answers To Tax Questions

Call our automated phone service, select "Personal Income Tax," then "Frequently Asked Questions," and enter the 3-digit code.

Code	Filing Assistance:
100	Do I need to file a return?
111	Which form should I use?
112	How do I file electronically and get a fast refund?
201	How can I get an extension to file?
203	What is the nonrefundable renter's credit and how do I qualify?
204	I never received a Form W-2. What do I do?
205	I have no withholding taken out. What do I do?
206	Do I have to attach a copy of my federal return?
209	I lived in California for part of the year. Do I have to file a return?
210	I did not live in California. Do I have to file a return?
215	Who qualifies me to use the head of household filing status?
222	How much can I deduct for vehicle license fees?
	Penalties
403	What is the estimate penalty rate?
	Notices And Bills
503	How do I file a protest against a Notice of Proposed Assessment?
506	How can I get information about my Form 1099-G?
	Tax For Children
601	Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
	Miscellaneous
611	What address do I send my payment to?
619	How do I report a change of address?

ReadyReturn

If you are single and your income is only from wages, you may qualify for this free service. We provide you with a pre-filled 2008 tax return. To see if you qualify:

- Call 800.338.0505 or
- Go to **ftb.ca.gov** and search for **readyreturn**

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