

California Adjustments

Important: Attach this schedule directly behind Form 540NR.

Name(s) as shown on return

Social security number

PART I ADJUSTMENTS TO FEDERAL ADJUSTED GROSS INCOME

Step 1			
Subtractions	1	State income tax refund from federal Form 1040, line 10 or Form 1040NR, line 11	1
	2	Unemployment compensation from federal Form 1040, line 20, Form 1040A, line 10 or Form 1040NR, line 21	2
	3	Social security benefits from federal Form 1040, line 21b or Form 1040NR, page 4, line 75	3
	4	California nontaxable interest income. See instructions	4
	5	Railroad retirement benefits and sick pay. See instructions	5
	6	California Lottery winnings. See instructions	6
	7	IRA distributions. See instructions	7
	8	Pensions and annuities. See instructions	8
	9	Passive activity loss. See instructions	9
	10	Depreciation and amortization from form FTB 3885A, line 6a and line 9a	10
	11	Capital gains or (losses) from California Schedule D, line 10a	11
	12	Other gains or (losses) from California Schedule D-1, line 21a	12
	13	Other subtractions:	
		a California net operating loss deduction from your 1987 form FTB 3805V and form FTB 3805Z. See instructions	13a
	b Other. See instructions. Specify _____	13b	
14	Total subtractions. Add lines 1 through 13b. Enter here and on Form 540NR, line 13	14	
Step 2			
Additions	15	Interest on state and municipal bonds from a state other than California. See instructions	15
	16	Passive activity loss. See instructions	16
	17	Depreciation and amortization from form FTB 3885A, line 6b and line 9b	17
	18	Capital gains or (losses) from California Schedule D, line 10b	18
	19	Other gains or (losses) from California Schedule D-1, line 21b	19
	20	Other additions:	
		a Federal net operating loss deduction from your 1988 federal Form 1040, line 22 or Form 1040NR, line 22	20a
	b Other. See instructions. Specify _____	20b	
21	Total additions. Add lines 15 through 20b. Enter here and on Form 540NR, line 15	21	

PART II ADJUSTMENTS TO FEDERAL ITEMIZED DEDUCTIONS

22	Federal itemized deductions from federal Schedule A (Form 1040), line 26 or Schedule A (Form 1040NR), line 10	22
23	State and local income taxes from federal Schedule A (Form 1040), line 5 or Schedule A (Form 1040NR), line 2 and foreign income taxes. See instructions	23
24	Subtract line 23 from line 22	24
25	Other adjustments. See instructions. Specify _____	25
26	California itemized deductions. Combine line 24 and line 25	26

If your California itemized deductions on line 26 are larger than your standard deduction, enter your California itemized deductions on Form 540NR, line 17. Otherwise, enter your standard deduction on Form 540NR, line 17.

General Instructions for Schedule CA

Part I Adjustments To Federal Adjusted Gross Income

Use Part I to convert your federal adjusted gross income to your total adjusted gross income.

California does not tax some types of income that are taxed under federal law. Income such as interest earned on U.S. savings bonds and treasury bills, your California income tax refund and social security benefits are not taxed by California.

California does tax some types of income that are not taxed under federal law. For example, interest earned from bonds issued by another state is taxed by California.

Certain items such as capital gains, depreciation and net operating losses are treated differently under California

law than under federal law. Adjustments for these items either are subtracted from or added to federal adjusted gross income. Read the Specific Line Instructions on page 21.

Part II Adjustments To Federal Itemized Deductions

Use Part II to convert your federal itemized deductions to the amount allowed by California. You must complete your federal Schedule A before you begin Part II.

California allows most of the deductions which you claim on your federal Schedule A. However, you must subtract the amount of state income taxes claimed on federal Schedule A, and you must make other adjustments as described in the Specific Line Instructions on page 21.