California

Forms & Instructions

3805Z

1995

Enterprise Zone and Program
Area Business Booklet

Members of the Franchise Tax Board
Kathleen Connell, Chair
Johan Klehs, Member
Russell Gould, Member

This booklet contains:
Form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary

State of California
Franchise Tax Board

Instructions for Enterprise Zone and Program Area Businesses — Form FTB 3805Z

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 1993** and to the California Revenue and Taxation Code (R&TC).

Contents

General Information 2
Hiring Credit 3
Hiring Credit Worksheet 4
Sales and Use Tax Credit 5
Sales and Use Tax Credit Worksheet . . 5
Business Expense Deduction 6
Business Expense Deduction Worksheet 7
Net Interest Deduction for Lenders 8
Net Interest Deduction for Lenders Worksheet 8
Doing Business Totally Within, Within and Outside an Enterprise Zone or Program Area, or in More than One Enterprise Zone or Program Area . . 9
Apportionment Worksheet 10
Net Operating Loss (NOL) 11
NOL Worksheet 13
Computation of Credit Limitations 15
S corporations 15
Form FTB 3805Z, Enterprise Zone/ Program Area Deduction and Credit Summary 17
Computation of Credit Limitations Worksheet 18
Survey 21
How to Get California Tax Information . . 23
Fast Answers About State Taxes 24

General Information

California has established four types of economic development areas that have related tax incentives:

- enterprise zones;
- program areas;
- the Los Angeles Revitalization Zone (LARZ); and
- local agency military base recovery areas (LAMBRA).

A business may qualify for special deductions and credits if it operates or invests in a trade or business located within the geographical boundaries of one of these economic development areas.

Note: For information about the Los Angeles Revitalization Zone tax incentives, get form FTB 3806, Los Angeles Revitalization Zone Booklet. For information about local agency military base recovery area tax incentives, get form FTB 3807, Local Agency Military Base Recovery Area Booklet.

A Purpose

Use this booklet to determine the correct amount of deductions and credits that the business may claim for operating or investing in a trade or business within an enterprise zone or program area. Complete the worksheets in this booklet for each deduction or credit for which the business is eligible. Then enter the total deductions and credits on form FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary.

B How to Claim Deductions and Credits

To claim any deduction or credit, the business must attach form FTB 3805Z (included in this booklet) to its California tax return. Attach a separate form FTB 3805Z for each enterprise zone or program area where the business operates or invests.

To assist with the processing of the tax return, indicate that the business operates or invests within an enterprise zone/program area by doing the following:

Form 540 filers: Write "EZ/PA" in the top margin of Side 1 of Form 540.

All others: Check the "yes" box for the enterprise zone, program area, Los Angeles Revitalization Zone or local agency military base recovery area question on the top of Side 1 or on Side 2 of the tax return.

Note: Be sure to keep all completed worksheets and supporting documents for your records.

C Survey

An informational survey is included in this booklet. Please take the time to fill it out, fold as indicated on the back, tape it closed, add postage and mail it to the Franchise Tax Board, Economic and Statistical Analysis Bureau. The purpose of this survey is to gather information regarding how many businesses are using the tax incentives, which incentives the businesses are using and in which economic development areas they are using them. This information will help the California Legislature make future decisions regarding enterprise zones and program areas.

D Enterprise Zones

Enterprise zones were established in California to stimulate development in selected economically depressed areas. The Enterprise Zone Act provides special tax incentives for entities and individuals who operate or invest in a business located within a designated enterprise zone.

Businesses operating within an enterprise zone do not need to qualify or receive prior approval to take advantage of these special tax incentives. For more information, get FTB Pub. 1047, Guidelines for Enterprise Zone Tax Incentives, or call the California Trade and Commerce Agency at (916) 324-8211.

Portions of the following areas were officially designated by the California Trade and Commerce Agency as enterprise zones on the dates shown.

Altadena/Pasadena	04/10/92
Calexico	10/15/86
Coachella Valley	11/11/91
Delano	12/17/91
Eureka	10/15/86
Fresno	10/15/86
Kings County	06/22/93
Long Beach	01/08/92
Los Angeles – Central City	10/15/86
Los Angeles – Northeast Valley (formerly Pacoima)	10/15/86
Merced/Atwater	12/17/91
Oakland	09/28/93
Oroville	11/06/91
Porterville	10/15/86
Richmond	03/02/92
Sacramento Army Depot	10/04/94
San Bernardino/Riverside (Agua Mansa)	10/15/86
San Diego – Barrio Logan	10/15/86
San Diego – Otay Mesa/ San Ysidro	01/28/92
San Francisco	05/28/92
San Jose	12/31/86
Santa Ana	06/08/93
Shasta Metro	11/06/91
Shasta Valley	06/22/93
Stockton	06/22/93
Yuba City/Marysville	10/15/86

New Zones – Two new enterprise zones were designated in 1995:

1) Shafter was designated on October 4, 1995; and
2) Lindsey was designated on October 6, 1995.

Caution: The special tax incentives available to businesses operating within enterprise zones can only be taken after the zone is designated.

E Program Areas

Program areas were established in California to stimulate business in selected areas with high levels of unemployment. A qualified business operating within a program area is entitled to special tax incentives.

A "qualified business" is a business located in a program area and certified by the California Trade and Commerce Agency as meeting specified standards based on its work force in the program area during the taxable or income year. For more information, get FTB Pub. 1048, Guidelines for Program Area Tax Incentives, or call the California Trade and Commerce Agency at (916) 324-8211.

Portions of the following areas were officially designated as program areas on the dates shown.

Los Angeles – East Area	01/11/88
Los Angeles – Greater Watts	10/15/86
Los Angeles – Wilmington/ San Pedro	03/03/89
Madera	03/03/89
Pittsburg	01/11/88
Sacramento – Northgate	10/15/86

Sacramento – Oak Park/ Florin-Perkins	04/05/89
Southeast Bakersfield	10/15/86
West Sacramento	01/11/88

F Important Considerations

Enterprise zone and program area tax incentives **only** apply to investments and business activities undertaken within the zone or area **after** the enterprise zone or program area receives final designation. In the case of a program area, the business must also receive final certification as a qualified business before any tax incentives apply.

Expansion. This requirement also applies to any expansion of the existing enterprise zone or program area boundaries. Thus, the business in the expanded area is eligible for the tax incentives only after the expansion receives final designation.

G Geographic Boundaries

The geographic boundaries of an enterprise zone or program area are used to determine whether tax incentives are available to a business in a specified location. Further information about the geographic boundaries of an enterprise zone or program area and certification of a program area business is available from:

ATTENTION ENTERPRISE ZONE PROGRAMS
CALIFORNIA TRADE AND COMMERCE AGENCY
801 K STREET SUITE 1700
SACRAMENTO CA 95814
Telephone: (916) 324-8211

If your business is located within and outside an enterprise zone or program area, see Part V on page 9 for instructions on how to allocate income.

H Forms Table

The titles of forms referred to in this booklet are:

Form 100	– California Corporation Franchise or Income Tax Return
Form 100S	– California S Corporation Franchise or Income Tax Return
Form 109	– California Exempt Organization Business Income Tax Return
Form 540	– California Resident Income Tax Return
Schedule CA (540)	– California Adjustments (Residents)
Schedule P	– Alternative Minimum Tax and Credit Limitations
Schedule R	– Apportionment and Allocation of Income

Part I Hiring Credit

Enterprise Zones

Employers conducting a trade or business inside an enterprise zone may claim the hiring credit for a new employee who:

- was hired after the enterprise zone received its final designation (see General Information D);
- spends at least 90 percent of work time on activities directly related to the conduct of a trade or business located within an enterprise zone;
- performs at least 50 percent of the work within the boundaries of the enterprise zone; and
- was eligible at the time of hire to:
  1. receive subsidized employment, training or services under the terms of the federal Job Training Partnership Act (JTPA); or
  2. be registered under Greater Avenues for Independence Act (GAIN); or
  3. be certified under the federal Targeted Jobs Tax Credit Program (TJTC).

The percentage of wages used to calculate the credit depends on the number of years the employee works for the employer in the enterprise zone. The applicable percentage declines 10% for each year of employment.

Program Areas

Employers that conduct a qualified trade or business within a program area may claim the hiring credit for a portion of the wages paid to employees who, at the time of hire:

- were residents of a high density unemployment area; and
- were unemployed for three months or more.

An employer may also claim a credit for the portion of wages paid to a qualified employee who is hired no more than 90 days prior to certification as a qualified business by the California Trade and Commerce Agency.

The percentage of wages used to calculate the credit depends on the number of years the employee was unemployed and the number of months the employee works for the employer in the program area. The applicable percentage declines 10% for each year of employment.

Participation by a prospective employee in a state or federally funded job training or work demonstration program does not constitute employment, nor does it affect the eligibility of an otherwise qualified employee.

Enterprise Zones and Program Areas

The credit is based on the lesser of the following:

- the actual hourly rate paid or incurred by the employer for work performed by the employee during the taxable or income year; or
- $6.37 (150 percent of the minimum hourly wage (currently $4.25) established by the Industrial Welfare Commission).

Credit Limitations. The business must reduce this credit by any federal or state jobs credit allowed for the same qualified individual(s).

The business must also reduce any deduction for wages by the amount of the hiring credit. S corporations must reduce their wage deduction by one-third of the amount on Worksheet I, line 6. Make the wage deduction adjustment on Form 100S, Side 1, line 7. In addition, the S corporation must add the entire amount of the credit on Schedule K, line 1, column C.

Example: In 1995, an S corporation earned a $3,000 enterprise zone hiring credit. S corporations can only claim 1/3 of the credit ($3,000 × 1/3 = $1,000). Therefore, the S corporation must reduce its wage deduction by $1,000. On Schedule K, line 1, column C, the S corporation would add $3,000 to the corporation's ordinary income or loss.

For additional information about the treatment of credits for S corporations, see Part VII on page 15.

The amount of hiring credit claimed may not exceed the amount of tax on the enterprise zone or program area income in any year. Use Worksheet VII on Side 2 of form FTB 3805Z to compute the credit limitation.

The business may carry over any unused hiring credit to future years until the credit is used. In the case of an S corporation, 2/3 of the credit is lost, the remaining 1/3 can be carried over if it cannot be used in the current year.

Record Keeping. For each qualified employee, keep a schedule, for the first 60 months (5 years) of employment, showing:

- employee name;
- date employee was hired;
- number of hours employee worked per month;
- the hourly rate of pay for each month;
- location of employee's job site; and
- qualified wages per month.

Example:

John Doe July 1, 1995

Month	Hours x	Hourly Rate =	Qualified Wages
1	170	$6.00	$1,020.00
2	175	6.25	1,093.75
3	172	6.37*	1,095.64

Continue to 60

*John's hourly rate is $6.50, however the hourly rate is limited to 150 percent of the minimum wage ($6.37).

Instructions for Worksheet I — Hiring Credit

Section A — Credit Computation

Line 1, column (a) – Enter the name of each qualified employee.

Line 1, column (b) through column (f) – Enter the qualified wages paid to each employee in the appropriate column. Enter wages paid to the employee during the first year of employment in column (b). Enter wages paid during the second year of employment in column (c). Enter wages paid during the third year of employment in column (d). Enter wages paid during the fourth year of employment in column (e). Enter wages paid during the fifth year of employment in column (f).

Example. If you are a 1995 calendar year taxpayer and you hired an employee on 6/1/94, on the 1995 worksheet you would

enter the total qualified wages paid to the employee for the period beginning 1/1/95 and ending 5/31/95 in column (b). You would enter the total qualified wages paid to the employee for the period beginning 6/1/95 and ending 12/31/95 in column (c).

(a) Employee Name	(b) 1st 12 months	(c) 2nd 12 months
John Doe	Amount of qualified wages earned from 1/1/95 to 5/31/95.	Amount of qualified wages earned from 6/1/95 through 12/31/95.

The qualified wages from 6/1/94 to 12/31/94 were put in column (b) on the 1994 worksheet.

Line 2, column (b) through column (f) – Add the amounts in each column.

Line 3, column (b) through column (f) – Multiply the total in each column of line 2, by the percentage in each column. ***Exception for program area businesses:** The percentage of qualified wages used to calculate the hiring credit for the employee's first 12 months of employment is determined by the number of months the employee was unemployed prior to being hired.

Use the chart below to determine the percentage to use in column (b):

Months Unemployed	Column (b) Percentage
0 – 3	0 Does not Qualify
3 – 6	.25
6 – 12	.50

Line 4 – Add the amounts on line 3, column (b) through column (f).

Line 5 – Jobs credits are figured on the following forms:

- federal Form 5884, Jobs Credits; or
- federal Form 3800, General Business Credit; and
- California form FTB 3524, Jobs Credit.

Line 6 – Subtract line 5 from line 4. Enter this amount on line 6 and on Worksheet VII, line 8B, column (b).

Section B — Credit Recapture

If the employer terminates an employee at any time during the first 270 days of employment (whether or not consecutive) or before the close of the 270th calendar day after the day the employee completes 90 days of employment, the employer must recapture the amount of credit attributable to that employee's wages.

The employer must add to the current year's tax the amount of credit claimed in the year of termination and all prior years attributable to the terminated employee.

Note: The credit recapture does not apply if the termination of employment was:

- voluntary on the part of the employee;
- in response to misconduct of the employee;
- caused by the employee becoming disabled, (unless the employee was able to return to work and the employer did not offer to re-employ the individual);
- carried out so that other qualified individuals could be hired, creating a net increase in both the number of qualified employees and their hours worked; or
- due to a substantial reduction in the employer's trade or business operations.

Line 1, column (a) – Enter the name of the terminated employee. Attach additional schedules if necessary.

Line 1, column (b) and column (c) – Enter the amount of credit recapture for each employee. If the employee was employed in an enterprise zone, enter the amount in column (b). If the employee was employed in a program area, enter the amount in column (c).

Line 2 – Add the amounts in column (b) and column (c). Enter the amount from line 2, column (b) on form FTB 3805Z, line 6. Enter the amount from line 2, column (c) on form FTB 3805Z, line 7.

Include the amount of hiring credit recapture on your tax return as follows:

- Form 100, Side 2, Schedule J;
- Form 100S, Side 2, Schedule J;
- Form 109, Side 4, Schedule K; or
- Form 540, line 36.

Indicate that you included the hiring credit recapture on your tax return by writing "FTB 3805Z" in the space provided on the schedule or form.

In addition, S corporation shareholders must recapture the portion of credit that was previously claimed, based on the terminated employee's wages. S corporations must also identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Side 2, Schedule J.

Worksheet I Hiring Credit — Enterprise Zones and Program Areas

Section A Credit Computation

	(a) Employee Name	(b) First Year	(c) Second Year	(d) Third Year	(e) Fourth Year	(f) Fifth Year
		Qualified Wages for Year of Employment				
1						
2	Totals					
3	Multiply line 2 by the percentage for each column. *Program areas see instructions	.50*	.40	.30	.20	.10

4	Add the amounts on line 3, column (b) through column (f)	4	
5	Enter the amount of federal or state jobs credit allowed for the employees shown in column (a). See instructions above	5	
6	Subtract the amount on line 5 from the amount on line 4. Enter the amount on Worksheet VII, line 8B, column (b)	6	

Section B Credit Recapture

	(a) Terminated Employee's Name	(b) Enterprise Zone Credit Recapture	(c) Program Area Credit Recapture
1			
2	Total amount of credit recapture. Total the amounts in column (b) and column (c). See instructions above 2		

Part II Sales and Use Tax Credit

Enterprise Zones and Program Areas

Individuals, partnerships and limited liability companies may claim a credit equal to the sales or use tax paid or incurred to purchase the first $1 million of qualified machinery. Corporations may claim a credit equal to the sales or use tax paid or incurred to purchase the first $20 million of qualified machinery.

Qualified machinery is the machinery or machinery parts used to:

- manufacture, process, combine or otherwise assemble a product;
- produce renewable energy resources; or
- control air or water pollution.

The business must use the machinery **exclusively** within the boundaries of the enterprise zone or program area.

Use tax paid on purchases of machinery outside California qualify for the credit only if machinery of a comparable quality and price was not available in California at the time it was needed.

Leased Property

The sales tax price on qualified property being purchased using a financial (conditional sales) contract qualifies for the sales and use tax credit.

To determine whether the lease qualifies as a purchase rather than a true lease see Revenue Ruling 55-540, 1955-2 C.B. 3a and FTB Legal Ruling 94-2, March 23, 1994.

Limitation. The amount of sales and use tax credit claimed may not exceed the amount of tax on the enterprise zone or program area income in any year. After completing Worksheet II (below), use Worksheet VII on Side 2 of form FTB 3805Z to compute the credit limitation.

Any unused credit may be carried over and applied against the tax on enterprise zone or program area income in future years.

Depreciation. Any taxpayer that elects this credit cannot increase the basis of the qualified property with respect to the sales or use tax paid or incurred in connection with the purchase of qualified property.

To compute the difference between California and federal depreciation use the following forms:

- Form 100 filers – FTB 3885, Corporation Depreciation and Amortization;
- Form 100S filers – Schedule B, S Corporation Depreciation and Amortization; or
- Form 540 filers – FTB 3885A, Depreciation and Amortization Adjustments.

Instructions for Worksheet II — Sales and Use Tax Credit

Line 1, column (a) – List the items of qualified machinery and machinery parts purchased during the year. For each item, provide the location (street address and city) of its use.

Line 1, column (b) – Indicate whether the machinery is used in an enterprise zone or program area by writing "EZ" or "PA" as appropriate.

Line 1, column (c) – Enter the cost of the machinery or machinery parts listed in column (a).

Line 1, column (d) – Enter the amount of sales or use tax paid or incurred on the machinery or machinery parts listed in column (a).

Line 2, column (c) – Add the amounts in column (c).

Caution: This amount cannot exceed $1 million for individuals, estates or trusts or $20 million for corporations.

Line 2, column (d) – Add the amounts in column (d). Enter the total here and on Worksheet VII.

Caution: Only the sales and use tax paid on the cost of machinery up to the limitations on column (c) may be claimed as a credit.

Worksheet II Sales and Use Tax Credit — Enterprise Zones and Program Areas

	(a) Machinery/Parts Description/Location	**(b)** Enterprise Zone or Program Area	**(c)** Cost	**(d)** Sales/Use Tax
1				
2	Total the amounts in column (c) and column (d). Enter the total from column (d) on worksheet VII, line 9B, column (b)	2		

Part III Business Expense Deduction

Enterprise Zones

Businesses conducting a trade or business within an enterprise zone may **elect** to treat a portion of the cost of qualified property as a business expense rather than a capital expense. For the year the property is placed in service, the business may deduct the cost in that year rather than depreciate it over several years.

Qualified property is any recovery property that is IRC Section 1245 property, which includes, but is not limited to, tangible personal property (excluding buildings), most equipment, and furnishings acquired by purchase for exclusive use within an enterprise zone. Office supplies and other small nondepreciable items are not included.

The maximum aggregate deduction the business may claim in any taxable or income year is determined by the number of years which have elapsed since the enterprise zone received final designation. See Worksheet III, Section A, for the limitations, and General Information D for the designation dates.

Note: For businesses located in the expansion area of an enterprise zone, the amount of the deduction is determined by using the original enterprise zone designation date.

Program Areas

Businesses conducting a qualified trade or business within a program area may elect to treat 40 percent of the eligible cost of qualified property as a business expense rather than a capital expense. For the year the property is placed in service, the business may deduct the cost in the current year rather than depreciate it over several years.

Qualified property consists of:

- machinery and machinery parts purchased to:
  1. manufacture, process, combine or otherwise assemble a product;
  2. produce renewable energy resources; or
  3. control air or water pollution; and
- other depreciable property that is used as an integral part of a qualified business operating within a program area.

The maximum aggregate cost applicable to the 40 percent deduction the business may claim in any taxable or income year is determined by the number of years which have elapsed since the program area received its final designation. See General Information E for the designation dates.

Note: For businesses located in the expansion area of a program area, the amount of the deduction is determined by using the original program area designation date.

Enterprise Zones and Program Areas

The business must elect to treat the cost of qualified property as a business expense in the year the property is first placed in service. However, this election is not allowed if the property was:

- transferred between members of an affiliated group;
- acquired as a gift or inherited;
- traded for other property;
- received from a personal or business relation as defined in IRC Section 267; or
- described in IRC Section 168(f).

A husband and wife filing separate returns may each claim one-half of the allowable deduction. In the case of a partnership, the dollar limitation applies to the partnership and to each partner.

Depreciation. If the business elects to deduct the amount computed in Worksheet III, Section A or Section B, as a business expense, and if less than 100 percent of the cost of the property is deducted, the depreciable basis of the property must be reduced by the deduction.

Enterprise zones subtract the amount claimed as a business expense from the basis or cost of the property and claim depreciation for the remaining basis or cost.

Program areas – normal depreciation is allowed on the cost of the property in excess of the expensed amount, starting with the year after the property was placed in service.

The deduction allowed under IRC Section 179 does not apply. Corporations may not claim the additional first-year depreciation allowed under R&TC Section 24356 on any item of property if any portion of it was deducted as a business expense.

To compute the difference between California and federal depreciation use the following forms:

- Form 100 filers – FTB 3885, Corporation Depreciation and Amortization;
- Form 100S filers – Schedule B, S Corporation Depreciation and Amortization; or
- Form 540 filers – FTB 3885A, Depreciation and Amortization Adjustments.

Instructions for Worksheet III — Business Expense Deduction

Section A — Enterprise Zone Property

Line 2, column (a) – Enter a description of the property, and its location (street address and city) of its use.

Line 2, column (b) – Enter the cost of the property.

Line 4 – Enter the lesser of line 1 or line 3. Enter the amount here, on form FTB 3805Z, line 2, and on the California tax return as follows:

- Form 100, line 15;
- Form 100S, line 13, Schedule K and Schedule K-1, line 8;
- Form 109, Side 2, Part II, line 24;
- Form 540, Schedule CA (540), column B, on the applicable line for your activity;
- Form 565, Schedule K and Schedule K-1, line 9; or
- Form 568, Schedule K and Schedule K-1, line 9.

Note: If filing Form 540, indicate that you are claiming the business expense deduction by writing "FTB 3805Z" below the dotted line to the left of the amount entered on Form 540, line 14.

Section B — Program Area Property

Line 1, column (a) – Enter a description of the property.

Line 1, column (b) – Enter the cost of the property.

Line 5 – Multiply line 3 by 40 percent (.40). Enter this amount here, on form FTB 3805Z, line 2, and on the California tax return as follows:

- Form 100, line 15;
- Form 100S, line 13, Schedule K and Schedule K-1, line 8;
- Form 109, Side 2, Part II, line 24;
- Form 540, Schedule CA (540), column B, on the applicable line for your activity;
- Form 565, Schedule K and Schedule K-1, line 9; or
- Form 568, Schedule K and Schedule K-1, line 9.

Note: If filing Form 540, indicate that you are claiming the business expense deduction by writing "FTB 3805Z" below the dotted line to the left of the amount entered on Form 540, line 14.

Section C — Deduction Recapture

The deduction is subject to recapture (added back to income) if, before the close of the second taxable or income year after the property was placed in service, the property is no longer used exclusively in the enterprise zone or program area trade or business. In that case, the amount previously deducted for that property is added to the income for the taxable or income year.

Line 1, column (a) – Enter a description of the property.

Line 1, column (b) – Enter the amount of the business expense deduction claimed for the property that must be recaptured.

Line 2 – Add the amounts in column (b). Enter the total here, on form FTB 3805Z, line 8, and on the California tax return as follows:

- Form 100, line 7;
- Form 100S, line 7, Schedule K and Schedule K-1, line 6;
- Form 109, Side 2, Part I, line 12;
- Form 540, Schedule CA (540), column C, on the applicable line for your activity;
- Form 565, Schedule K and Schedule K-1, line 7; or
- Form 568, Schedule K and Schedule K-1, line 7.

Note: If filing Form 540, indicate that you are recapturing the business expense deduction by writing "FTB 3805Z" below the dotted line to the left of Form 540, line 16.

Worksheet III **Business Expense Deduction — Enterprise Zones and Program Areas**

Section A **Enterprise Zone Property**

1 If the designation date of the enterprise zone in which you operate a business was:

- less than 25 months ago, enter $5,000
- 25 months but not more than 48 months ago, enter $7,500
- more than 48 months ago, enter $10,000 . . . . . **1**

The designation dates are listed in General Information D on page 2.

	(a) Property Description / Location	**(b)** Cost
2		

3	Total. Add the amounts in column (b)	**3**	
4	Enter the lesser of line 1 or line 3. This is the maximum amount deductible as a business expense for this enterprise zone. Enter here and on form FTB 3805Z, line 2. See instructions on page 6 for where to report on the tax return	**4**	

Section B **Program Area Property**

	(a) Property Description / Location	**(b)** Cost
1		

2	Total. Add the amounts in column (b)	**2**	
3	Enter the lesser of line 2 or $50,000	**3**	
4	Multiply line 3 by 40% (.40). This is the maximum amount deductible as a business expense for this program area. Enter here and on form FTB 3805Z, line 2. See instructions on page 6 for where to report on the tax return	**4**	

Section C **Deduction Recapture**

	(a) Property Description / Location	**(b)** Recapture Amount
1		

2	Total recapture amount. Total the amounts in column (b). Enter here and on form FTB 3805Z, line 8. See instructions on page 6 for where to report on the tax return .	**2**	

Part IV Net Interest Deduction for Lenders

Enterprise Zones and Program Areas

A deduction from income is allowed for the amount of net interest received from loans made to a trade or business located within an enterprise zone or program area.

Net interest is defined as the full amount of interest received, less any direct expenses incurred in making the loan. Examples of direct expenses include, but are not limited to:

- commissions paid to a loan representative; and
- the cost of money incurred in funding the loan.

Types of loans that qualify for this deduction include business loans, mortgages and loans from noncommercial sources. The following requirements must be met to qualify for the deduction:

- the loan must be made to a trade or business located solely within an enterprise zone or program area;
- the money lent must be used strictly for the business activities within the enterprise zone or program area;
- the lender may not have equity or other ownership interest in the trade or business; and
- the loan must be made after the enterprise zone or program area was designated.

Note: For businesses located within a program area, the loan must be made in a taxable or income year after the business received certification as a qualified business by the California Trade and Commerce Agency.

Example: You lend $5,000 to an enterprise zone business that meets the requirements listed above. You receive $550 in interest and incur $300 in expenses directly related to the loan. You may deduct $250 ($550 - $300) of net interest from your taxable income.

Record Keeping. You should maintain records for each loan showing:

- the identity and location of the trade or business to which you lent the money;
- the amount of the loan, interest received and any direct expenses associated with the loan; and
- the use of the loan.

Instructions for Worksheet IV — Net Interest Deduction for Lenders

Line 1, column (e) – Enter the direct expenses incurred in making the loan. Examples of direct expenses include:

- commissions paid to a loan representative;
- the cost incurred in funding the loan; and
- other costs of the loan.

Line 2 – Add the amounts in column (f). Enter the total here, on form FTB 3805Z, line 3, and on the California tax return as follows:

- Form 100, line 14;
- Form 100S, line 12;
- Form 109, Side 2, Part II, line 24;
- Form 540, Schedule CA (540), column B, on the applicable line for your business activity;
- Form 565, Schedule K and Schedule K-1, line 9; or
- Form 568, Schedule K and Schedule K-1, line 9.

Worksheet IV Net Interest Deduction for Lenders — Enterprise Zones and Program Areas

	(a) Name and Location of Business to which Loan was Made	(b) Date of Loan	(c) Amount of Loan	(d) Interest Received	(e) Direct Expenses Incurred	(f) Net interest column (d) minus column (e)
1						

2	Total. Add the amounts in column (f). Enter here and on form FTB 3805Z, line 3. See instructions above for where to report on the tax return	2	

Part V Doing Business Totally Within, Within and Outside an Enterprise Zone or Program Area, or in More than One Enterprise Zone or Program Area

The enterprise zone and program area tax incentives are limited to the tax on income attributable to the business operations within the zone or area. If the business is located totally within, both within and outside of or in more than one enterprise zone or program area, it must determine the portion of total business operations that are attributable to each enterprise zone or program area.

Use Worksheet V, Apportionment Formula – Enterprise Zones and Program Areas, to determine the percentage of zone or area income to total income. This percentage determines the amount of the tax incentives that can be used.

Note: If the business location(s) is located solely within a single enterprise zone or program area, you do not have to complete this worksheet. Enter 100 percent on line 4.

Business Income vs. Nonbusiness Income

Only business income is apportioned to the enterprise zone or program area to determine the tax limitation. Program area and enterprise zone tax incentives are limited to tax on income attributable to the business operations within the zone or area.

Business income is income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Nonbusiness income is all income other than business income. Get 18 Cal. Code Regulation Section 25120 for further references and examples of nonbusiness income.

For an individual, business income includes but is not limited to California business income or loss from Schedules C, D, D-1, (or Form 4797 if you did not have to file a Schedule D-1), E and F, and wages. Be sure to include casualty losses, disaster losses and any business deductions reported on Schedule A as itemized deductions. **Note:** If you elected to carryback part or all of your current year disaster loss, do not include the amount of the loss that was carried back in your current year business income for the enterprise zone or program area.

In general, all transactions and activities of the business that are dependent upon or contribute to the operations of the economic enterprise as a whole constitute the trade or business.

When a corporation is part of a group of corporations engaged in a unitary business, the income and apportionment factors of the unitary group must be combined. For more information, see Schedule R.

Property Factor

The property factor is the average value of all real and tangible personal property owned or rented and used during the taxable or income year to produce business income.

Note: Property is included in the factor if it could be used during the year.

Property owned by the business is valued at its original cost. **Original cost** is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements, and partial dispositions because of sale or exchange.

Rented property is valued at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total rent paid for the property, less aggregate annual subrental rates paid by subtenants. Allowance for depreciation is not considered.

The **numerator** of the property factor is the average value of the business's real and tangible personal property owned or rented and used within an enterprise zone or program area during the year to produce enterprise zone or program area business income (column (b)).

The **denominator** of the property factor is the total average value of all real and tangible personal property owned or rented and used during the year to produce business income both within and outside the enterprise zone or program area (column (a)).

Payroll Factor

The payroll factor is the total amount paid to the business's employees for compensation for the production of business income during the taxable or income year.

Compensation means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

Compensation Within the Enterprise Zone or Program Area.

Compensation is considered to be within an enterprise zone or program area if any one of the following tests is met:

- the employee's services are performed within the geographical boundaries of an enterprise zone or program area; or
- the employee's services are performed both within and outside the enterprise zone or program area, but the services performed outside the enterprise zone or program area are incidental to the employee's service within the zone or area.

  Note: Incidental means any temporary or transitory service rendered in connection with an isolated transaction.

Compensation Within and Outside the Enterprise Zone or Program Area.

If the employee's services are performed both within and outside the enterprise zone or program area, the employee's compensation will be attributed to the enterprise zone or program area if:

- the employee's base of operations is within and outside the enterprise zone or program area; or
- there is no base of operations in any other part of the state in which some part of the service is performed, but the place from which the service is directed or controlled is within the zone or area.

Base of operations is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or other persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

The **numerator** of the payroll factor is the total compensation paid to employees for working within the enterprise zone or program area during the taxable or income year (column (b)).

The **denominator** of the payroll factor is the total compensation paid for the production of business income during the year both within and outside of the enterprise zone or program area (column (a)).

Worksheet V **Apportionment — Enterprise Zones and Program Areas**

Use Worksheet V if your business has income from sources within and outside an enterprise zone or program area	**(a)** Total Within and Outside Enterprise Zone/Program Area	**(b)** Total Within Enterprise Zone/Program Area	**(c)** Percent Within Enterprise Zone/Program Area Column (b) ÷ Column (a)
1 **Average** yearly value of owned real and tangible personal property used in the business (at original cost). See instructions on page 9. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business: See instructions on page 9			
Total property values			
2 Employees' wages, salaries, commissions and other compensation related to business income included in return.			
Total payroll			
3 Total percent (sum of the percentages in column (c))			
4 Average apportionment percentage (½ of line 3). Enter here and on form FTB 3805Z, line 5			

The average apportionment percentage shown on line 4 represents the portion of the business conducted everywhere attributable to activities conducted within the enterprise zone or program area. Use this figure to apportion income and losses where these amounts are to be divided between activities within and outside the enterprise zone or program area.

Part VI Net Operating Loss (NOL) Computation and Loss Limitations

An NOL generated by a business that operates or invests within an enterprise zone or program area can be carried forward for 15 years but may not be carried back. Financial institutions using bad debt reserve methods may carry over the loss for a maximum of five income years. In addition, up to 100 percent of the NOL generated in an enterprise zone or program area can be carried forward.

The business cannot generate NOLs from activities within the enterprise zone or program area until the first taxable or income year beginning on or after the date the enterprise zone is officially designated, or after the date the business is certified as a qualified business within a program area. See General Information D and E for designation dates.

Limitation. An enterprise zone or program area NOL deduction can only offset income attributable to business activities within the enterprise zone or program area.

Election. Businesses **must** elect and designate the carryover category (general or specific, enterprise zone, program area, LARZ or LAMBRA NOLs) on the original return for the year of a loss and file form FTB 3805Z for each year in which an NOL deduction is being taken. The election is **irrevocable.** Filing form FTB 3805Z constitutes an election and the annual designation to use the enterprise zone or program area deduction.

Note: If you elect the enterprise zone or program area NOL deduction, you are prohibited by law from carrying over any other type of NOL from this year.

To determine which type of NOL will provide the greatest benefit, businesses that have general or specific, LAMBRA, LARZ, enterprise zone or program area NOLs or that may qualify for the special NOL treatment should estimate future income and complete Worksheet VI and forms:

- FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts;
- FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations;
- FTB 3806, Los Angeles Revitalization Zone Booklet, Worksheet V (if your business is in more than one designated economic incentive area); or
- FTB 3807, Local Agency Military Base Recovery Area Booklet, Worksheet IV.

Alternative Minimum Tax. Businesses claiming an enterprise zone or program area NOL deduction must determine their NOL for alternative minimum tax purposes. Use Schedule P, to compute the NOL for alternative minimum tax purposes.

S Corporations. Enterprise zone or program area NOLs incurred prior to becoming an S corporation may not be used against S corporation income. See IRC Section 1371(b).

However, an S corporation is allowed to deduct an enterprise zone or program area NOL incurred after the "S" election is made. An S corporation may use the NOL as a deduction against income subject to the 1.5 percent tax. The NOL is also passed through to the shareholders in the year the loss is incurred.

NOL Carryover Amount – Nonapportioning Corporations That are Totally Within the Zone or Area

The NOL Carryover is determined by computing the business loss that results from business activity in the enterprise zone or program area.

NOL Carryover Amount – Apportioning Corporations and Nonapportioning Corporations Within and Outside the Zone or Area

If the business is located both within and outside of, or in more than one enterprise zone or program area, the NOL carryover is determined by apportioning the total business loss of the corporation to the zone based on a special zone apportionment percentage computed in Worksheet V.

Corporations that are members of a unitary group filing a combined report must separately compute loss carryover for each corporation in the group (R&TC Section 25108) using their individual apportionment factors.

Unlike the NOL treatment on a federal consolidated return, a loss carryover for one member included in a combined report may not be applied to the intrastate apportioned income of another member included in a combined report.

For water's-edge purposes, each corporation's NOL carryover is limited to the amount determined by recomputing the income and factors of the original worldwide combined reporting group as if the water's-edge election had been in force for the year of the loss. The carryover may not be increased as a result of the recomputation.

Instructions for Worksheet VI — NOL Computation and Loss Limitations

Individuals with a current year loss complete Section A. Corporations with a current year loss complete Section B. Individuals and corporations with current year income and a prior year NOL carryover complete Section C.

Section A Computation of Current Year NOL — Individuals and Exempt Organizations Treated as Trusts

Use this section to compute the NOL to be carried over to future years by individuals. Complete Section A **only** if you have a current year loss.

You must complete form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts, before you can compute the allowable enterprise zone or program area loss.

To compute an NOL, it is necessary to separate business income and deductions from nonbusiness income and deductions. See Part V, Doing Business Within and Outside an Enterprise Zone or Program Area, for a complete discussion of business and nonbusiness income.

Section B Computation of Current Year NOL – Corporations

Use this section to compute the NOL to be carried over to future years for corporations. Complete Section B **only** if the corporation has a current year loss.

You must complete form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations before you can compute the allowable enterprise zone or program area loss.

Section C Computation of Net Operating Loss Carryover and Deduction

Use this section to compute the NOL deduction for individuals and corporations to reduce current year income from the enterprise zone or program area.

Line 1 – See Part V for a discussion of business and nonbusiness income. **Note to Form 540 filers:** Be sure to include on line 1, the amount of deduction for prior year disaster losses reported on Schedule CA.

Line 3 – Corporations must reduce income by the disaster loss deduction and the deduction for excess net passive income.

Line 6 – This is your modified taxable income. You may reduce this amount by your enterprise zone or program area deduction. Your enterprise zone or program area NOL deduction may not be larger than your modified taxable income. If your modified taxable income is a loss in the current year or if it limits the amount of NOL you may use this year, you must carry over the NOL to future years.

Line 7 – Enter the amount from line 6. If this amount is zero or negative, transfer the amounts from line 8 through line 16 column (b) to column (e), and skip to line 17.

Line 8 through Line 16 – Enter the amounts on line 8 through line 16 as positive numbers.

In column (c), enter the smaller of the amount in column (b) or the amount in column (d) from the previous line.

In column (d), enter the result of subtracting column (c) from the balance on the previous line in column (d).

In column (e), enter the result of subtracting the amount in column (c) from the amount in column (b), as applicable.

Example:

(b) Carry-over from prior years	(c) Amount used this year	(d) Balance available to offset losses	(e) Carry-over
		$5,000	
$ 500	$ 500	4,500	$ 0
6,000	4,500	0	1,500
200	0	0	200

Line 17 – Enter the amount of your current year NOL. For individuals, enter the amount from Section A, line 13. For corporations, enter the amount from Section B, line 7.

Line 18 – Add the amounts in column (b) through column (e). Enter the totals from line 17, columns (b), (c) and (e) on form FTB 3805Z, line 4a, line 4b, and line 4c respectively.

Your enterprise zone or program area NOL deduction for 1995 is the total of column (c). Enter this amount on the California tax return as follows:

- Form 100, line 19;
- Form 100S, line 18;
- Form 109, line 3 or line 11; or
- Form 540, Schedule CA (540), line 21(e), column B.

Worksheet VI Net Operating Loss (NOL) — Enterprise Zones and Program Areas

Section A Computation of Current Year NOL — Individuals and Exempt Organizations Treated as Trusts

1	Net trade or business loss from all sources. Enter as a positive number. See definition of business income on page 9. **Exempt Organizations Treated as Trusts:** Enter the amount from Form 109, line 10				1	
2	Total business capital losses included in line 1. Enter as a positive number	2				
3	Total business capital gains included in line 1.	3				
4	If line 2 is greater than line 3, enter the difference as a positive number; otherwise enter -0-			4		
5	1995 disaster relief loss included in line 1. Enter as a positive number	5				
6	Deduction for prior year disaster losses included in line 1. Enter as a positive number	6				
7	Add line 5 and line 6			7		
8	Add line 4 and line 7				8	
9	Subtract line 8 from line 1. If the result is zero or more, do not complete the rest of this section. You do not have a current year NOL from an enterprise zone or program area				9	
10	Enter the average apportionment percentage from Worksheet V, line 4				10	
11	Multiply line 9 by line 10.				11	
12	Enter the amount from form FTB 3805V, Part I, Section A, line 20				12	
13	Enter the smaller of line 11 or line 12 here and in Section C, line 17, column (e)				13	

Section B Computation of Current Year NOL — Corporations

Note: If you have both an enterprise zone or program area NOL and a prior year general NOL, see instructions on page 11.

During the year the corporation incurred the NOL, the corporation was a: ☐ C Corporation ☐ S Corporation ☐ Exempt Corporation

1	Net loss for state purposes from Form 100, line 17; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1. Enter as a positive number	1	
2	**a** 1995 disaster relief loss included in line 1. Enter as a positive number	2a	
	b Nonbusiness income included in line 1. Enter as a negative number.	2b	
	c Nonbusiness losses included in line 1. Enter as a positive number	2c	
	d Combine line 2a through line 2c	2d	
3	Subtract line 2d from line 1. If zero or less, do not complete the rest of this section; the corporation does not have a current year NOL	3	
4	Enter the average apportionment percentage from Worksheet V, line 4	4	
5	Multiply line 3 by line 4	5	
6	Enter the amount from form FTB 3805Q, Part I, line 3	6	
7	Enter the smaller of line 5 or line 6 here and in Section C, line 17, column (e)	7	

This is the LARZ NOL carryover from 1995 to 1996.

Section C **NOL Carryover and Carryover Limitations — Individuals and Corporations**

1	Enter the amount from Form 100, line 17; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1 or line 10. Form 540 filers enter your trade or business income or loss. See instructions	**1**	
2 a	Form 100, 100S, and 109 Filers: Enter any nonbusiness income included in line 1 as a negative number. Form 540 filers leave blank	**2a**	
b	Form 100, 100S, and 109 Filers: Enter any nonbusiness loss included in line 1 as a positive number. Form 540 filers leave blank	**2b**	
c	Combine line 2a and line 2b	**2c**	
3	Form 100 Filers: Enter the amount from Form 100, line 20. Form 100S Filers: Enter the total of the amounts from Form 100S, line 17 and line 19. Form 540 Filers and Form 109 Filers: Enter -0-. Enter this amount as a negative number	**3**	
4	Combine line 1, line 2c and line 3	**4**	
5	Enter the average apportionment percentage from Worksheet V, line 4.	**5**	
6	Modified taxable income. Multiply line 4 by line 5		**6**

(a) Description	**(b)** Carryover from prior years	**(c)** Amount deducted this year	**(d)** Balance available to offset losses	**(e)** NOL carryover
7 Modified taxable income from line 6				
8 NOL carryover beginning after October 15, 1986, and ending in 1986				
9 NOL carryover beginning in 1987				
10 NOL carryover beginning in 1988				
11 NOL carryover beginning in 1989				
12 NOL carryover beginning in 1990				
13 NOL carryover beginning in 1991				
14 NOL carryover beginning in 1992				
15 NOL carryover beginning in 1993				
16 NOL carryover beginning in 1994				
17 NOL carryover beginning in 1995				
18 Total the amounts in column (b) through column (e). Enter the totals from column (b), column (c) and column (e) on form FTB 3805Z, line 4a, line 4b and line 4c respectively				

Part VII Computation of Credit Limitations

The amount of credit you may claim on your California tax return is limited by the amount of tax attributable to the enterprise zone or program area income. Use Worksheet VII on form FTB 3805Z, Side 2 to compute this limitation.

Credits you are otherwise eligible to claim may be limited. Do not apply credits against the minimum tax (corporations, limited partnerships, limited liability companies and S corporations), the alternative minimum tax (corporations and individuals), the built-in gains tax (S corporations) or the net passive income tax (S corporations). Refer to the credit instructions in your tax booklet for more information.

S corporations and the application of enterprise zone or program area credits.

An S corporation may use its enterprise zone or program area credits to reduce enterprise zone or program area tax both at the corporate and shareholder levels.

An S corporation may use one-third of the enterprise zone or program area credit to reduce the tax on the S corporation's enterprise zone or program area income. In addition, S corporation shareholders may claim their distributive share of the entire amount of the enterprise zone or program area credits calculated under the personal income tax law.

Example: In 1995, an S corporation earned a $3,000 enterprise zone hiring credit. The S corporation will be able to use one-third of the credit ($3,000 × 1/3 = $1,000), to offset the tax on the corporation's enterprise zone income.

The S corporation will also pass through a $3,000 credit to its shareholders to offset their individual tax (computed under the Personal Income Tax Law) on enterprise zone income.

S corporations must attach form FTB 3805Z to Form 100S, California S Corporation Franchise or Income Tax Return, to claim the tax credits. If form FTB 3805Z is not attached to the return, the credits may be disallowed.

Shareholders must attach Schedule K-1 (100S), Shareholder's Share of Income, Deductions, Credits, etc., to their individual tax return.

Carryover. If the amount of credit available this year exceeds your tax, you may carry over any excess credit to future years.

Credit Code Number. To claim the hiring and sales and use tax credits on your return you must use credit code number **176** for enterprise zones and number **177** for program areas. Using the incorrect code number may cause a delay in allowing the credit.

Instructions for Worksheet VII — Computation of Credits

Note: Worksheet VII is on Side 2 of form FTB 3805Z.

Part I

Line 1 – See page 9 for a definition of trade or business income.

Line 2 – If your business is located entirely within the zone, enter 1.

Line 6a – Compute the tax as if the enterprise zone or program area taxable income represented all of your taxable income.

Individuals: Use the tax table or tax rate schedule for your filing status in your tax booklet. **Exempt organizations:** Use the applicable tax rate in your tax booklet. **Corporations and S corporations:** Use the applicable tax rate.

Line 6b – Corporations and S corporations: If the amount on line 6b is the minimum franchise tax ($800), you cannot use your enterprise zone or program area credits this year. You should complete Part III of the worksheet to figure the amount of credit carryover.

Part II

Use Part II if you are a corporation, individual, estate or trust. Corporations that are subject to paying only the minimum tax go to Part III.

Line 8A, column (e) – Enter the amount from line 7. This is the amount of limitation based on the tax on enterprise zone or program area income.

Line 8A, column (f) – Enter the amount of credit that is used on Schedule P, column (b). The amount cannot be greater than the amount in column (e) or the amount computed on line 8B, column (d).

Line 8B, column (b) – Enter the amount of the current year credit that was computed on Worksheet I. S corporations enter 1/3 of the credit that was computed on Worksheet I.

Line 8B, column (c) – Enter the amount of the total prior year carryover of the credit (this is the amount of credit that was previously figured on Worksheet I minus the amount that was allowed to be taken on the prior year return).

Line 8B, column (d) – Add the amount of the current year credit in column (b) and the amount of the total prior year carryover in column (c).

Line 8B, column (e) – Compare the amount of line 8A, column (e) and line 8A, column (f). Enter the smaller amount.

Line 8B, column (g) – Subtract the amount of column (e) from the amount of column (d). Enter the result in column (g). This is the amount of credit that can be carried over to future years. **Note:** This carryover includes both the Schedule P limitation and the limitation based on enterprise zone or program area income.

Line 9A, column (e) – Subtract the amount of line 8B, column (e) from the amount of line 8A, column (e). If the result is zero, your remaining credits are limited and must be carried over to future years. In this case, enter the amounts from line 9B, column (d) on line 9B, column (g).

Line 9A, column (f) – Enter the amount of credit that is used on Schedule P, column (b). The amount cannot be greater than the amount in column (e) or the amount computed on line 9B, column (d).

Line 9B, column (b) – Enter the amount of the current year credit that was computed on Worksheet II. S corporations enter 1/3 of the credit that was computed on Worksheet I.

Line 9B, column (c) – Enter the amount of the total prior year carryover of the credit (this is the amount of credit that was previously figured on Worksheet II minus the amount that was allowed to be taken on the prior year return).

Line 9B, column (d) – Add the amount of the current year credit in column (b) and the amount of the total prior year carryover in column (c).

Line 9B, column (e) – Compare the amount of line 9A, column (e) and line 9A, column (f). Enter the smaller amount.

Line 9B, column (g) – Subtract the amount of column (e) from the amount of column (d). Enter the result in column (g). This is the amount of credit that can be carried over to future years. **Note:** This carryover includes both the Schedule P limitation and the limitation based on enterprise zone or program area income.

Part III

Line 10 and Line 11, column (b) – Enter the credit computed this year from the appropriate worksheet.

S corporations. Also enter this amount on Form 100S:

- Schedule C, line 6 or line 7; and
- Schedule K, line 13.

You may need to adjust your Schedule C to reflect the enterprise zone or program area tax limitation (Part I, line 7) to your credits after completing this worksheet.

Partnerships. Also enter this amount on Form 565, Schedule K, line 14.

Limited Liability Companies. Also enter this amount on Form 568, Schedule K, line 14.

Corporations and S Corporations Subject To Paying Only The Minimum Tax.

Complete line 10 and line 11, columns (b), (c) and (d).

Enter the result of column (d) in column (g). This is the amount of your credit carryover. S corporation see instructions for line 10 and line 11, column (b) for how to report the current year credit on Form 100S.

Line 11, column (e) – The amount in this column must be reduced by the amount of credit allowed on the previous column (f).

Example: Part II

The ABC Business has $8,000 of tax. The business computed a credit limitation based on zone income of $7,000 on Worksheet VII, line 7. The business has the following credits:

Hiring Credit — $500 and a $300 carryover from a prior year
Sales and Use Tax Credit — $9,000

Worksheet VII, Part II would be computed as follows:

Part II **Limitation of credits for Corporations, Individuals and Estates and Trusts**

	(a) Credit Name		(b) Credit Amount	(c) Total Prior Year Carryover	(d) Total Credit Add Col. (b) and Col. (c)	(e) Limitation Based on EZ/PA Income	(f) Used on Schedule P (Can never be greater than Col. (d) or Col. (e).)	(g) Carryover Col. (d) Minus Col. (e)
8	Hiring Credit	A				7,000	800	
		B	500	300	800	800		-0-
9	Sales and Use Tax Credit	A				6,200	6,200	
		B	9,000	-0-	9,000	6,200		2,800

Example: Part III

You have credits of: $5,000 hiring credit
$9,000 sales and use tax credit

You have no prior year credit carryover.

Your credit limitation based on zone income is $10,000 (from Part I, line 7).

Part III **Limitation of Credits for Partnerships and S Corporations**

	(a) Credit Name	(b) Credit Amount	(c) Total Prior Year Carryover	(d) Total Credit Add Col. (b) and Col. (c)	(e) Limitation Based on EZ/PA Income	(f) Credit used this year (Can never be greater than Col. (d) or Col. (e).)	(g) Carryover Col. (d) Minus Col. (e)
10	Hiring Credit	5,000	-0-	5,000	10,000	5,000	-0-
11	Sales and Use Tax Credit	9,000	-0-	9,000	5,000	5,000	4,000

YEAR 1995

Enterprise Zone/Program Area Deduction and Credit Summary

CALIFORNIA FORM 3805Z

Attach to your California tax return.

Name(s) as shown on return | California Identification Number

A. Check the appropriate box for the activity reported on this form: ☐ Enterprise Zone ☐ Program Area

B. Enter the name of the enterprise zone or program area business and its location: _____

C. Total number of employees employed in the enterprise zone or program area. . . . . .

D. Number of employees included in the computation of the hiring credit . . . . . .

Part I Credits Used and Carried Over to Future Years

1 Hiring and sales and use tax credit claimed on the current year return:

a Hiring credit from Worksheet VII, line 8A column (f) or line 10 column (f) . . . . . _____

b Sales and use tax credit from Worksheet VII, line 9A column (f) or line 11 column (f) . . . . . _____

Add line 1a and line 1b . . . . . **1** _____

Note: S corporations, see Form 100S instructions.

Part II Equipment Purchases Deducted as Business Expense

2 Enter the cost of qualified property purchased for the enterprise zone or program area that is being deducted as a current year business expense (from Worksheet III, Section A, line 4 for enterprise zones or Worksheet III, Section B, line 4 for program areas) . . . . . **2** _____

ELECTION: The act of deducting a portion of the cost of any property as a current year expense rather than adding it to the capital account constitutes an election to treat that property in accordance with R&TC Section 17252.5, 17265, 24356.2 or 24356.3. That election may not be revoked except with the consent of the Franchise Tax Board.

Part III Net Interest Deduction for Lenders

3 Enter the amount of net interest received on loans to businesses located in the enterprise zone or to qualified businesses in the program area from Worksheet IV, line 2 . . . . . **3** _____

Part IV Net Operating Loss Carryover and Deduction

4a Enter the NOL carryover from prior years from Worksheet VI, Section C, line 18, column (b) . . . . . **4a** _____

4b Enter the total NOL deduction used in the current year from Worksheet VI, Section C, line 18, column (c). Enter this amount on Schedule CA (540), line 21e, column B, Form 100, line 19; Form 100S, line 18; or Form 109, line 3 or line 11 . . . . . **4b** _____

4c Enter the NOL carryover to future years from Worksheet VI, Section C, line 18, column (e) . . . . . **4c** _____

ELECTION: For those taxpayers eligible for an NOL carryover under more than one subdivision of R&TC Section 17276.2 or 24416.2, the act of claiming an NOL carryover on this form constitutes the **irrevocable** election to apply the loss under subdivision (a), for qualified businesses within a program area, or subdivision (b), for taxpayers operating a trade or business within an enterprise zone. If you elect to carry over an NOL under any of these provisions, you are prohibited by law from carrying over any other type of NOL from this year.

Part V Portion of Business Attributable to Enterprise Zone or Program Area

5 Enter the average apportionment percentage of your business that is in the enterprise zone or program area from Worksheet V, line 4. If your business is wholly within one enterprise zone or program area the average apportionment percentage is 100% (1.00) . . . . . **5** _____

Part VI Recapture of Deduction and Credits

6 Enterprise zone recapture of hiring credit from Worksheet I, Section B, line 2, column (b) . . . . . **6** _____

7 Program area recapture of hiring credit from Worksheet I, Section B, line 2, column (c) . . . . . **7** _____

8 Recapture of business expense deduction from Worksheet III, Section C, line 2. . . . . **8** _____

Worksheet VII Computation of Credit Limitation — Enterprise Zones and Program Areas

Part I Computation of Limitation

1	Trade or business income. See instructions on page 9			1	
2	Enter the average apportionment percentage from Worksheet V, line 4. See instructions on page 15			2	
3	Multiply line 1 by line 2			3	
4	Enter the enterprise zone or program area NOL deduction from Worksheet VI, Section C, line 18, column (c)			4	
5	Enterprise zone or program area taxable income. Subtract line 4 from line 3			5	
6a	Compute the amount of tax due using the amount on line 5. See instructions on page 15	6a			
6b	Enter the amount of tax from Form 540, line 24; Form 100, line 22 or Form 100S, line 21. Corporations and S corporations see instructions.	6b			
7	Enter the smaller of line 6a or line 6b. This is the limitation based on zone income. Partnerships and S corporations enter here and in Part III, line 10, column (e). All others go to Part II			7	

Part II Limitation of Credits for Corporations, Individuals and Estates and Trusts

	(a) Credit Name		(b) Credit Amount	(c) Total Prior Year Carryover	(d) Total Credit Add Col. (b) and Col. (c)	(e) Limitation Based on EZ/PA Income	(f) Used on Schedule P (Can never be greater than Col. (d) or Col. (e).)	(g) Carryover Col. (d) Minus Col. (e)
8	Hiring Credit	A						
		B						
9	Sales and Use Tax Credit	A						
		B						

Part III Limitation of Credits for Partnerships and S corporations

	(a) Credit Name	(b) Credit Amount See Instructions	(c) Total Prior Year Carryover	(d) Total Credit Add Col. (b) and Col. (c)	(e) Limitation Based on EZ/PA Income	(f) Credit used this year (Can never be greater than Col. (d) or Col. (e).)	(g) Carryover Col. (d) Minus Col. (e)
10	Hiring Credit						
11	Sales and Use Tax Credit						

YEAR 1995

Enterprise Zone/Program Area Deduction and Credit Summary

CALIFORNIA FORM 3805Z

Attach to your California tax return.

Name(s) as shown on return | California Identification Number

A. Check the appropriate box for the activity reported on this form: ☐ Enterprise Zone ☐ Program Area

B. Enter the name of the enterprise zone or program area business and its location: _____

C. Total number of employees employed in the enterprise zone or program area. . . . . .

D. Number of employees included in the computation of the hiring credit . . . . . .

Part I Credits Used and Carried Over to Future Years

1 Hiring and sales and use tax credit claimed on the current year return:

a Hiring credit from Worksheet VII, line 8A column (f) or line 10 column (f) . . . . . _____

b Sales and use tax credit from Worksheet VII, line 9A column (f) or line 11 column (f) . . . . . _____

Add line 1a and line 1b . . . . . **1** _____

Note: S corporations, see Form 100S instructions.

Part II Equipment Purchases Deducted as Business Expense

2 Enter the cost of qualified property purchased for the enterprise zone or program area that is being deducted as a current year business expense (from Worksheet III, Section A, line 4 for enterprise zones or Worksheet III, Section B, line 4 for program areas) . . . . . **2** _____

ELECTION: The act of deducting a portion of the cost of any property as a current year expense rather than adding it to the capital account constitutes an election to treat that property in accordance with R&TC Section 17252.5, 17265, 24356.2 or 24356.3. That election may not be revoked except with the consent of the Franchise Tax Board.

Part III Net Interest Deduction for Lenders

3 Enter the amount of net interest received on loans to businesses located in the enterprise zone or to qualified businesses in the program area from Worksheet IV, line 2 . . . . . **3** _____

Part IV Net Operating Loss Carryover and Deduction

4a Enter the NOL carryover from prior years from Worksheet VI, Section C, line 18, column (b) . . . . . **4a** _____

4b Enter the total NOL deduction used in the current year from Worksheet VI, Section C, line 18, column (c). Enter this amount on Schedule CA (540), line 21e, column B, Form 100, line 19; Form 100S, line 18; or Form 109, line 3 or line 11 . . . . . **4b** _____

4c Enter the NOL carryover to future years from Worksheet VI, Section C, line 18, column (e) . . . . . **4c** _____

ELECTION: For those taxpayers eligible for an NOL carryover under more than one subdivision of R&TC Section 17276.2 or 24416.2, the act of claiming an NOL carryover on this form constitutes the **irrevocable** election to apply the loss under subdivision (a), for qualified businesses within a program area, or subdivision (b), for taxpayers operating a trade or business within an enterprise zone. If you elect to carry over an NOL under any of these provisions, you are prohibited by law from carrying over any other type of NOL from this year.

Part V Portion of Business Attributable to Enterprise Zone or Program Area

5 Enter the average apportionment percentage of your business that is in the enterprise zone or program area from Worksheet V, line 4. If your business is wholly within one enterprise zone or program area the average apportionment percentage is 100% (1.00) . . . . . **5** _____

Part VI Recapture of Deduction and Credits

6 Enterprise zone recapture of hiring credit from Worksheet I, Section B, line 2, column (b) . . . . . **6** _____

7 Program area recapture of hiring credit from Worksheet I, Section B, line 2, column (c) . . . . . **7** _____

8 Recapture of business expense deduction from Worksheet III, Section C, line 2. . . . . **8** _____

Worksheet VII Computation of Credit Limitation — Enterprise Zones and Program Areas

Part I Computation of Limitation

1	Trade or business income. See instructions on page 9			1	
2	Enter the average apportionment percentage from Worksheet V, line 4. See instructions on page 15			2	
3	Multiply line 1 by line 2			3	
4	Enter the enterprise zone or program area NOL deduction from Worksheet VI, Section C, line 18, column (c)			4	
5	Enterprise zone or program area taxable income. Subtract line 4 from line 3			5	
6a	Compute the amount of tax due using the amount on line 5. See instructions on page 15	6a			
6b	Enter the amount of tax from Form 540, line 24; Form 100, line 22 or Form 100S, line 21. Corporations and S corporations see instructions.	6b			
7	Enter the smaller of line 6a or line 6b. This is the limitation based on zone income. Partnerships and S corporations enter here and in Part III, line 10, column (e). All others go to Part II			7	

Part II Limitation of Credits for Corporations, Individuals and Estates and Trusts

	(a) Credit Name		(b) Credit Amount	(c) Total Prior Year Carryover	(d) Total Credit Add Col. (b) and Col. (c)	(e) Limitation Based on EZ/PA Income	(f) Used on Schedule P (Can never be greater than Col. (d) or Col. (e).)	(g) Carryover Col. (d) Minus Col. (e)
8	Hiring Credit	A						
		B						
9	Sales and Use Tax Credit	A						
		B						

Part III Limitation of Credits for Partnerships and S corporations

	(a) Credit Name	(b) Credit Amount See Instructions	(c) Total Prior Year Carryover	(d) Total Credit Add Col. (b) and Col. (c)	(e) Limitation Based on EZ/PA Income	(f) Credit used this year (Can never be greater than Col. (d) or Col. (e).)	(g) Carryover Col. (d) Minus Col. (e)
10	Hiring Credit						
11	Sales and Use Tax Credit						

1995 Enterprise Zone/Program Area Survey

The Franchise Tax Board is required to provide the California Legislature with information regarding the use of enterprise zone and program area tax incentives. The legislature uses this information in a continuing effort to improve these programs.

The purpose of this survey is to gather information regarding how many businesses are using the tax incentives, which incentives the businesses are using and in which enterprise zone or program area the incentives are being used.

Please complete the survey below, fold it as indicated on the back, tape it closed, add postage, and mail it to the Franchise Tax Board:

ECONOMIC AND STATISTICAL ANALYSIS BUREAU
ENTERPRISE ZONE/PROGRAM AREA SURVEY
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

or fax the survey to (916) 845-5472.

Please **do not** attach this survey to your California tax return or mail this survey with your California tax return. Please send the survey to the address shown above.

Name(s) as shown on return

Address (actual location) where the enterprise zone and/or program area business is conducted.

California identification number

A Check the appropriate box: ☐ Individual ☐ Corporation ☐ Limited Liability Company ☐ S Corporation ☐ Exempt Organization ☐ Partnership

B Check the appropriate box(es): ☐ Enterprise Zone ☐ Program Area ☐ Los Angeles Revitalization Zone

C Enter the name of the enterprise zone or program area in which the business and/or investment activities are located. See General Information D or E on page 2.

D Check the appropriate box(es) indicating the tax incentives claimed in 1995:

☐ Hiring Credit
☐ Sales & Use Tax Credit
☐ Business Expense Deduction
☐ Net Interest Deduction for Lenders
☐ Net Operating Loss Deduction

E Number of employees employed in the enterprise zone or program area business _____.

F Comments/Suggestions:

FOLD HERE FIRST

Place
Stamp
Here

ECONOMIC AND STATISTICAL ANALYSIS BUREAU
ENTERPRISE ZONE/PROGRAM AREA SURVEY
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

FOLD HERE SECOND

PLACE
TAPE
HERE

PLACE
TAPE
HERE

How to Get California Tax Information

(Keep This Page For Future Use)

Regular Toll-Free Phone Service

Our regular toll-free telephone service is available from 7:00 a.m. until 8:00 p.m. Monday through Friday from January 2 through April 15, 1996. The best times to call are between 7:00 and 10:00 in the morning and between 6:00 and 8:00 in the evening. Service is also available on Saturdays, April 6 and April 13, from 8:00 a.m. until 5:00 p.m. After April 15, service is available Monday through Friday, between 8:00 a.m. and 5:00 p.m.

From within the United States,
call 1-800-852-5711
From outside the United States,
call (not toll-free) 1-916-845-6500

For federal tax questions, call the IRS at 1-800-829-1040.

Bilingual Assistance

Para obtener servicio bilingüe de información sobre impuestos o formularios, llame al número de teléfono (anotado arriba) que le corresponde.

Hearing Impaired

Toll-free phone service is provided for the hearing impaired with a Telecommunications Device (TDD). Call 1-800-822-6268. The Franchise Tax Board will also accept calls for, and relay messages to, any California state agency.

Letters

If you find it necessary to write rather than call, please address your letter to:

ATTN RESOURCE DEVELOPMENT UNIT
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

Please allow six to eight weeks for a reply. Include your California identification number and daytime telephone number on all correspondence.

Geographic Boundaries

Further information about geographic boundaries of the enterprise zones or program areas and certification is available from:

ATTN ENTERPRISE ZONE PROGRAMS
CALIFORNIA TRADE AND COMMERCE AGENCY
801 K STREET SUITE 1700
SACRAMENTO CA 95814
Telephone: (916) 324-8211

Your Rights as a Taxpayer

Our goal at the Franchise Tax Board is to make certain that your rights are protected, so that you will have the highest confidence in the integrity, efficiency and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program and how you can request written advice from the Franchise Tax Board on whether a particular transaction is taxable. You can order FTB Pub. 4058 by writing or calling the Franchise Tax Board using the address or phone numbers listed on this page.

Where to Get Income Tax Forms

By Internet – If you have Internet access, you may download, view and print California tax forms and publications. Go to the California home page at **http://www.ca.gov** and access the California Franchise Tax Board under state servers.

By phone – Call our toll-free phone number listed under "Regular Toll-Free Phone Service" to get the California tax forms you need.

By mail – We will send you two copies of each tax form and one copy of each set of instructions you order. Please allow two weeks to receive your order. Address your envelope to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

In person – You can get California tax forms at the Franchise Tax Board district offices listed below. Many libraries and some quick print businesses have forms and schedules for you to photocopy (you may have to pay a nominal fee). Note that employees at libraries and quick print businesses cannot provide tax information or assistance.

Personal Assistance

District Offices	Address
Bakersfield	1430 Truxtun Avenue
Burbank	333 North Glenoaks Boulevard
Fresno	2550 Mariposa Street
Long Beach	245 West Broadway
Los Angeles	300 South Spring Street
Oakland	1970 Broadway
Sacramento	8745 Folsom Boulevard
San Bernardino	215 North D Street
San Diego	5353 Mission Center Road
San Francisco	50 Fremont Street
San Jose	96 North Third Street
Santa Ana	600 West Santa Ana Boulevard
Santa Barbara	360 South Hope Avenue
Santa Rosa	50 D Street
Stockton	31 East Channel Street
West Covina	100 North Barranca Street

☎ Fast Answers About State Taxes

(Keep This Page For Future Use)

F.A.S.T. Toll-Free Phone Service

Fast **A**nswers about **S**tate **T**axes is the F.A.S.T. toll-free phone service you can use to get recorded answers to many of your questions about California taxes. You can also find out about your tax refund using the F.A.S.T. number.

F.A.S.T. is available in English and Spanish to callers with touch-tone or rotary telephones.

To Find Out About Your Personal Income Tax Refund

You should wait at least eight weeks after you file your tax return before you call to find out about your refund. To use F.A.S.T. you must know the first social security number shown on your tax return and the exact dollar amount of your refund.

How To Use F.A.S.T.

1. Have paper and pencil handy to take notes.
2. Call the F.A.S.T. toll-free number:
   From within the United States 1-800-338-0505
   From outside the United States
   (not toll-free) 1-916-845-6600

When Is F.A.S.T. Available?

To answer your questions, F.A.S.T. is available 24 hours a day, seven days a week. To order forms or to find out about your tax refund, F.A.S.T. is available from 6:00 a.m. to 10:00 p.m., seven days a week, except state holidays.

Personal Income Tax Information

Code – Question

Filing Assistance:

200 – Where can I pick up a form today?
201 – How can I get an extension to file?
202 – There is no envelope in the booklet. Where do I send my return?
203 – How much do I get for renter's credit?
204 – I never received a Form W-2. What do I do?
205 – I have no withholding taken out. What do I do?
206 – Do I have to attach a copy of my federal return?
207 – Should I file my return even though I do not have the money to pay?
208 – How do I figure my estimate tax payments?
209 – I lived in California for part of the year. Do I have to file a return?
210 – I do not live in California. Why do I have to file a return?
211 – How do I figure my IRA deduction?
212 – How do I claim my disaster related loss?
213 – How do I file using Form 540-ADS?
215 – Who is the qualifying individual for the purpose of head of household filing status?
216 – I'm due a refund. Do I still need to file a return?
217 – I am currently or was in the military. Do I have to file a California return?
218 – I'm in the military. Do I have to use the same filing status as federal?
219 – I sold my personal residence. How do I report the sale to California?
220 – There is no difference in my state and federal depreciaton, business income and capital gain income. What do I do?
221 – What is community property?
222 – How much can I deduct for vehicle license fees?
239 – Where can I get help with filing my income tax return?
240 – Does a tax return have to be filed for a deceased taxpayer?

Refunds:

300 – My spouse has passed away. You sent a refund with both our names on it. What do I do?
301 – I got a letter saying you sent my refund to another agency. Why?

Penalties:

400 – I have an extension of time to file my return. Why did I get a penalty?
401 – I filed my return on time. Why did I get a penalty?
402 – How can I protest a penalty?

Notices and Bills:

500 – I received a bill and I cannot pay it in full. What do I do?
501 – Why didn't you give me credit for my withholding?
502 – You didn't give me credit for my child as a dependent. What do I do?
503 – I don't have a homeowner's exemption. Why did you deny my renter's credit?
504 – I'm head of my house. Why was I denied head of household filing status?
505 – Why was my IRA denied?
506 – How do I get my Form 1099-G corrected?
507 – Why did I receive a questionnaire?
508 – I received a notice that didn't show all payments made. How do I get credit for them?

Tax For Children Under 14:

600 – My child has to file a return. Does he or she get the credit for taxpayers with limited income?
601 – Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
602 – Federal law limits the standard deduction. Is the state law the same?

Miscellaneous

610 – Can I pay my taxes with a credit card?
611 – What address do I send my payment to?
612 – I mailed my return and haven't heard anything. Should I send a copy of my return?
613 – I forgot to attach my Form(s) W-2 when I mailed my return. What do I do?
614 – I forgot to attach a copy of my federal return. What do I do?
615 – How do I get a copy of my state tax return?
616 – What should I do if my federal tax return was examined or changed by the IRS?
617 – What are the current interest rates?

Corporation Franchise and Income Tax Information

Code – Question

Filing Assistance

715 – If my actual tax is less than the minimum franchise tax, what figure do I put on line 22 of Form 100?
717 – What are the tax rates for corporations?
718 – How do I get an extension of time to file?
722 – When do I have to file a short-period return?
730 – May I claim net operating losses in the first year?
731 – Are corporations allowed to use MACRS/ACRS or Section 179 expensing?
733 – Can the prepayment to the Secretary of State be applied to my last year of business?
734 – What is the difference between franchise tax and income tax?

S Corporations

704 – Is an S corporation subject to the minimum franchise tax?
705 – Are S corporations required to file estimate payments?
706 – What forms do S corporations file?
707 – The tax for my S corporation is less than the minimum franchise tax. What figure do I put on line 21 of Form 100S?
708 – Where do S corporations make the state tax adjustment on Schedule K-1 (100S)?

Exempt Organizations

709 – How do I get tax-exempt status?
710 – Does an exempt organization have to file Form 199?
735 – How can an exempt organization incorporate without paying corporation fees and costs?
736 – I have exempt status. Do I need to file Form 100 or Form 109 in addition to Form 199?

Minimum Tax and Estimate Tax

711 – Why can't I claim my prepayment tax as credit or estimate payment on my return?
712 – What is the minimum franchise tax?
714 – I'm not doing business; do I have to pay the minimum franchise tax?
716 – When are my estimate payments due?

Billings and Miscellaneous Notices

713 – Why do I have an additional $200 adjustment on my corporation return?
723 – I received a bill for $250. What is this for?
728 – Why was my corporation suspended?
729 – Why is my subsidiary getting a request for a return when we file a combined report?

Tax Clearance

724 – How do I dissolve my corporation?
725 – What do I have to do to get a tax clearance?
726 – How long will it take to get a tax clearance certificate?
727 – My corporation was suspended/forfeited. Can I still get a tax clearance?

Miscellaneous

617 – What are the current interest rates?
700 – Who do I need to contact to start a business?
701 – I need a state ID number for my business. Who do I contact?
702 – Can you send me an employer's tax guide?
703 – How do I incorporate?
719 – How do I properly identify my corporation when dealing with the Franchise Tax Board?
720 – How do I change my corporation name?
721 – How do I change my accounting period?
732 – What is the Water's-Edge Election?
737 – Where do I send my payment?
738 – What is electronic funds transfer?
739 – How do I get a copy of my state corporate tax return?