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# 2007 What's New and Other Important Information

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## 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 [www.ftb.ca.gov](http://www.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.

## 2007 Tax Law Changes/What's New

**Registered Domestic Partners (RDP)** – Effective for taxable years beginning on or after January 1, 2007, 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 will 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, effective for taxable years beginning on or after January 1, 2007, 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 [www.ftb.ca.gov](http://www.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** – Beginning with the 2007 tax forms, 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, FTB will disregard the cents. This change helps process your returns quickly and accurately.

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

- Small Business and Work Opportunity Tax Act of 2007
- Mortgage Forgiveness Debt Relief Act of 2007

**Pending State Legislation** – There is pending legislation that if enacted will provide full or partial conformity to Section 2 of the Mortgage Forgiveness Debt Relief Act of 2007. Assembly Bill 1918, as introduced, provides full conformity and Senate Bill 1055, as introduced, provides modified conformity.

**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.

### IRC 409A Additional Taxes for Discounted Stock Options and Stock

**Appreciation Rights** – For those employees who exercised certain discounted stock options or stock appreciation rights in 2006 and whose employer participated in the Franchise Tax Board's 2007 Compliance Resolution Program described in FTB Notice 2007-1 and paid the additional IRC Section 409A taxes on behalf of their employees, the additional taxes paid by the employer should be

included as compensation in the employee's 2007 Form W-2.

**El Dorado and Southern California Wildfires** – For tax treatment information for victims of the wildfires that occurred in El Dorado, Santa Barbara, Ventura, Los Angeles, San Bernardino, Orange, Riverside, and San Diego counties, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

**January 2007, Freezing Conditions** – For tax treatment information for victims of the January 2007, freeze that occurred in El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba counties, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

**Teacher Retention Credit** – For taxable years beginning on or after January 1, 2007, the Teacher Retention Credit has been repealed.

**ReadyReturn** – If you are single and your income is only from wages, you may qualify for ReadyReturn. It simplifies the filing process by pre-filing a tax return with information the state already has. For more information and to see if you qualify, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **ReadyReturn** or call (800) 338-0505.

**My FTB Account** – Make tax time less taxing! Check My FTB Account for information about your estimated tax payments, FTB issued 1099-Gs, 1099-INTs, California wage and withholding data and more! Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **My Account**.

## Other Important Information

**Heroes Earned Retirement Opportunities Act** – California conforms to the Federal Heroes Earned Retirement Opportunities Act that allows members of the Armed Forces serving in a combat zone to make contributions to their individual retirement plans even if the compensation on which such contribution is based is excluded from gross income.

**Capital Gains Distributed from Mutual Funds** – For taxable years beginning on or after January 1, 2006, taxpayers can report capital gain distributions from mutual funds on Form 540 2EZ, if the amount reportable during the taxable year for federal and state purposes is the same.

**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 Franchise Tax Board. 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, or any other required information.

ATSU 398 MS F385  
FRANCHISE TAX BOARD  
PO BOX 1673  
SACRAMENTO CA 95812-9900

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

# 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, 2008. If unable to mail your return by the due date, see page 2.



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

## Filing in Your Return

- Use black or blue ballpoint pen on the copy you send 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 on 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 zero. Do **not** enter a dash, or the word "NONE."
- Attach your label. If you don't have a label, print your name(s) and address in CAPITAL LETTERS.

## Name(s) and Address

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

- Yes** Attach the label to your completed return. Verify your label is correct. Cross out any errors and print the correct information on the label.
- No** Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540/540A.

### Private Mail Box

Include the Private Mail Box (PMB) in the address field. Write the acronym "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

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

### Prior Name

If you filed your 2006 tax return under a different last name, write the last name **only** from the 2006 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 your label. If filing a joint 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 a social security number. It is a nine-digit number that always starts with the number 9.

## Filing Status

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

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

**Exception:** If you file a joint return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2007.
- A nonresident for the entire year and had no income from California sources during 2007.

**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.

RDPs who file single for federal **must file** married/RDP filing jointly or married/RDP filing separately for California.

If you filed a joint return and either you or your spouse/RDP was a nonresident for 2007, 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 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 return.

### Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2007\*, 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, 2008, you are considered to be age 65 on December 31, 2007.

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

**Line 10 – Dependent Exemptions**

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a separate sheet of paper. Multiply the number you entered by the pre-printed dollar amount and enter the result.

**Line 11 – Total Personal, Blind, Senior, and Dependent Exemptions**

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

**Taxable Income**

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

**Line 12 – State Wages**

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

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

**Line 13 – Federal Adjusted Gross Income from Forms 1040, line 37; 1040A, line 21; 1040EZ, line 4**

Registered Domestic Partners (RDP) who file a California tax return as married/RDP filing jointly and have no filing status 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.

Filing Status adjustments include but are not limited to the following:

- Transfer of property between 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

RDPs filing as married/RDP filing separately, former RDPs filing separately, and RDPs with filing status 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).

If there are differences between your federal and California income or deductions, complete Schedule CA (540), California Adjustments — Residents. 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 Form 1040A or Form 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 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.
- 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 for 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 for railroad retirement benefits and included all or part of these benefits in federal adjusted gross income 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 related to pension plans and deferred compensation, as those provisions apply for federal purposes including amendments to the Internal Revenue Code that may be enacted in the future.

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

Combine line 14a through line 14f. If the result is less than zero, enter the amount in parentheses, on Form 540A, Side 1, line 14g. 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), California Adjustments — Residents. 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.

If married or an RDP and filing separate 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 540/540A, line 18.

If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540/540A, 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 return.

**Form 540A – Itemized deductions.** Figure your California itemized deductions by completing the California Itemized Deductions Worksheet on page 12. 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 California Form 540A, first complete a federal Schedule A, Itemized Deductions. Then complete the California Itemized Deductions Worksheet on page 12. Do not attach federal Schedule A to your Form 540A.

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

<b>California Standard Deduction Chart for Most People</b>	
Do not use this chart if your parent, or someone else, can claim you (or your spouse/RDP) as a dependent on his or her tax return.	
<b>Your Filing Status</b>	<b>Enter On Line 18</b>
1 – Single . . . . .	\$3,516
2 – Married/RDP filing jointly . . . . .	\$7,032
3 – Married/RDP filing separately . . . . .	\$3,516
4 – Head of household . . . . .	\$7,032
5 – Qualifying widow(er) . . . . .	\$7,032
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 \$850.00
3. Enter the <b>larger</b> of line 1 or line 2 here . . . . .	3 _____
4. Enter the amount shown for your filing status	
• Single or married/RDP filing separately, enter \$3,516	4 _____
• Married/RDP filing jointly, head of household, or qualifying widow(er), enter \$7,032	
5. <b>Standard deduction.</b> Enter the <b>smaller</b> of line 3 or line 4 here and on Form 540/540A, 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 below. 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, 12, and 18, minus the amount, if any on line 27.) . . . . . 1 \_\_\_\_\_
2. . . . . 2 \$300.00
3. Add line 1 and line 2. Enter total here . . . . . 3 \_\_\_\_\_
4. Minimum standard deduction . . . . . 4 \$850.00
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 \$3,516 . . . . . } 6 \_\_\_\_\_
  - Married/RDP filing jointly, head of household, or qualifying widow(er) enter \$7,032
7. **Standard deduction.** Enter the **smaller** of line 5 or line 6 here and on Form 540A, line 18 7 \_\_\_\_\_

**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 and enter on line 2
  - Line 5, state and local income tax or general sales 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 . . . . . \$155,416
  - Married/RDP filing jointly or qualifying widow(er) . . . . . \$310,837
  - Head of household . . . . . \$233,129

**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 . . . . . \$3,516
    - Married/RDP filing jointly, head of household, or qualifying widow(er) . . . . . \$7,032**Do not complete the rest of this worksheet.**
5. Using California amounts, add the amounts on federal Schedule A, line 4, line 14, line 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 . . \$155,416
  - Married/RDP filing jointly or qualifying widow(er) . . . . . \$310,837
  - Head of household . . . . . \$233,129
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 . . \$3,516
    - Married/RDP filing jointly, head of household, or qualifying widow(er) . . . . . \$7,032

**\*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.

**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 schedules 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, 2008, and who had more than \$1,700 of investment income. Attach form FTB 3800 to the child's Form 540.
- **FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$8,500 or less (but not less than \$850) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. File a separate form FTB 3803 for each child whose income you elect to include on your Form 540. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 20. Attach form(s) FTB 3803 to your return.



<b>Box C</b> – If your filing status is:	Is Form 540, line 17 more than:
Single or head of household . . . . .	\$214,333
Married/RDP filing jointly or qualifying widow(er) . . . . .	\$285,776
Married/RDP filing separately . . . . .	\$142,887
<b>Yes</b> Complete Schedule P (540). See “Order Forms and Publications” on page 67.	
<b>No</b> 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 either the head of household or qualifying widow(er) filing status.

Claim the credit if unmarried and not an RDP at the end of 2007 (or if married/or an RDP, you lived apart from your spouse/RDP for all of 2007 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 \$374, 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 2007 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, 2007.\*
- Qualified as a head of household in 2005 or 2006 by providing a household for a qualifying individual who died during 2005 or 2006.
- Did not have adjusted gross income over \$60,791 for 2007.

\* If your 65th birthday is on January 1, 2008, you are considered to be age 65 on December 31, 2007.

If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2007 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 \$1,146, 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 2007. 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 2007 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:

- \$76,207 married/RDP filing jointly or qualifying widower(er)
- \$57,156 single or head of household
- \$38,102 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 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 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 (LARZ) 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 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, box 17
- Form(s) 1099-MISC, box 16
- CA Sch. W-2
- Form(s) 1099-R, box 10
- Form(s) W-2G, box 14

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

Do not include city, local, or county tax withheld or tax withheld by other states. Do not include withholding from Forms 592-B, 593-B, or 594, on this line. For more details, see instructions for line 38 on this page.

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

**Line 37 – 2007 CA Estimated Tax and Other Payments**

Enter the total of any:

- California estimated tax payments you made using 2007 Form 540-ES or Web Pay
- Overpayment from your 2006 California income tax return that you applied to your 2007 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)



To view payments made or get your current account balance, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **My 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 social security numbers.

You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2008 and did not have a California tax liability in 2007.

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

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

**Caution:** Do not include withholding from Form(s) W-2, CA Sch. W-2, Form(s) W-2G, or Form(s) 1099 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 2007.
- You received more than \$83,389 in wages.
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2 or CA Sch W-2. Be sure to attach 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 0.6% 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 below. 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.		
	You	Your Spouse/ RDP
1. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2. Enter the total here . . . . .	1	
2. 2007 SDI (or VPDI) limit. . . . .	2 \$500.33	\$500.33
3. Excess SDI (or VPDI) withheld. Subtract line 2 from line 1. Enter the results here. Combine the amounts on line 3 and enter the total, in <b>whole dollars only</b> on 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 adjusted gross income must be less than or equal to \$100,000 and you must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

**Line 40 and Line 41**

Enter the qualifying person's social security number. 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), 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 2006, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholding or estimated tax payments.

To avoid delay in processing of your 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.



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

**Line 46 – Amount You Want Applied to Your 2008 Estimated Tax**

Apply all or part of the amount on line 45 to your estimated tax for 2008. Enter on line 46 the amount of line 45 that you want applied to your 2008 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 Employment Development Department (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](http://www.edd.ca.gov) or use the online calculator by going to [www.ftb.ca.gov](http://www.ftb.ca.gov) and searching for DE 4.

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 [www.boe.ca.gov](http://www.boe.ca.gov), or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

If you owe use tax but 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 [www.boe.ca.gov](http://www.boe.ca.gov) or request a copy by calling the State Board of Equalization's 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.

<b>Use Tax Worksheet</b>	
<b>Use whole dollars only.</b>	
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 \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- If your filing status is "married/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 [www.boe.ca.gov](http://www.boe.ca.gov) or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

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

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

**Contributions**

To make contributions, see 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 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 [www.ftb.ca.gov](http://www.ftb.ca.gov) for more information.
- **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 visit the Official Payments Corp. Website at [www.officialpayments.com](http://www.officialpayments.com), and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.
- **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 "2007 Form 540" or "2007 Form 540A" as applicable on the check or money order. Enclose, but do not staple, your payment with your return.

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution. Do not combine your 2007 tax payment and any 2008 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 Franchise Tax Board for nonpayment or late payment of your tax liability.

**How do I use my credit card to pay my income tax bill?**

Once you have determined the type of payment and how much you owe, 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 [www.officialpayments.com](http://www.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, 9 a.m. to 5 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 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 [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **interest**.

**Late Filing of Return.** The maximum total penalty is 25% of the tax not paid if the return is filed after October 15, 2008. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance due, whichever is less.

**Late Payment of Tax.** If you fail to pay your total tax liability by April 15, 2008, 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 return, we will waive the penalty based on reasonable cause. However, the imposition of interest is mandatory. If, after April 15, 2008, you find that your estimate of tax due was too low, pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. If you do not file your tax return by October 15, 2008, you will incur a late filing penalty plus interest from the original due date of the 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 return under \$200.

The Franchise Tax Board can figure the penalty for you when you file your 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).

For taxable years beginning on or after January 1, 2005, 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, Underpayment of Estimated Tax by Individuals and Fiduciaries or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fisherman.

If you complete one of these forms, 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 page 2, Important due dates, 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.

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 540/540A 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 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.

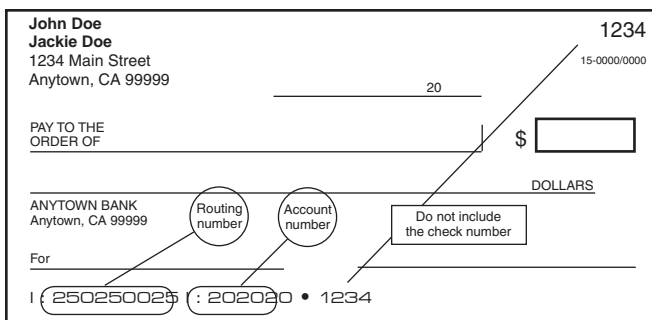
The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens but omit spaces and special symbols. On the sample 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. If line 67 and line 68 do not equal line 66, the Franchise Tax Board 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 Franchise Tax Board will issue a paper check.



**Sign Your Return**

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

**Joint Return.** If you file a joint return, both you and your spouse/RDP are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse/RDP does not pay the tax due, the other may be liable. See "Innocent Joint Filer Relief," on page 6.

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

**Filing Your Return**

**Attachments to your return**

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

<p><b>Form 540A Filers:</b> Do not attach a copy of your federal 1040 return to Form 540A.</p>
<p><b>Form 540 Filers:</b> Did you attach any federal forms or schedules other than Schedule A or Schedule B to your federal Form 1040? If No, do not attach a copy of your federal 1040 return to Form 540. If Yes, attach a copy of your federal 1040 return and all supporting federal forms and schedules to Form 540. <b>Exception:</b> 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.</p>

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

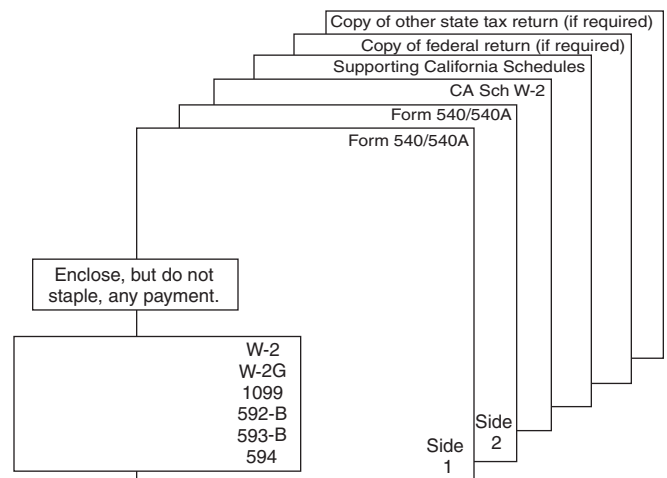
Form(s) W-2, W-2G, 592-B, 593-B, 594, and 1099: Make sure to attach all the Form(s) W-2 and W-2G you received to the front of your return. If you completed CA Sch W-2, attach CA Sch W-2 behind Side 2 of the tax return.

If you do not receive your Form(s) W-2 by January 31, 2008, contact your employer or go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **My 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 [www.ftb.ca.gov](http://www.ftb.ca.gov).

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

**Assembling Your Return**

Assemble your return in the order shown below.



### Mailing Your Return

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

FRANCHISE TAX BOARD  
 PO BOX 942840  
 SACRAMENTO CA 94240-0002

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

FRANCHISE TAX BOARD  
 PO BOX 942867  
 SACRAMENTO CA 94267-0001

#### Sales and Use Tax Rates by County (includes state, local, and district taxes) As of December 31, 2007

County	Rate	County	Rate
Alameda	8.75%	Orange <sup>1</sup>	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 <sup>1</sup>	7.25%	San Benito <sup>1</sup>	7.25%
Contra Costa <sup>1</sup>	8.25%	San Bernardino <sup>1</sup>	7.75%
Del Norte	7.25%	San Diego <sup>1</sup>	7.75%
El Dorado <sup>1</sup>	7.25%	San Francisco	8.50%
Fresno <sup>1</sup>	7.975%	San Joaquin <sup>1</sup>	7.75%
Glenn	7.25%	San Luis Obispo <sup>1</sup>	7.25%
Humboldt <sup>1</sup>	7.25%	San Mateo	8.25%
Imperial	7.75%	Santa Barbara	7.75%
Inyo	7.75%	Santa Clara	8.25%
Kern	7.25%	Santa Cruz <sup>1</sup>	8.00%
Kings	7.25%	Shasta	7.25%
Lake <sup>1</sup>	7.25%	Sierra	7.25%
Lassen	7.25%	Siskiyou	7.25%
Los Angeles <sup>1</sup>	8.25%	Solano	7.375%
Madera <sup>2</sup>	7.75%	Sonoma <sup>1</sup>	7.75%
Marin <sup>1</sup>	7.75%	Stanislaus	7.375%
Mariposa	7.75%	Sutter	7.25%
Mendocino <sup>1</sup>	7.25%	Tehama	7.25%
Merced <sup>1</sup>	7.25%	Trinity	7.25%
Modoc	7.25%	Tulare <sup>1,3</sup>	7.75%
Mono	7.25%	Tuolumne <sup>1</sup>	7.25%
Monterey <sup>1</sup>	7.25%	Ventura	7.25%
Napa	7.75%	Yolo <sup>1</sup>	7.25%
Nevada <sup>1</sup>	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 within the city limits of the listed community.
2. The tax rate in Madera County prior to April 1, 2007 was 7.25%.
3. The tax rate in Tulare County prior to April 1, 2007 was 7.25%.

County	City	Citywide Rate
Colusa	Williams (effective 4/1/07) <sup>1</sup>	7.75%
Contra Costa	Pinole (effective 4/1/07) <sup>2</sup>	8.75%
Contra Costa	Richmond	8.75%
El Dorado	Placerville	7.50%
El Dorado	South Lake Tahoe	7.75%
Fresno	Clovis	8.275%
Humboldt	Trinidad	8.25%
Lake	Clearlake	7.75%
Lake	Lakeport	7.75%
Los Angeles	Avalon	8.75%
Los Angeles	Inglewood (effective 4/1/07) <sup>3</sup>	8.75%
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%
Monterey	Del Rey Oaks (effective 4/1/07) <sup>4</sup>	8.25%
Monterey	Salinas	7.75%
Monterey	Sand City	7.75%
Nevada	Nevada City (effective 4/1/07) <sup>5</sup>	7.875%
Nevada	Truckee	7.875%
Orange	Laguna Beach	8.25%
San Benito	San Juan Bautista	8.00%
San Bernardino	Montclair	8.00%
San Bernardino	San Bernardino (effective 4/1/07) <sup>6</sup>	8.00%
San Diego	El Cajon	8.25%
San Diego	National City	8.75%
San Diego	Vista (effective 4/1/07) <sup>7</sup>	8.25%
San Joaquin	Manteca (effective 4/1/07) <sup>8</sup>	8.25%
San Joaquin	Stockton	8.00%
San Luis Obispo	Arroyo Grande (effective 4/1/07) <sup>9</sup>	7.75%
San Luis Obispo	Grover Beach (effective 4/1/07) <sup>10</sup>	7.75%
San Luis Obispo	Morro Bay (effective 4/1/07) <sup>11</sup>	7.75%
San Luis Obispo	San Luis Obispo (effective 4/1/07) <sup>12</sup>	7.75%
Santa Cruz	Capitola	8.25%
Santa Cruz	Santa Cruz (effective 4/1/07) <sup>13</sup>	8.50%
Santa Cruz	Scotts Valley	8.50%
Santa Cruz	Watsonville (effective 4/1/07) <sup>14</sup>	8.25%
Sonoma	Sebastopol	8.00%
Sonoma	Santa Rosa	8.00%
Tulare	Dinuba (effective 04/01/07) <sup>15</sup>	8.50%
Tulare	Farmersville (effective 04/01/07) <sup>16</sup>	8.25%
Tulare	Porterville (effective 04/01/07) <sup>17</sup>	8.25%
Tulare	Tulare (effective 04/01/07) <sup>18</sup>	8.25%
Tulare	Visalia (effective 04/01/07) <sup>19</sup>	8.00%
Tuolumne	Sonora	7.75%
Yolo	Davis	7.75%
Yolo	West Sacramento	7.75%
Yolo	Woodland	7.75%

1. The tax rate in Williams prior to April 1, 2007, was 7.25%.
2. The tax rate in Pinole prior to April 1, 2007 was 8.25%.
3. The tax rate in Inglewood prior to April 1, 2007 was 8.25%.
4. The tax rate in Del Rey Oaks prior to April 1, 2007 was 7.25%.
5. The tax rate in Nevada City prior to April 1, 2007 was 7.375%.
6. The tax rate in San Bernardino prior to April 1, 2007 was 7.75%.
7. The tax rate in Vista prior to April 1, 2007 was 7.75%.
8. The tax rate in Manteca prior to April 1, 2007 was 7.75%.
9. The tax rate in Arroyo Grande prior to April 1, 2007 was 7.25%.
10. The tax rate in Grover Beach prior to April 1, 2007 was 7.25%.
11. The tax rate in Morro Bay prior to April 1, 2007 was 7.25%.
12. The tax rate in San Luis Obispo prior to April 1, 2007 was 7.25%.
13. The tax rate in Santa Cruz prior to April 1, 2007 was 8.25%.
14. The tax rate in Watsonville prior to April 1, 2007 was 8.00%.
15. The tax rate in Dinuba prior to April 1, 2007 was 8.00%.
16. The tax rate in Farmersville prior to April 1, 2007 was 7.75%.
17. The tax rate in Porterville prior to April 1, 2007 was 7.75%.
18. The tax rate in Tulare prior to April 1, 2007 was 7.75%.
19. The tax rate in Visalia prior to April 1, 2007 was 7.50%.

# Nonrefundable Renter's Credit Qualification Record



e-file and skip this page! The software you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Go to our Website at [www.ftb.ca.gov](http://www.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, Tax Information for Registered Domestic Partners. **Do not mail this record. Keep with your tax records.**

<p><b>1. Were you a resident of California for the entire year in 2007?</b>          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 2007, and is otherwise qualified.  <b>YES.</b> Go to question 2. <b>NO.</b> 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.</p>
<p><b>2. Is your California adjusted gross income the amount on Form 540/540A, line 17:</b>          • \$33,272 or less if single or married/RDP filing separately; or          • \$66,544 or less if married/RDP filing jointly, head of household, or qualifying widow(er)?  <b>YES.</b> Go to question 3. <b>NO.</b> Stop here. You do not qualify for this credit.</p>
<p><b>3. Did you pay rent, for at least half of 2007, on property (including a mobile home that you owned on rented land) in California, which was your principal residence?</b>  <b>YES.</b> Go to question 4. <b>NO.</b> Stop here. You do not qualify for this credit.</p>
<p><b>4. Can you be claimed as a dependent by a parent, foster parent, legal guardian, or any other person in 2007?</b>  <b>NO.</b> Go to question 6. <b>YES.</b> Go to question 5.</p>
<p><b>5. For more than half the year in 2007, did you live in the home of the person who can claim you as a dependent?</b>  <b>NO.</b> Go to question 6. <b>YES.</b> Stop here. You do not qualify for this credit.</p>
<p><b>6. Was the property you rented exempt from property tax in 2007?</b>          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.  <b>NO.</b> Go to question 7. <b>YES.</b> Stop here. You do not qualify for this credit.</p>
<p><b>7. Did you claim the homeowner's property tax exemption anytime during 2007?</b>          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.  <b>NO.</b> Go to question 8. <b>YES.</b> Stop here. You do not qualify for this credit.</p>
<p><b>8. Were you single in 2007?</b>  <b>YES.</b> Go to question 11. <b>NO.</b> Go to question 9.</p>
<p><b>9. Did your spouse/RDP claim the homeowner's property tax exemption anytime during 2007?</b>          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.  <b>NO.</b> Go to question 11. <b>YES.</b> Go to question 10.</p>
<p><b>10. Did you and your spouse/RDP maintain separate residences for the entire year in 2007?</b>  <b>YES.</b> Go to question 11. <b>NO.</b> Stop here. You do not qualify for this credit.</p>
<p><b>11. If you are:</b>          • Single, enter \$60 below.          • Married/RDP filing separately: if you and your spouse/RDP file separate returns, 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).          • Married/RDP filing jointly, head of household, or qualifying widow(er), enter \$120 below. Enter this figure 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 2007, which qualified you for this credit.</p>

Street Address	City, State, and ZIP Code	Dates Rented in 2007 (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 <a href="http://www.insurance.ca.gov">www.insurance.ca.gov</a>
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 <a href="http://www.treasurer.ca.gov">www.treasurer.ca.gov</a>
Joint Custody Head of Household – Worksheet on page 14	170	30% of tax up to \$374 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 LAMBRA
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 2007 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 2007
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Rice Straw – Certification required	206	\$15 per ton of purchased rice straw grown in California Obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street, Room 140, Sacramento, CA 95814, or go to <a href="http://www.cdfa.ca.gov">www.cdfa.ca.gov</a>
Senior Head of Household – Worksheet on page 14	163	2% of taxable income up to \$1,111 for seniors who qualified for head of household in 2005 or 2006 and whose qualifying individual died during 2005 or 2006
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), 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	Joint Strike Fighter Property Cost . . . . .	216	Ridesharing . . . . .	171
Commercial Solar Electric System . . . . .	196	Los Angeles Revitalization Zone (LARZ) Hiring & Sales or Use Tax . . . . .	159	Salmon & Steelhead Trout Habitat Restoration . . . . .	200
Commercial Solar Energy . . . . .	181	Low-Emission Vehicles . . . . .	160	Solar Energy . . . . .	180
Employee Ridesharing . . . . .	194	Manufacturers' Investment . . . . .	199	Solar Pump . . . . .	179
Employer Ridesharing: Large employer . . . . .	191	Orphan Drug . . . . .	185	Solar or Wind Energy System . . . . .	217
Small employer . . . . .	192	Political Contributions . . . . .	184	Water Conservation . . . . .	178
Transit passes . . . . .	193	Recycling Equipment . . . . .	174	Young Infant . . . . .	161
Energy Conservation . . . . .	182	Residential Rental & Farm Sales . . . . .	186		
Joint Strike Fighter Wages . . . . .	215				

**Owe Money?**  
 Web Pay lets you pay **online**, so you can schedule it, and forget it!  
 Go to [www.ftb.ca.gov](http://www.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 50 below. The amount you contribute either reduces your overpaid tax or increases your tax due. You may contribute to only the funds listed and cannot change the amount you contribute after you file your return. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **voluntary contributions**.

Enter the amounts you want to contribute on the line for the fund on Side 2. Enter the total contributions on line 61.

Fund Name	Code	Description
California Seniors Special Fund	50	If you and/or your spouse/RDP are 65 years of age or older as of December 31, 2007, and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$188 or \$94 per spouse/RDP. Contributions entered to this fund will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.
Alzheimer's Disease/Related Disorders Fund	51	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 care giving. 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.
California Fund for Senior Citizens	52	Contributions will provide support for the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide senior related legislative proposals in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.
Rare and Endangered Species Preservation Program	53	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.
State Children's Trust Fund for the Prevention of Child Abuse	54	Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.
California Breast Cancer Research Fund	55	Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctors up-to-date on research progress. For more about the research your contributions support, please see our Website at <a href="http://www.cbcrp.org">www.cbcrp.org</a> . Your contribution can help make breast cancer a disease of the past.
California Firefighters' Memorial Fund	56	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.
Emergency Food Assistance Program Fund	57	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.
California Peace Officer Memorial Foundation Fund	58	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.
California Military Family Relief Fund	59	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.
California Sea Otter Fund	60	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.