California

Forms & Instructions

Resident

1995

Personal Income Tax Booklet

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

This booklet contains two copies of:

Form 540EZ, California Resident Income Tax Return For Single and Joint Filers with No Dependents, page 9
Form 540A, California Resident Income Tax Return, page 13
Form 540, California Resident Income Tax Return, page 23
Schedule CA (540), California Adjustments - Residents, page 35
Schedule D, California Gain or Loss Adjustment, page 36
FTB 3885A, Depreciation and Amortization Adjustments, page 36

This booklet contains one copy of:

FTB 3519, Payment Voucher For Automatic Extension, page 5

Fast Refund? File electronically!
See page 3 for more information.

Do you need help? 1-800-338-0505 F .A .S .T

Most of your questions can be answered by reading the instructions in this booklet. But if you find that you need help, use our F.A.S.T. (**F**ast **A**nswers about **S**tate **T**axes) toll-free phone service available 24 hours a day. If you cannot get the answer you need, call our regular toll-free phone service listed on page 47. 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. If you need in-person assistance, visit one of our district offices. Addresses are shown on page 47.

State of California
Franchise Tax Board

Which form should you use?

Why spend unnecessary time preparing your California taxes? If you are single or married filing a joint return and you have no dependents, chances are good that you could be using Form 540EZ. It's quick, it's easy, and you can do it yourself. Check the chart below to see which form you should use.

Note: If you were not a resident of California for any part of 1995, you must use Form 540NR.

	Form 540EZ	Form 540A	Form 540
Filing Status	Single or married filing joint, under 65 and not blind	Single, married filing joint, married filing separate, head of household or qualifying widow(er)	Single, married filing joint, married filing separate, head of household or qualifying widow(er)
Dependents	None allowed	Allowed	Allowed
Amount of Income	Taxable income $50,000 or less	Federal adjusted gross income $100,000 or less	All amounts
Sources of Income	Only income from: • Wages, salaries, tips • Taxable interest of $400 or less • Taxable scholarship or fellowship grants • Unemployment compensation	Only income from: • Wages, salaries, tips • Taxable scholarship or fellowship grants • Interest and dividends • Unemployment compensation • Social security benefits • Tier 1 and tier 2 railroad retirement payments • Fully and partially taxable IRA distributions, pensions, & annuities	All sources of income
Adjustment to Income	None allowed	Allowed if the amount is the same as your federal adjustments to income	Allowed
Standard Deduction	Allowed	Allowed	Allowed
Itemized Deductions	None allowed	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
Payments	Withholding shown on Form(s) W-2	• Withholding shown on Form(s) W-2, W-2G, and 1099-R • Estimated tax payments • Payments made with extension voucher	• Withholding from all sources • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)
Tax Credits	Only for personal exemption credits	Personal exemption credits Senior exemption credits Blind exemption credits	All tax credits
Other Taxes	Only tax computed using the tax table	Only tax computed using the tax table or tax rate schedules	All taxes: • Tax computed using the tax table or tax rate schedules • Alternative minimum tax • Tax on early use of an IRA or a qualified retirement plan • Tax for children under age 14 who have investment income of more than $1,300 • Tax on lump-sum distribution • Recapture taxes • Deferred tax on certain installment obligations • Tax on accumulation distribution of trusts

Important News About Your 1995 California Income Tax Return

Differences Between California and Federal Law

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt a few specific provisions of the 1993 federal changes. All other references in these instructions are to the IRC as it existed on January 1, 1993.

Renter's Credit

Due to a tax law change, renter's credit has been eliminated for 1995. You may not claim the credit on your personal income tax return.

New Voluntary Contributions

Recent California legislation allows you to make a voluntary contribution to the D.A.R.E. California (Drug Abuse Resistance Education) Fund and the California Military Museum Fund.

Revised Credit Limitation Worksheets

The instructions and worksheets have been redesigned so that if your exemption credit is limited, in most cases, you will be able to figure your credit on one of the revised worksheets rather than having to complete Schedule P (540).

New Credits

See the chart on page 28 for information about the new credits for Manufacturers' Investment, Salmon and Steelhead Trout Habitat Restoration and Local Agency Military Base Recovery Area.

California Tax Forms on the Internet!

Do you need a California income tax form or publication? Do you have Internet access? If so, you may download, view and print 1994 and 1995 California income 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.

F.A.S.T. Toll-free Phone Service: 1-800-338-0505

F.A.S.T. is the toll-free phone service you can use 24 hours a day to get **F**ast **A**nswers about **S**tate **T**axes, to order federal and state tax forms and to get information about your refund. When you see a phone symbol next to a paragraph in these instructions, you may dial the F.A.S.T. toll-free phone number listed above. Then enter the three-digit number below the phone symbol to get more information about the topic in that paragraph. See the back cover of this booklet for a complete list of the codes and the questions they answer.

Fast Refund

Get your refund fast! When you file your return electronically, your refund check will be in the mail in less than 7 days from the time FTB receives your electronic return (if your return has no errors). It is this easy:

- Prepare your return (or have someone prepare it for you).
- Have a tax preparer or other business transmit your return for you. For a fee, the tax preparer or other electronic filing service will make sure that your return is sent correctly and will be able to verify that the FTB received your return.
- Your return is filed! There is no return to mail!

If you cannot file electronically, you can get your refund in two weeks by having a tax preparer print your return using the Form 540-ADS format. For a fee, many professional tax preparers offer the computerized Form 540-ADS in addition to their other services.

For more information call 1-800-338-0505. Then enter code 112 to hear about electronic filing or enter code 213 to hear about using Form 540-ADS.

Who Must File A California Income Tax Return

Requirements for Most People

Note: The filing threshold amounts were increased for 1995. These amounts will be indexed in future years.

If you were single or unmarried on December 31, 1995, you must file a return if your:

- gross income from all sources was more than $10,000; or
- adjusted gross income from all sources was more than $8,000.

If you were married on December 31, 1995, you must file a return if you and your spouse had a combined:

- gross income from all sources of more than $20,000; or
- adjusted gross income from all sources of more than $16,000.

If you can be claimed as someone's dependent, you must file a return if your gross income from all sources is greater than your standard deduction. Use the Standard Deduction Worksheet in this booklet to figure your standard deduction.

Note: Gross income means all income you received in the form of money, goods, property and services that is not exempt from tax.

Even if you do not have to file a return, you should file for a refund if:

- California state income tax was withheld from your pay; or
- you made estimated tax payments.

California Alternative Minimum Tax and Credit Limitations

You may owe alternative minimum tax or have to limit your credits if your California adjusted gross income, plus items such as accelerated depreciation, charitable contributions of appreciated capital gain property and passive activity losses, total more than:

- $40,000 if you are married filing joint or qualifying widow(er); or
- $30,000 if you are single or head of household; or
- $20,000 if you are married filing separate.

Get Schedule P (540), Alternative Minimum Tax and Credit Limitations, to see if you owe alternative minimum tax. See the instructions for Form 540, "Step 5" to see if you need to limit your credits.

Requirements for Children

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than $1,300 of investment income in 1995, get and complete Form 540 and form FTB 3800, Tax Computation for Children with Investment Income, or form FTB 3803, Parent's Election to Report Child's Interest and Dividends.

Requirements for Retirees Who Move to Another State

If you retire to a state other than California, and receive a pension based on services performed in California, you may be required to file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. For more information, call our F.A.S.T. toll-free phone service listed on the back cover and order FTB Pub. 1005, California Pension and Annuity Guidelines.

We Welcome Your Comments On Forms

You may notice that my letter is not in the booklet this year. Over the last several years, I included the letter to provide information about our services and to ask for your comments and suggestions for improving tax forms. I was encouraged by the number of taxpayers who took the time to contact me. Though I replaced the letter with other information I hope you will find helpful in preparing your California tax return, I continue to encourage you to make comments and suggestions for improving tax forms. Please write to me at:

EXECUTIVE OFFICER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

Additional Information

Volunteer Income Tax Assistance

At more than 1,500 sites throughout California, trained volunteers provide free assistance to low-income, senior, disabled and non-English speaking persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. armed forces. Call the Franchise Tax Board at 1-800-852-5711 to find the volunteer assistance location nearest you.

Deceased Taxpayers

A final return must be filed for a person who died in 1995 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print or type ''deceased'' and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse, and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 1995. Indicate next to your signature that you are the surviving spouse.

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

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

Amended Returns

If you discover that you made an error on your California income tax return after it was filed, use Form 540X, Amended Individual Income Tax Return, to correct and make any changes to your return.

Changes To Federal Returns

If your federal income tax return is examined and changed by the Internal Revenue Service (IRS) and you owe additional tax, you must report these changes to the Franchise Tax Board within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X to make any changes to your California income tax return already filed, or you may send copies of the federal changes to: ATTN RAR/VOL, AUDIT SECTION, FRANCHISE TAX BOARD, PO BOX 1998, RANCHO CORDOVA CA 95741-1998.

Regardless of which method you use to notify the Franchise Tax Board, you must include a copy of the final federal determination along with all underlying data and schedules that the federal adjustment was based on. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information.

Note: You do not have to file Form 540X if the changes do not affect your California tax liability.

Military Personnel

If you are a member of the U.S. armed forces and need additional information on how to file your return, get FTB Pub. 1032, Tax Information for Military Personnel.

Change of Address?

If you move during the year, notify the Franchise Tax Board of your new address by calling 1-800-852-5711.

Vehicle License Fees for Federal Schedule A

On your federal Schedule A, you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee and county fees are not deductible.

California Sales And Use Tax

If you purchased goods from an out-of-state retailer (such as a mail-order firm) and sales tax would have been charged if you had purchased the goods in California, you owe use tax on your purchase if the out-of-state retailer did not collect the tax.

Your tax liability may be calculated by multiplying the sales tax rate in your area times the cost of the goods purchased. You may pay your tax liability by sending payment to the STATE BOARD OF EQUALIZATION, PO BOX 942879, SACRAMENTO CA 94279-0001, with a brief letter listing your name, address, a description and cost of the goods purchased, and the name and address of the out-of-state retailer.

If you file a Schedule C (Form 1040), Profit or Loss From Business, with your federal income tax return and are in the business of selling tangible personal property, you may be required to obtain a seller's permit with the State Board of Equalization.

If you have a question as to which goods are taxable, or want information about obtaining a seller's permit, you should contact the nearest office of the State Board of Equalization. You can find the address and telephone number in the State Government section of your telephone directory.

Rounding to Whole Dollars

Please round cents to the nearest whole dollar on your return and schedules. To do so, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next whole dollar. For example, $123.49 becomes $123 and $725.50 becomes $726.

If you do round, do so for all amounts. However, if you have to add two or more amounts to figure the amount to enter on a line, include cents when adding and only round the total. Example: You want to add $5,000.55 and $18,500.73. On the appropriate line you would enter $23,501 ($5,000.55 + $18,500.73 = $23,501.28).

Requesting a Copy of Your Tax Return

The Franchise Tax Board keeps personal income tax returns for three and one-half years from the original due date. If you need to get a copy of a return from those years, you must request it by writing a letter or by completing form FTB 3516, Request for Copy of Return from Taxpayer. In most cases, there is a $10 fee for each copy you request. However, there is no charge if you are requesting a return and any audit reports attached in connection with an audit or collection activity; you were the victim of a designated California or federal disaster; or you request copies from a district office that assisted you in completing your return. To order form FTB 3516, see the paragraph on ordering forms on page 47 of this booklet.

Collection Fees

Franchise Tax Board is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

Privacy Act Notice

The Information Practices Act of 1977 and the federal Privacy Act require the Franchise Tax Board to tell you why we ask you for information. The Operations and Compliance Branches ask for tax return information to carry out the Personal Income Tax Law of the State of California. We may request additional information if we audit your return or take collection action.

If you meet the income requirements, the Revenue and Taxation Code requires you to file a return on the form we prescribe (Sections 18501 and 18621). When you file this or other documents, you must include your social security number for identification and return processing (Section 18624).

It is mandatory to furnish all information requested when you are required to file any documents prescribed by the Franchise Tax Board. If you do not file a return, or do not provide the information we ask for, or provide fraudulent information, the law states you may be charged penalties and interest and, in certain cases, you may be subject to criminal prosecution. We also may disallow claimed exemptions, exclusions, credits, deductions or adjustments. This could make the tax higher or delay or reduce any refund.

We may give the information you furnish us to the United States Internal Revenue Service, the proper official of any state imposing an income tax or a tax measured by income, the Multistate Tax Commission and California government agencies and officials, as provided by law. If you owe any monies, we may disclose the amount due to employers, financial institutions, county recorders, vacation trust funds, process agents and other payers.

You have a right to access records containing your personal information maintained by the Franchise Tax Board. The officials responsible for maintaining the information are: 1) Filing of returns–Director, Filing Program; 2) Auditing of returns–Director, Audit Division; and 3) Collection of monies–Director, Collection Program. The address is:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-1040.

Telephone:
Within the United States 1-800-852-5711
Outside the United States . . . 1-916-845-6500

TAXABLE YEAR 1995

Instructions for Automatic Extension for Individuals

CALIFORNIA FORM 3519

General Information

If you cannot file your California tax return by April 15, 1996, you will be allowed an automatic six month extension without filing a written request. To qualify for the automatic extension, you must file your tax return by October 15, 1996. However, to avoid late payment penalties and interest, you must pay 100% of your tax liability by **April 15, 1996**.

Complete the tax payment worksheet below to see if you owe additional tax. If you owe additional tax but cannot file by April 15, 1996, use the payment voucher below to mail in your payment. Your payment must be made by April 15, 1996. **Only send in the voucher if a payment is due.**

Save your completed worksheet along with the copy of your return for your tax records.

How to Complete the Tax Payment Worksheet

Line 1 – Enter the total tax you expect to owe. This is the amount you expect to enter on Form 540EZ, line 23; Form 540A, line 23; Form 540, line 37; or Form 540NR, line 46.

Line 2 – Enter your total payments and credits on the following lines:

- 2a – California income tax withheld
- 2b – California estimated tax payments and amount applied from your 1994 return
- 2c – Other payments and credits including any tax payments made with any previous 1995 form FTB 3519 voucher.

Line 3 – Add line 2a through line 2c. Enter the result on line 3.

Line 4 – Tax due. If the amount on line 3 is more than the amount on line 1, then your payments and credits are more than your tax. You have no tax due. **DO NOT SEND THE PAYMENT VOUCHER.** Your return when filed by October 15, 1996, will verify that you qualified for the extension.

If the amount on line 1 is more than the amount on line 3, then your tax is more than your payments and credits. You have tax due. Subtract the amount on line 3 from the amount on line 1. Enter the tax due on line 4 and on the form FTB 3519 voucher below and **mail only the voucher portion** with your payment to:

Franchise Tax Board
P.O. Box 942867
Sacramento, CA 94267-0051

Penalties and Interest

Remember, an extension of time to file your return is not an extension of time to pay your tax. If you fail to pay your total tax liability by April 15, 1996, a late payment penalty plus interest will be added to your tax due. If after April 15, 1996, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your additional estimated tax with another form FTB 3519 voucher. If you do not file your return by October 15, 1996, you will be assessed a late filing penalty plus interest.

Taxpayers Residing or Traveling Abroad

If you are living or traveling outside the United States on April 15, 1996, the deadline to file your return and pay the tax is June 17, 1996. Interest will accrue from the original due date (April 15, 1996), until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six month extension without filing a written request. To qualify for the extension, you must file your tax return by December 16, 1996. To avoid any late payment penalties, you must pay 100% of your tax liability by June 17, 1996. When filing your return, be sure to attach a statement to the front indicating that you were "abroad on April 15, 1996."

TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1 Total tax you expect to owe		1	
2 Payments and credits:			
a California income tax withheld	2a		
b California estimated tax payments and amount applied from your 1994 return	2b		
c Other payments and credits	2c		
3 Total tax payments and credits. Add line 2a through line 2c		3	
4 Tax due. If line 3 is more than line 1, see instructions. If line 1 is more than line 3, subtract line 3 from line 1. Enter the result here and on the voucher below		4	

CUT HERE

TAXABLE YEAR 1995

Payment Voucher for Automatic Extension for Individuals

CALIFORNIA FORM 3519

Your first name and initial	Last name	Your social security number
If joint return, also give spouse's first name and initial	Last name	Spouse's social security number
Present home address — number and street including P.O. Box or rural route		Apt. no.
City, town or post office, state and ZIP code		

IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM

Amount of payment $ 00

MAIL TO: Franchise Tax Board
P.O. Box 942867
Sacramento, CA 94267-0051

(Calendar year — Due April 15, 1996)

For Privacy Act Notice, see form FTB 1131

Payment Voucher 5

When Should You File Your Return?

File your return by April 15, 1996. The earlier you file your return, the earlier you will get your refund. But, if you will not be able to file your return by midnight April 15, 1996, the following information will help you decide what to do next.

These are the return filing rules:

1. There is an automatic six-month extension to **file** until October 15, 1996.
   - To get the extension, you must file by October 15, 1996.
   - You do not need to write to the Franchise Tax Board to request the extension to file.
2. There is no extension for the time to **pay** the tax you owe.
   - If you do not pay by April 15, 1996, you may owe late payment penalties and interest.

Here is what to do:

1. Use the worksheet for form FTB 3519, Payment Voucher for Automatic Extension for Individuals, on page 5 to determine as accurately as possible whether you owe any tax based on the information you have.
2. If you do not owe tax, you do not need to send anything to the Franchise Tax Board now. But make sure to file your return by October 15, 1996.
3. If you owe tax, complete form FTB 3519. Make out a check or money order payable to the Franchise Tax Board for the full amount you owe.
4. To avoid late payment penalties and interest, mail your check or money order and form FTB 3519 by April 15, 1996, to:

   FRANCHISE TAX BOARD
   PO BOX 942867
   SACRAMENTO CA 94267-0051

If you are living or traveling outside the United States on April 15, 1996, the deadline for filing your return and paying your tax is June 17, 1996. Interest will accrue from the original due date (April 15th) until the date of payment. See form FTB 3519 for more information.

Use This Checklist Of Helpful Hints

Rounding to whole dollars.

Please round cents to the nearest whole dollar on your return and schedules. See page 4 for more information on how to round cents.

Verify Step 1 through Step 3 of your return.

Step 1: Use your full legal name and complete address including zip code. Verify that you have entered your social security number correctly and if filing married filing joint, verify that the first social security number listed corresponds to the first name listed.

Step 2: Make sure that you meet all the tests for your filing status. See page 15 for more information. If you believe that you qualify for the head of household filing status, please review the requirements on page 15.

Step 3: Take your personal exemption credit. Most taxpayers qualify for this credit, but many neglect to claim it. See page 18 and page 26.

Attachments to your Form 540 return.

Form(s) W-2, W-2G and 1099: Make sure to staple all Form(s) W-2, W-2G and 1099 you received to the front of your return.

Checks: Make sure your check is made out to the Franchise Tax Board. Also, write your social security number and "1995 Form 540EZ", "1995 Form 540A" or "1995 Form 540" on it, and staple it to the front of the return where it says "Attach check or money order here."

Federal Form 1040: Do not attach your federal return if you file Form 540EZ or Form 540A. If you file Form 540, answer the following question.

Did you attach any federal forms or schedules other than Schedule A or Schedule B to your federal Form 1040?

No. Do not attach Form 1040 to Form 540.

Yes. Attach a copy of Form 1040 and all supporting federal forms and schedules to Form 540.

Assembling your Form 540 return.

Assemble your return in the following sequence:

- attach your check (if you owe money) and Form(s) W-2, W-2G, 1099-MISC or 1099-R to the front of your return in the proper location;
- Form 540, both Side 1 and Side 2;
- Schedule CA (540)/FTB 3885A/Schedule D;
- other California schedules; and
- complete copy of your federal return, if required.

Note: If you complete form FTB 5805 or form FTB 5805F, attach it to the front of your Form 540.

Mailing your return.

To get a refund, or if you have no amount due:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0000

If you owe money:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Keep a copy of your California income tax return.

The Franchise Tax Board may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the due date of the return or the date the return is filed. Keep a copy of your return and the records which verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as they are needed to figure the basis of the original or replacement property.

Electronic filing.

If you file your return electronically, make sure all the amounts entered are correct before you sign form FTB 8453, California Individual Income Tax Declaration for Electronic Filing. Your return can be electronically transmitted by your preparer or electronic filing service only after you sign form FTB 8453. The preparer or electronic filing service must provide you with:

- a copy of form FTB 8453;
- any original Form(s) W-2, W-2G and 1099-R; and
- a paper copy of your California tax return showing the data transmitted to the FTB.

Instructions for Form 540EZ, California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993,** and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A or Form 1040EZ) before you begin your Form 540EZ. You will use the information you entered on your federal income tax return to complete your Form 540EZ.

Important: Do not attach a copy of your federal income tax return to Form 540EZ.

Step 1 Name and Address

If there is a label on the front of your booklet:

1. Complete your purple Form 540EZ **before** you remove the address label from the front of your booklet.
2. Check your math and the amounts entered to make sure that they are correct.
3. Remove your address label from the front of your booklet and attach it on the front of your Form 540EZ in the space provided at the top.
4. Make sure the information on your address label is correct. If you need to make any changes, draw a line in ink through the incorrect information and clearly print the new information.

If there is no label, print or type your name, social security number and address in the spaces provided at the top of Form 540EZ.

If you file a joint return, show your social security numbers in the same order as you show your names.

Step 2 Filing Status

Your filing status for California must be the same as the filing status you used on your federal income tax return. If it is not, you cannot use Form 540EZ. See the instructions for Form 540A beginning on page 15.

Line 1 – Single. You may check the box on line 1 if **any** of the following was true on December 31, 1995:

- You were never married;
- You were legally separated under a decree of divorce or separate maintenance; or
- You were widowed before January 1, 1995, and did not remarry in 1995.

Line 2 – Married filing joint return. You may check the box on line 2 if **any** of the following is true:

- You were married as of December 31, 1995, even if you did not live with your spouse at the end of 1995;
- Your spouse died in 1995 and you did not remarry in 1995; or
- Your spouse died in 1996 before filing a 1995 return.

Line 6 – Dependent Check Box

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Check the box if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to. You must use the "Standard Deduction Worksheet for Dependents" on Form 540EZ, Side 2, Part I when you get to line 15.

Do not check the box if you (or your spouse, if married) cannot be claimed as a dependent on someone else's tax return.

Step 3 Taxable Income

Please round cents to the nearest whole dollar.

Line 12 – Federal Adjusted Gross Income

Enter the amount of your federal adjusted gross income from your federal Form 1040EZ, line 4 or your Form 1040A, line 16 or your Form 1040, line 31, on Form 540EZ, line 12.

Line 13 – Unemployment Compensation

California does not tax unemployment compensation. Enter the amount of any unemployment compensation shown on your federal Form 1040EZ, line 3; Form 1040A, line 12; or Form 1040, line 19.

Line 14 – California Adjusted Gross Income

Subtract line 13 from line 12. Enter the result on line 14.

Line 15 – Standard Deduction

If you checked the box on line 6 because your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, go to Form 540EZ, Side 2, Part I and complete the "Standard Deduction Worksheet for Dependents."

If you did not check the box on line 6:

- enter $2,487 if you checked the box on line 1; or
- enter $4,974 if you checked the box on line 2.

Step 4 Tax and Credits

First figure your tax, then make sure you qualify to claim your credits.

Line 17 – Tax

To figure your tax on the amount shown on line 16, you must use the tax table on page 44 through page 46. Be sure to use the correct filing status and taxable income amount when you figure your tax.

Line 18 – Personal Exemption Credit

If you checked the box on line 6 because your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, go to Form 540EZ, Side 2, Part II to find the amount to enter on this line.

If you did not check the box on line 6:

- enter $66 if you checked the box on line 1; or
- enter $132 if you checked the box on line 2.

Step 5 Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 24 through line 31.

Line 24 – California Income Tax Withheld

Add the amounts shown as California income tax withheld on your Form(s) W-2. Enter the total on line 24. The amount of California income tax withheld should be shown in box 18 of Form W-2. Do not include any amount of local income tax withheld.

Note: If you had two or more employers during 1995, received more than $31,767 in wages from these employers and they withheld more than $317.67 of California State Disability Insurance (SDI or VPDI), you may be entitled to a credit for excess SDI. See Form 540 instructions for more information.

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If you do not have a Form W-2, see the instructions for "Sign Your Return" on page 32.

Line 30 – Overpaid Tax

If the amount on line 24 is more than the amount on line 23, then your payments and credits are more than your tax. Subtract the amount on line 23 from the amount on line 24. Enter the result on line 30. This is the amount of your overpaid tax. If line 24 is less than the amount on line 23, go to line 31.

Line 31 – Tax Due

If the amount on line 24 is less than the amount on line 23, then your tax is more than your payments and credits. Subtract the amount on line 24 from the amount on line 23. Enter the result on line 31. This is the amount of your tax due.

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 31 is $100 or more; and
- the amount of state income tax withheld on line 24 is less than 80 percent of the amount of your total tax on line 23.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may add contributions to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540EZ.

Step 6 Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Contributions

You may make voluntary contributions of $1 or more in whole dollar amounts. If you make a voluntary contribution, you must complete Form 540EZ, Side 2, Part III. You may contribute only to the funds listed in Part III and cannot change the amount you contributed after you file your return.

Instructions For Form 540EZ, Side 2, Part III Voluntary Contributions

Part III, Line 1 – Alzheimer's Disease/Related Disorders Fund

Contributions entered on line 1 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

Part III, Line 2 – California Fund For Senior Citizens

Contributions entered on line 2 will be used by the California Fund for Senior Citizens which supports direct services to seniors and the work of the California Senior Legislature. The California Senior Legislature is non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

Part III, Line 3 – Rare And Endangered Species Preservation Program

Contributions entered on line 3 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.

Part III, Line 4 – State Children's Trust Fund For The Prevention Of Child Abuse

Contributions entered on line 4 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

Part III, Line 5 – California Breast Cancer Research Fund

Contributions entered on line 5 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

Part III, Line 6 – Veterans Memorial Account

Contributions entered on line 6 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and an information program about the memorial.

Part III, Line 7 – California Firefighters' Memorial Fund

Contributions entered on line 7 will be used for the construction of a memorial on the grounds of the State Capitol honoring the hundreds of firefighters who have died protecting our neighborhoods, our homes, our families and our dreams. These brave men and women answered the call when fire alarms sounded or when hazardous, cancer-causing elements needed to be removed, and their sacrifices and the sacrifices of their families deserve to be remembered.

Part III, Line 8 – California Public School Library Protection Fund

Contributions entered on line 8 will be expended for the purchase of books and other library resources through grants awarded for implementing a school library improvement plan.

Part III, Line 9 – D.A.R.E. California (Drug Abuse Resistance Education) Fund

Contributions entered on line 9 will be used to support local D.A.R.E. programs and provide proven effective, in-classroom anti-drug, anti-gang and anti-violence education for California school children.

Part III, Line 10 – California Military Museum Fund

Contributions entered on line 10 will be used to support the museum's effort to: 1) collect, exhibit, and preserve California's military history from 1775 to date; 2) assist in educating the general public, especially school children, about our American military heritage and thus instill pride therein; 3) recognize all branches of the U.S. Armed Forces and the contributions of ethnicities of their members throughout our proud military history; and 4) maintain and operate the facilities required.

Part III, Line 11 & Line 12 – California Election Campaign Fund

A contribution of $1, $5, $10 or $25 may be made to one of these political parties: American Independent, Democratic, Green, Libertarian, Peace and Freedom or Republican. If you contribute, enter the party name in the space provided on line 11, and enter the amount of your contribution.

If your spouse contributes to the California Election Campaign Fund, enter the name of the political party and contribution amount on line 12. You and your spouse may each contribute a maximum of $25.

Part III, Line 13 – Total Contributions

Add all contributions you entered on line 1 through line 12. Enter the result on Side 2, Part III, line 13, and Side 1, line 34.

Instructions For Form 540EZ, Side 1 (con't.)

Line 34 – Total Contributions

On line 34, enter the amount of your total contributions from Form 540EZ, Side 2, Part III, line 13. If you did not complete Part III, do not enter an amount on line 34.

Line 35 – Refund Or No Amount Due

If you did not enter an amount on line 34, enter the amount from line 30 on line 35. This is the amount that will be refunded to you. If the amount is less than $1, you must attach a written request to your Form 540EZ to receive the refund.

If you entered an amount on line 34, subtract that amount from the amount on line 30. If the result is zero or more, enter the result on line 35.

If the result is less than zero, your contributions are more than your overpaid tax on line 30. In this case, do not enter an amount on line 35. Instead subtract the amount on line 30 from the amount on line 34. Enter the result on line 36.

Line 36 – Amount You Owe

If you did not enter an amount on line 34, enter the amount from line 31 on line 36.

If you entered an amount on line 34, add that amount to the amount on line 31. Enter the result on line 36. This is the amount you owe with your Form 540EZ.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1995 Form 540EZ" on your check or money order.
- Attach the check or money order to the front of your Form 540EZ in the area below the words "Step 3, Taxable Income."
- When you mail your Form 540EZ and payment, make sure your check or money order is not covered up by your Form(s) W-2 or any other items.

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

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

Sign Your Return

See "Sign Your Return" on page 32.

California Resident Income Tax Return
For Single and Joint Filers With No Dependents 1995

FORM **540EZ**

Step 1 Name and Address

Use the California mailing label. If you do not have the label, please print or type.

Your first name and initial	Last name	Your social security number
If joint return, also give spouse's name and initial	Last name	Spouse's social security number
Present home address — number and street including P.O. box or rural route		Apt. no.
City, town or post office, state and ZIP code		

Do Not Write In These Spaces

P
AC
A
R
RP

Step 2 Filing Status

1 ☐ Single

2 ☐ Married filing joint return (even if only one spouse had income)

6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here . . . . . ● 6 ☐

Step 3 Taxable Income

Attach check or money order here.

12 Federal adjusted gross income from your Form 1040EZ, line 4; or your Form 1040A, line 16; or your Form 1040, line 31. 12

13 Unemployment compensation from your Form 1040EZ, line 3; Form 1040A, line 12; or Form 1040, line 19 . . . . . ● 13

14 Subtract line 13 from line 12. This is your California adjusted gross income . . . . . ● 14

15 If you checked the box on line 6 above, go to Side 2, Part I. If you are single and did not check the box on line 6, enter your standard deduction of $2,487. If you are married filing joint and did not check the box on line 6, enter your standard deduction of $4,974 . . . . . ● 15

16 Subtract line 15 from line 14. This is your taxable income. If it is over $50,000, STOP. You must use Form 540A or Form 540. If line 15 is larger than line 14, enter -0- 16

Step 4 Tax and Credits

17 Tax. Use the amount on line 16 to find your tax in the tax table. Enter the tax from the table on this line 17

18 If you checked the box on line 6 above, go to Side 2, Part II. If you are single and did not check the box on line 6, enter your exemption credit of $66. If you are married filing joint and did not check the box on line 6, enter your exemption credit of $132. 18

23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- ● 23

Step 5 Overpaid Tax or Tax Due

24 Enter your California income tax withheld from your Form(s) W-2, box 18 . . . ■ 24

30 If line 24 is more than line 23, subtract line 23 from line 24. This is your overpaid tax . . . . . ■ 30

31 If line 24 is less than line 23, subtract line 24 from line 23. This is the amount of tax due 31

Step 6 Refund or Amount You Owe

Attach copy of your Form(s) W-2 here.

34 Total contributions. Enter amount from Side 2, Part III, line 13. . . . . ● 34

35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE.** Mail your return to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000 ■ 35

36 Add line 31 and line 34. This is the **AMOUNT YOU OWE.** Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1995 Form 540EZ" on it. Attach it to your Form 540EZ and mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 ■ 36

Sign Here

Do not attach your federal return to this return.

It is unlawful to forge a spouse's signature.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. 9

Your signature	Spouse's signature (if filing joint, both must sign)	Date
X	X	

Part I Standard Deduction Worksheet for Dependents Who Checked the Box on Side 1, line 6.

If you checked the box on Side 1, line 6 because someone can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, complete this worksheet to figure the amount to enter on Side 1, line 15.

1	Enter the amount from line 1 of your federal Form 1040EZ or from line 1 of the federal "Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040	1	
2	Minimum standard deduction	2	650
3	Compare the amounts on line 1 and line 2 above. Enter the LARGER of the two amounts here	3	
4	Maximum standard deduction: { If single, enter $2,487 / If married filing joint, enter $4,974 }	4	
5	Compare the amounts on line 3 and line 4. Enter the SMALLER of the two amounts here and on Side 1, line 15	5	

If you did not check the box on Side 1, line 6 because no one can claim you (or your spouse, if married) as a dependent, and you are: { Single, enter $2,487 on Side 1, line 15; **OR** Married filing joint, enter $4,974 on Side 1, line 15.

Part II Exemption Credit Chart for Dependents

If you (or your spouse, if married) can be claimed as a dependent, enter the following amounts on line 18:

- If single, enter -0-.
- If married filing joint and both you and your spouse can be claimed as dependents, enter -0-.
- If married filing joint and only one of you can be claimed as a dependent, enter $66.

Part III Contributions

You may make a voluntary contribution of $1 or more to the following funds:

1	Alzheimer's Disease/Related Disorders Fund	◀ 48 ▶	1	00
2	California Fund for Senior Citizens	◀ 49 ▶	2	00
3	Rare and Endangered Species Preservation Program	◀ 50 ▶	3	00
4	State Children's Trust Fund for the Prevention of Child Abuse	◀ 51 ▶	4	00
5	California Breast Cancer Research Fund	◀ 52 ▶	5	00
6	Veterans Memorial Account	◀ 53 ▶	6	00
7	California Firefighters' Memorial Fund	◀ 54 ▶	7	00
8	California Public School Library Protection Fund	◀ 55 ▶	8	00
9	D.A.R.E. California (Drug Abuse Resistance Education) Fund	◀ 56 ▶	9	00
10	California Military Museum Fund	◀ 57 ▶	10	00
	California Election Campaign Fund — 11 Your political party _____ amount ($25 maximum)	▶ 58	11	00
	12 Spouse's political party _____ amount ($25 maximum)	▶ 59	12	00
13	**Total contributions.** Add line 1 through line 12. Transfer the total to Side 1, line 34		13	00

Due to a tax law change, renter's credit has been eliminated for 1995.
You may not claim the credit on your personal income tax return.

YOU CAN USE THIS FORM IF ALL OF THE FOLLOWING ARE TRUE:

Circle T if the statement is true or F if the statement is false.

- Your filing status is single or married filing joint. **T F**
- Your taxable income is $50,000 or less. **T F**
- You are under 65 and not blind. **T F**
- You do not have any dependents. **T F**
- You had only income from: **T F**
  - ▶ Wages, salaries, tips;
  - ▶ Taxable interest of $400 or less;
  - ▶ Taxable scholarship or fellowship grants; or
  - ▶ Unemployment compensation.
- You have no adjustments to federal AGI **T F**
- You do not itemize your deductions. **T F**
- You do not claim estimated tax payments. **T F**
- You claim no credits other than the personal exemption credit. **T F**

COMPLETING YOUR RETURN

- Be sure to file your return by April 15, 1996.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to your Form 540EZ.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return below your signature.
- If you cannot file your return by April 15, 1996 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 15, 1996 to avoid late payment penalties and interest.

California Resident Income Tax Return
For Single and Joint Filers With No Dependents 1995

FORM **540EZ**

Step 1 Name and Address

Use the California mailing label. If you do not have the label, please print or type.

Your first name and initial	Last name	Your social security number
If joint return, also give spouse's name and initial	Last name	Spouse's social security number
Present home address — number and street including P.O. box or rural route		Apt. no.
City, town or post office, state and ZIP code		

Do Not Write In These Spaces

P
AC
A
R
RP

Step 2 Filing Status

1 ☐ Single

2 ☐ Married filing joint return (even if only one spouse had income)

6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here . . . . . ● 6 ☐

Step 3 Taxable Income

Attach check or money order here.

12 Federal adjusted gross income from your Form 1040EZ, line 4; or your Form 1040A, line 16; or your Form 1040, line 31. 12

13 Unemployment compensation from your Form 1040EZ, line 3; Form 1040A, line 12; or Form 1040, line 19 . . . . . ● 13

14 Subtract line 13 from line 12. This is your California adjusted gross income . . . . . ● 14

15 If you checked the box on line 6 above, go to Side 2, Part I. If you are single and did not check the box on line 6, enter your standard deduction of $2,487. If you are married filing joint and did not check the box on line 6, enter your standard deduction of $4,974 . . . . . ● 15

16 Subtract line 15 from line 14. This is your taxable income. If it is over $50,000, STOP. You must use Form 540A or Form 540. If line 15 is larger than line 14, enter -0- 16

Step 4 Tax and Credits

17 Tax. Use the amount on line 16 to find your tax in the tax table. Enter the tax from the table on this line 17

18 If you checked the box on line 6 above, go to Side 2, Part II. If you are single and did not check the box on line 6, enter your exemption credit of $66. If you are married filing joint and did not check the box on line 6, enter your exemption credit of $132. 18

23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- ● 23

Step 5 Overpaid Tax or Tax Due

24 Enter your California income tax withheld from your Form(s) W-2, box 18 . . . ■ 24

30 If line 24 is more than line 23, subtract line 23 from line 24. This is your overpaid tax . . . . . ■ 30

31 If line 24 is less than line 23, subtract line 24 from line 23. This is the amount of tax due 31

Step 6 Refund or Amount You Owe

Attach copy of your Form(s) W-2 here.

34 Total contributions. Enter amount from Side 2, Part III, line 13. . . . . ● 34

35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE.** Mail your return to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000 ■ 35

36 Add line 31 and line 34. This is the **AMOUNT YOU OWE.** Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1995 Form 540EZ" on it. Attach it to your Form 540EZ and mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 ■ 36

Sign Here

Do not attach your federal return to this return.

It is unlawful to forge a spouse's signature.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. 9

Your signature	Spouse's signature (if filing joint, both must sign)	Date
X	X	

Part I Standard Deduction Worksheet for Dependents Who Checked the Box on Side 1, line 6.

If you checked the box on Side 1, line 6 because someone can claim you (or your spouse, if married) as a dependent, even if that person chooses not to, complete this worksheet to figure the amount to enter on Side 1, line 15.

1	Enter the amount from line 1 of your federal Form 1040EZ or from line 1 of the federal "Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040	1	
2	Minimum standard deduction	2	650
3	Compare the amounts on line 1 and line 2 above. Enter the LARGER of the two amounts here	3	
4	Maximum standard deduction: { If single, enter $2,487 / If married filing joint, enter $4,974 }	4	
5	Compare the amounts on line 3 and line 4. Enter the SMALLER of the two amounts here and on Side 1, line 15	5	

If you did not check the box on Side 1, line 6 because no one can claim you (or your spouse, if married) as a dependent, and you are: { Single, enter $2,487 on Side 1, line 15; **OR** Married filing joint, enter $4,974 on Side 1, line 15.

Part II Exemption Credit Chart for Dependents

If you (or your spouse, if married) can be claimed as a dependent, enter the following amounts on line 18:

- If single, enter -0-.
- If married filing joint and both you and your spouse can be claimed as dependents, enter -0-.
- If married filing joint and only one of you can be claimed as a dependent, enter $66.

Part III Contributions

You may make a voluntary contribution of $1 or more to the following funds:

1	Alzheimer's Disease/Related Disorders Fund	◀ 48 ▶	1	00
2	California Fund for Senior Citizens	◀ 49 ▶	2	00
3	Rare and Endangered Species Preservation Program	◀ 50 ▶	3	00
4	State Children's Trust Fund for the Prevention of Child Abuse	◀ 51 ▶	4	00
5	California Breast Cancer Research Fund	◀ 52 ▶	5	00
6	Veterans Memorial Account	◀ 53 ▶	6	00
7	California Firefighters' Memorial Fund	◀ 54 ▶	7	00
8	California Public School Library Protection Fund	◀ 55 ▶	8	00
9	D.A.R.E. California (Drug Abuse Resistance Education) Fund	◀ 56 ▶	9	00
10	California Military Museum Fund	◀ 57 ▶	10	00
	California Election Campaign Fund — 11 Your political party _____ amount ($25 maximum)	▶ 58	11	00
	12 Spouse's political party _____ amount ($25 maximum)	▶ 59	12	00
13	**Total contributions.** Add line 1 through line 12. Transfer the total to Side 1, line 34		13	00

Due to a tax law change, renter's credit has been eliminated for 1995.
You may not claim the credit on your personal income tax return.

YOU CAN USE THIS FORM IF ALL OF THE FOLLOWING ARE TRUE:

Circle T if the statement is true or F if the statement is false.

- Your filing status is single or married filing joint. **T F**
- Your taxable income is $50,000 or less. **T F**
- You are under 65 and not blind. **T F**
- You do not have any dependents. **T F**
- You had only income from: **T F**
  - ▶ Wages, salaries, tips;
  - ▶ Taxable interest of $400 or less;
  - ▶ Taxable scholarship or fellowship grants; or
  - ▶ Unemployment compensation.
- You have no adjustments to federal AGI **T F**
- You do not itemize your deductions. **T F**
- You do not claim estimated tax payments. **T F**
- You claim no credits other than the personal exemption credit. **T F**

COMPLETING YOUR RETURN

- Be sure to file your return by April 15, 1996.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to your Form 540EZ.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return below your signature.
- If you cannot file your return by April 15, 1996 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 15, 1996 to avoid late payment penalties and interest.

California Resident Income Tax Return 1995

FORM **540A**

Use the California mailing label. If you do not have the label, please print or type.

Step 1 Name and Address

Your first name and initial | Last name | Your social security number

If joint return, also give spouse's name and initial | Last name | Spouse's social security number

Present home address — number and street including P.O. Box or rural route | Apt. no.

City, town or post office, state and ZIP code

Do Not Write In These Spaces

P

AC

A

R

RP

Step 2 Filing Status

Check only one.

1 ☐ Single

2 ☐ Married filing joint return (even if only one spouse had income)

3 ☐ Married filing separate return. Enter spouse's social security number above and full name here

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name

5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19 _____.

Step 3 Exemptions

Do not enter dollar amounts in the boxes.

Attach check or money order here.

6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, line 3, line 4 or line 5, see page 16 . . . . . ● 6 ☐

7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 7

8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 8

9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9

10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person you listed on line 4.

_____ Enter the total number of dependents 10

11 Add line 7 through line 10. These are your total exemptions 11

Step 4 Taxable Income

12 Federal adjusted gross income from your Form 1040EZ, line 4; your Form 1040A, line 16; or your Form 1040, line 31. If this amount is over $100,000, STOP; you must file Form 540 12

13 Total California income adjustments. Enter the amount from Side 2, Part I, line 7 . . . . . ● 13

14 Subtract line 13 from line 12. This is your California adjusted gross income. See page 17 . . . . . ● 14

15 Enter the larger of:
- California **itemized deductions** from line 5 of the worksheet on page 17, **or**
- California **standard deduction** for your filing status from the chart on page 17 . . . . . ● 15

16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- 16

Step 5 Tax and Credits

17 Tax. Use the tax table on page 44 or tax rate schedules on page 46 to find the tax on the amount shown on line 16 17

18 Exemption credits. If line 14 is less than: $30,000 (single or head of household); $40,000 (married filing joint or qualifying widow(er)); or $20,000 (married filing separate), multiply $66 by the amount on line 11. Otherwise, see page 18 18

23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- . . . . . ● 23

Step 6 Overpaid Tax or Tax Due

Attach copy of your Form(s) W-2, W-2G and 1099-R here.

24 California income tax withheld. Enter total from all 1995 Form(s) W-2, W-2G and 1099-R. Be sure to attach these forms to the left . . . . . ■ 24

25 1995 California estimated tax and amount applied from 1994 return. Include amount paid with extension payment voucher, form FTB 3519 . . . . . ■ 25

27 Add line 24 and line 25. These are your total payments and credits 27

28 If line 27 is more than line 23, subtract line 23 from line 27. This is your overpaid tax. 28

29 Enter the amount of line 28 you want applied to your 1996 estimated tax. . . . . ■ 29

30 Subtract line 29 from line 28. This is the amount of overpaid tax available this year. . . . . ■ 30

31 If line 27 is less than line 23, subtract line 27 from line 23. This is the amount of tax due. 31

Step 7 Refund or Amount You Owe

34 Total contributions. Enter amount from Side 2, Part II, line 14 . . . . . ● 34

35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE.** Mail return to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000 . . . . . ■ 35

36 Add line 31 and line 34. This is the **AMOUNT YOU OWE.** Make a check or money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1995 Form 540A" on it. Attach it to your Form 540A and mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001. . . . . ■ 36

37 Underpayment of estimated tax. If form FTB 5805 is attached, check here . . . . . ☐ ■ 37

Continued on Side 2.

Part I California Income Adjustments. See instructions.

1	State income tax refund from Form 1040, line 10. See page 16	1	
2	Unemployment compensation from Form 1040EZ, line 3; Form 1040A, line 12; or Form 1040, line 19. See page 16	2	
3	Social security benefits or tier 1 and tier 2 railroad retirement benefits. See page 16	3	
4	California nontaxable interest or dividend income. See page 16	4	
5	IRA distributions. See page 16	5	
6	Pensions and annuities. See page 17	6	
7	**Total California income adjustments.** Add line 1 through line 6. Enter here and on Side 1, line 13	7	

Part II Contributions.

1	Contribution to California Seniors Special Fund. See page 19	◀ 47 ▶	1		
	You may make a voluntary contribution of $1 or more to the following funds:				
2	Alzheimer's Disease/Related Disorders Fund	◀ 48 ▶	2		00
3	California Fund for Senior Citizens	◀ 49 ▶	3		00
4	Rare and Endangered Species Preservation Program	◀ 50 ▶	4		00
5	State Children's Trust Fund for the Prevention of Child Abuse	◀ 51 ▶	5		00
6	California Breast Cancer Research Fund	◀ 52 ▶	6		00
7	Veterans Memorial Account	◀ 53 ▶	7		00
8	California Firefighters' Memorial Fund	◀ 54 ▶	8		00
9	California Public School Library Protection Fund	◀ 55 ▶	9		00
10	D.A.R.E. California (Drug Abuse Resistance Education) Fund	◀ 56 ▶	10		00
11	California Military Museum Fund	◀ 57 ▶	11		00
	California Election Campaign Fund } 12 Your political party _____ amount ($25 maximum)	▶ 58	12		00
	} 13 Spouse's political party _____ amount ($25 maximum)	▶ 59	13		00
14	**Total contributions.** Add line 1 through line 13. Enter here and on Side 1, line 34		14		

Due to a tax law change, renter's credit has been eliminated for 1995.
You may not claim the credit on your personal income tax return.

YOU CAN USE THIS FORM IF:

- Your federal adjusted gross income is $100,000 or less.
- You have dependents.
- You had only income from:
  - ▶ Wages, salaries, tips;
  - ▶ Interest and dividends;
  - ▶ Taxable scholarship or fellowship grants;
  - ▶ Unemployment compensation;
  - ▶ Social security benefits;
  - ▶ Tier 1 and tier 2 railroad retirement benefits; or
  - ▶ Fully and partially taxable IRA distributions, pensions or annuities.
- You make adjustments only to the categories of income listed above.
- You claim the standard deduction or the only difference between your federal itemized deductions and your California itemized deductions is for local, state or foreign tax paid.
- You made estimated tax payments or you made payments using an extension voucher.
- You claim no credits other than exemption credits.

COMPLETING YOUR RETURN

- Be sure to file your return by April 15, 1996.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to the front of your Form 540A.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return.
- If you cannot file your return by April 15, 1996 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 15, 1996 to avoid late payment penalties and interest.

Do not attach your federal return to this return.

Sign Here

It is unlawful to forge a spouse's signature.

Do not attach your federal return to this return.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. 9

Your signature | Spouse's signature (if filing joint, both must sign) | Date

X | X

Signature of paid preparer (*declaration of preparer is based on all information of which preparer has any knowledge*) | Preparer's SSN/FEIN

Firm's name (or yours if self-employed) | Firm's address

Instructions for California Resident Income Tax Return — Form 540A

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993,** and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A or Form 1040EZ) before you begin your Form 540A. You will use the information you entered on your federal income tax return to complete your Form 540A.

Step 1
Name and Address

If there is a label on the front of your booklet:

1. Complete your purple Form 540A **before** you remove the address label from the front of your booklet.
2. Check your math and the amounts entered to make sure that they are correct.
3. Remove your address label from the front of your booklet and attach it on the front of your Form 540A in the space provided at the top.
4. Make sure the information on your address label is correct. If you need to make any changes, draw a line in ink through the incorrect information and clearly print the new information.

If there is no label, print or type your name, social security number, and address in the space provided at the top of Form 540A.

If you file a joint return, show your social security numbers in the same order as you show your names.

Step 2
Filing Status

Check only one of the boxes on line 1 through line 5. Be sure to enter the required information if you check a box on line 3, line 4 or line 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return. **Exception:** Married taxpayers who file a joint federal income tax return may file either a joint return or separate returns if:

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- Either spouse was an active member of the United States armed forces or any auxiliary military branch during 1995; or
- Either spouse was a nonresident for the entire year and had no income from California sources during 1995.

However, if you file a joint return and if either spouse was a nonresident in 1995, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Line 1 – Single. You may check the box on line 1 if **any** of the following was true on December 31, 1995:

- You were never married;
- You were legally separated under a decree of divorce or of separate maintenance; or
- You were widowed before January 1, 1995 and did not remarry in 1995.

Line 2 – Married filing joint return. You may check the box on line 2 if **any** of the following is true:

- You were married as of December 31, 1995, even if you did not live with your spouse at the end of 1995;
- Your spouse died in 1995 and you did not remarry in 1995; or
- Your spouse died in 1996 before filing a 1995 return.

Line 3 – Married filing separate return. If you check the box on line 3 be sure to enter the name of your spouse on line 3 and enter his or her social security number in "Step 1." Also, if you file a separate return, you cannot take the standard deduction if your spouse itemizes deductions.

Note: You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the last 6 months of 1995.

Line 4 – Head of household. This filing status is for unmarried individuals who provide a home for certain other persons.

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You may check the box on line 4 if you were divorced or legally separated as of December 31, 1995, or have never been married, **and:**

- You paid over half the cost of keeping up a home that was the main home for all of 1995 of your **parent** whom you can claim as a dependent. Your parent must have been a U.S. citizen, a resident of Canada or a resident of Mexico. Your parent did not have to live with you in your home; or
- You paid over half the cost of keeping up a home in which you lived and in which one of the following also lived for more than half of the year (temporary absences, such as for school or vacations, count as time lived in the home):
  1. Your **unmarried** child, grandchild, great-grandchild, etc., stepchild or adopted child. This child does not have to be your dependent. If this child is not your dependent, be sure to enter that child's name in the space provided on line 4.
     Note: Your foster child must be your dependent and must have lived with you the entire year.
  2. Your **married** child, grandchild, great-grandchild, etc., stepchild or adopted child. This child must be your dependent. But if your married child's other parent claims him or her as a dependent under the rules for children of divorced or separated parents, this child does not have to be your dependent. Refer to the instructions for federal Form 1040 or 1040A for more information about children of divorced or separated parents.
  3. Any other relative you can claim as a dependent. A relative is:
     - Your child, stepchild, adopted child; a child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption; or a foster child (any child who lived in your home as a family member for the whole year).
     - Your grandchild, great-grandchild, etc.
     - Your son-in-law, daughter-in-law.
     - Your parent, stepparent, parent-in-law.
     - Your grandparent, great-grandparent, etc.
     - Your brother, sister, half brother, half sister, stepbrother, stepsister, brother-in-law, sister-in-law.
     - If related by blood, your aunt, uncle, nephew, niece.

     Note: Any relationships established by marriage are not treated as ended by divorce or death.

Married persons who live apart. Even if you were not divorced or legally separated in 1995, you may be considered unmarried and file as head of household. You can take the standard deduction even if your spouse itemizes deductions. You may check the box on line 4 if **all five** of the following apply:

1. You file a separate return from your spouse; and
2. You lived apart from your spouse during the last 6 months of 1995; and
3. You paid over half the cost of keeping up your home for 1995; and
4. Your home was the main home of your child, adopted child, stepchild, for more than half of 1995 or the main home of your foster child for the entire year; and
5. You claim this child as your dependent or the child's other parent claims him or her. If this child is not your dependent, be sure to enter the child's name on line 4.
   Note: If this child is your foster child, the child must be your dependent.

Get FTB Pub. 1540, Tax Information for Head of Household, for more information.

Line 5 – Qualifying Widow(er) with dependent child. You may check the box on line 5 and use the joint return tax rates for 1995 if **all five** of the following apply:

1. Your spouse died in 1993 or 1994 and you did not remarry in 1995; and
2. You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
3. This child lived in your home for all of 1995. Temporary absences, such as for vacation or school, count as time lived in the home; and
4. You paid over half the cost of keeping up your home for this child; and
5. You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

Note: If your spouse died in 1995, you may not file as a qualifying widow(er) with dependent child. Instead see the instructions for line 2.

Step 3
Exemptions

Line 6 – Dependent Check Box

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Check the box on line 6 only if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return even if that person chooses not to, **and:**

- If single or married filing separate, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and both you and your spouse can be claimed as dependents, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and only one spouse can be claimed as a dependent, ignore the instructions for line 7 and enter 1 on line 7.

When you get to ''Step 4,'' line 15 you must use the ''Standard Deduction Worksheet for Dependents.''

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

Line 9 – Senior Exemptions

If you are 65 years of age or older, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit.

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write the dependent's name and relationship to you in the space provided. **Do not** list the same person you list on line 4. Enter on line 10 the total number of dependents listed.

The persons you list as dependents on your Form 540A must be the same persons you listed as dependents on your federal income tax return.

Step 4
Taxable Income

Refer to your completed federal income tax return to complete ''Step 4.''

Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return. In addition, there may be differences between the taxable amounts of federal and California IRA distributions, pensions and annuities. For more information, see the instructions for Side 2, Part I.

Instructions For Side 2, Part I
California Income Adjustments

Part I, Line 1 – State Income Tax Refund

California does not tax your 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 1040EZ, enter -0- on line 1.

Part I, Line 2 – Unemployment Compensation

California does not tax unemployment compensation. Enter the amount of any unemployment compensation shown on your federal Form 1040EZ, line 3; Form 1040A, line 12; or Form 1040, line 19.

Part I, Line 3 – Social Security Benefits – (and tier 1 or tier 2 railroad retirement benefits)

California does not tax the types of income listed below. Enter the total of any of these amounts shown on your federal return.

- Social security benefits and equivalent tier 1 railroad retirement benefits reported on federal Form 1040A, line 13b; or Form 1040, line 20b;
- Tier 1 (non social security equivalent) and tier 2 railroad retirement benefits reported on federal Form 1040A, line 11b; or Form 1040, line 16b.

If you filed Form 1040EZ, enter -0- on line 3.

Part I, Line 4 – California Nontaxable Interest or Dividend Income

If you received interest from municipal or state bonds from a state other than California, you cannot use Form 540A. You must use Form 540.

California does not tax interest earned from:

- United States savings bonds;
- United States treasury bills; and
- bonds or obligations of the United States and U.S. territories, and government agency obligations specifically exempted by federal law.

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

Do not enter the amount of interest you earned on 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.

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 is 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 4. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you can not use Form 540A. You must use Form 540.

Part I, Line 5 – Individual Retirement Account (IRA) Distributions

The method of taxing income from 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. Prior to 1987, the maximum IRA contribution you were allowed to deduct from California income was different than the amount you were allowed to deduct from federal income. For this reason, the amount of your IRA distribution taxed by California may be different than the amount taxed under federal law.

Report the difference between your California and your federal taxable IRA distributions on line 5. Be sure to attach Form 1099-R to your Form 540A. Get FTB Pub. 1005, Pension and Annuity Guidelines, for more information.

Part I, Line 6 – Pensions and Annuities

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 5-year or 10-year averaging method. However, you must file a Form 540 to use these methods. Get the instructions for Form 540 and Schedule G-1, Tax on Lump-Sum Distributions, (not in this booklet) for more information.

If your annuity starting date was after 7/1/86 and before 1/1/87 and if you elected to use the 3-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the total distribution shown on your Form 1099-R, box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 6. For example: "(12,325)." Combine line 1 through line 6. If the result is less than zero, enter the amount in parentheses on line 7 and on Side 1, line 13. In this case only, treat the amount on line 13 as a positive number and add it to the amount on line 12.

Instructions For Side 1 (con't.)

Line 14 – California Adjusted Gross Income

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

Line 15 – Standard Deduction OR Itemized Deductions

You must decide whether to take the standard deduction or to itemize your actual deductions for charitable contributions, medical expenses, interest, taxes, etc. Your California income tax will be less if you take the **larger** of:

- Your itemized deductions; or
- Your standard deduction.

If you are married and file a separate return, both you and your spouse must either itemize your deductions or take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing the California Itemized Deductions Worksheet. Enter the result on Form 540A, line 15.

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

Standard deduction. Most people can find their standard deduction by looking at the Standard Deduction Chart For Most People below. But, if you checked the box on Form 540A, line 6, you must use the Standard Deduction Worksheet for Dependents.

Standard Deduction Chart For Most People

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

Your Filing Status	Enter On Line 15
1 – Single	$2,487
2 – Married filing joint return	$4,974
3 – Married filing separate return	$2,487
4 – Head of household	$4,974
5 – Qualifying widow(er)	$4,974

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

Standard Deduction Worksheet For Dependents

Use this worksheet only if your parent(s), or someone else, can claim you as a dependent on their tax return.

1. Enter your earned income from line 1 of the federal "Standard Deduction Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040; or line A of the worksheet found on the back of federal Form 1040EZ . . . . . 1 _____
2. Minimum standard deduction 2 $650.00
3. Compare the amounts on line 1 and line 2. Enter the **larger** of the two amounts here . . . . 3 _____
4. Enter the amount shown below for your filing status.
   - Single or married filing separate, enter $2,487
   - Married filing joint, head of household or qualifying widow(er), enter $4,974

   . . 4 _____
5. **Standard deduction.** Compare the amounts on line 3 and line 4. Enter the **smaller** of the two amounts here and on your Form 540A, line 15. 5 _____

Itemized Deductions Worksheet

1. Enter your total itemized deductions from your federal Schedule A, line 28 . . . . . 1 _____
2. Enter state and local tax from federal Schedule A, line 5, and State Disability Insurance (SDI) or foreign income taxes from federal Schedule A, line 8 . . . . . 2 _____
3. Subtract line 2 from line 1. This amount is your total **itemized deductions** for California. . . . 3 _____
4. Enter the **standard deduction** for your filing status as shown on the "Standard Deduction Chart for Most People." If your parent(s), or someone else, can claim you as a dependent on their tax return, complete the "Standard Deduction Worksheet For Dependents" above. Enter the amount from line 5 of that worksheet on line 4 of this worksheet. . . . . 4 _____
5. Compare the amounts on line 3 and line 4 above. Enter the **larger** of the two amounts here and on Form 540A, line 15 . . . . . 5 _____

Step 5 Tax and Credits

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

Line 17 – Tax

To figure your tax on the amount shown on line 16, use one of the following methods:

- **Tax Table.** If your taxable income on line 16 is $50,000 or less, you must use the tax table on page 44 through page 46. Be sure you use the correct column in the tax table.
- **Tax Rate Schedule.** If your taxable income on line 16 is over $50,000, you must use the tax rate schedules on page 46.

Line 18 – Exemption Credits

Exemption credits may reduce your tax. Answer the questions below and complete a worksheet if necessary to figure the amount of exemption credit you may use to reduce your tax.

Question 1:
Is the amount on line 14 more than:

- $30,000 if single or head of household;
- $40,000 if married filing joint or qualifying widow(er); or
- $20,000 if married filing separate?

No Multiply the amount from line 11 by $66. Enter the result on line 18 and continue to line 19.

Yes Go to Question 2.

Question 2:
Did you claim the standard deduction on line 15?

Yes Complete the Exemption Credit Worksheet for Taxpayers Claiming the Standard Deduction, below.

No Go to Question 3.

Question 3:
Did you have either of the following? For more information on either of these topics, call 1-800-338-0505. Then enter the code number shown below for the topic.

- Investment interest expense (code 226) on federal Schedule A, line 13; or
- Charitable contribution deduction for appreciated property (code 224) on federal Schedule A, line 16.

No Complete the Exemption Credit Worksheet for Taxpayers Claiming Itemized Deductions, to the right.

Yes You cannot use Form 540A. You must use Form 540 and you may need to complete Schedule P (540), Alternative Minimum Tax and Credit Limitations — Residents. See page 47 of this booklet for information about ordering forms.

Exemption Credit Worksheet for Taxpayers Claiming the Standard Deduction

1. Enter the amount from Form 540A, line 17 (tax) 1 _____
2. Enter the amount from Form 540A, line 14 (CA AGI) . . . . . 2 _____
3. If your filing status is: Enter this amount on line 3:
   Single or head of household $30,000
   Married filing joint or qualifying widow(er) $40,000
   Married filing separate $20,000
   3 _____
4. Subtract line 3 from line 2. If zero or less, enter -0- . . . . . 4 _____
5. Multiply line 4 by .085 . . . . . 5 _____
6. Subtract line 5 from line 1 . . . . . 6 _____
7. Multiply the amount from Form 540A, line 11 ____ x $66 = ... 7 _____
8. Is line 7 smaller than line 6?
   Yes Enter the amount from line 7 on Form 540A, line 18 and continue to Form 540A, line 23.
   No You cannot use Form 540A.You must use Form 540. See page 47 of this booklet for information about ordering forms.

Exemption Credit Worksheet for Taxpayers Claiming Itemized Deductions

A. Enter the amount from Form 540A, line 17 (tax). A _____
B. Enter the smaller of federal Schedule A, line 4 (medical and dental expense); or 2½% of Form 1040, line 32 (federal AGI) . . . . . B _____
C. Enter personal property and real property taxes paid and included on federal Schedule A, line 6, line 7 or line 8 . . . . . C _____
D. Enter certain interest on a home mortgage **not** used to buy, build or improve your home. For more information on this topic, call 1-800-338-0505. Then enter 223 when instructed to do so . . . . D _____
E. Enter miscellaneous itemized deductions from federal Schedule A, line 26 . . . . . E _____
F. Add line B through line E . . . . . F _____
G. Enter any refund of personal property tax or real property tax included on federal Form 1040, line 10. Do not enter the amount of your state income tax refund . . . . . G _____
H. Subtract the amount on line G from the amount on line F . . . . . H _____
I. Enter the amount from Form 540A, line 16 (taxable income) . . . . . I _____
J. Add line H and line I . . . . . J _____
K. If your filing status is: Enter this amount on line K:
   Single or head of household. $30,000
   Married filing joint or qualifying widow(er) $40,000
   Married filing separate $20,000
   K _____
L. Subtract line K from line J. If zero or less, enter -0-. . . . . L _____
M. Multiply line L by .085 . . . . . M _____
N. Subtract line M from line A . . . . . N _____
O. Multiply the amount from Form 540A, line 11 ____ x $66 =. . . . . O _____
P. Is line O smaller than line N?
   Yes Enter the amount from line O on Form 540A, line 18 and continue to Form 540A, line 23.
   No You cannot use Form 540A. You must use Form 540 and you may need to complete Schedule P (540), Alternative Minimum Tax and Credit Limitations — Residents. See page 47 of this booklet for information about ordering forms.

Step 6 Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 24 through line 31.

Line 24 – California Income Tax Withheld

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Enter on line 24 the total amount shown as California income tax withheld on your Form(s) W-2 in box 18; Form(s) W-2G in box 14; or Form 1099-R in box 10.

Caution: Do not include local tax withheld or tax withheld by other states.

If you received a Form 1099 showing California income tax withheld (''backup withholding'') on dividends and interest income, include the amount withheld in the total on line 24.

Note: If you had two or more employers during 1995, received more than $31,767 in wages from these employers and they withheld more than $317.67 of California State Disability Insurance (SDI or VPDI), you may be entitled to a credit for excess SDI. Get Form 540 instructions for more information.

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If you do not have a Form W-2, see the instructions for "Sign Your Return" on page 32.

Line 25 – 1995 California Estimated Tax Payments And Amount Applied From 1994 Return (And Payment Made With Extension Payment Voucher)

Enter the total of any:

- California estimated tax payments you made (Form 540-ES) for 1995;
- overpayment from your 1994 California income tax return applied to your 1995 estimated tax; and
- payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

If you and your spouse paid joint estimated tax but are now filing separate returns, either of you may claim all of the amount paid or you may each claim part of it.

Attach a statement, signed by you and your spouse, explaining how you want your payments divided. Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining that payments have been made under both social security numbers.

Line 28 – Overpaid Tax

If the amount on line 27 is more than the amount on line 23, your payments and credits are more than your tax. Subtract the amount on line 23 from the amount on line 27. Enter the result on line 28. This is the amount of your overpaid tax.

If the amount on line 27 is less than the amount on line 23, go to line 31.

Line 29 – Amount You Want Applied To Your 1996 Estimated Tax

If you pay estimated tax, you may apply $5.00 or more of the amount on line 28 to your 1996 estimated tax. Enter on line 29 the amount of line 28 you want applied to your 1996 estimated tax.

Line 30 – Amount of Overpaid Tax Available This Year

If you entered an amount on line 29, subtract that amount from line 28. Enter the result on line 30. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 31 and go to the instructions for "Step 7."

Line 31 – Tax Due

If the amount on line 27 is less than the amount on line 23, your tax is more than your payments and credits. Subtract the amount on line 27 from the amount on line 23. Enter the result on line 31. This is the amount of your tax due.

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 31 is $100 or more; and
- the amount of state income tax withheld on line 24 is less than 80% of the amount of your total tax on line 23.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may make contributions to the California Seniors Special Fund or make voluntary contributions by adding them to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540A.

Step 7 Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Contributions

You may make contributions to the California Seniors Special Fund or you may make voluntary contributions of $1 or more in whole dollar amounts. If you make one or more contributions, you must complete Side 2, Part II. You may contribute only to the funds listed in Part II and cannot change the amount you contributed after you file your return.

Instructions For Side 2, Part II — Contributions

Part II, Line 1 – Contribution to California Seniors Special Fund

If you or your spouse claim the senior exemption credit on line 9, you may each make a contribution of up to $66 to the California Seniors Special Fund. Your contribution will be used to support the work of the Area Agency on Aging Council of California in its role as an advocate for California Seniors. All contributions over those needed for this work will be used to provide direct services to seniors such as meals, adult day care and transportation. The actual use of the funds will be determined at the local level by the Area Agency on Aging, its Advisory Council of Seniors and the senior community. On line 1, enter the amount of your contribution (if you contribute, do not enter more than $66; if you and your spouse contribute, do not enter more than $132).

Part II, Line 2 – Alzheimer's Disease/Related Disorders Fund

Contributions entered on line 2 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

Part II, Line 3 – California Fund For Senior Citizens

Contributions entered on line 3 will be used by the California Fund for Senior Citizens which supports direct services to seniors and the work of the California Senior Legislature. The California Senior Legislature is non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

Part II, Line 4 – Rare And Endangered Species Preservation Program

Contributions entered on line 4 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 of you and future generations of Californians.

Part II, Line 5 – State Children's Trust Fund For The Prevention Of Child Abuse

Contributions entered on line 5 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

Part II, Line 6 – California Breast Cancer Research Fund

Contributions entered on line 6 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

Part II, Line 7 – Veterans Memorial Account

Contributions entered on line 7 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and an information program about the memorial.

Part II, Line 8 – California Firefighters' Memorial Fund

Contributions entered on line 8 will be used for the construction of a memorial on the grounds of the State Capitol honoring the hundreds of firefighters who have died protecting our neighborhoods, our homes, our families and our dreams. These brave men and women answered the call when fire alarms sounded or when hazardous, cancer-causing elements needed to be removed, and their sacrifices and the sacrifices of their families deserve to be remembered.

Part II, Line 9 – California Public School Library Protection Fund

Contributions entered on line 9 will be expended for the purchase of books and other library resources through grants awarded for implementing a school library improvement plan.

Part II, Line 10 – D.A.R.E. California (Drug Abuse Resistance Education) Fund

Contributions entered on line 10 will be used to support local D.A.R.E. programs and provide proven effective, in-classroom anti-drug, anti-gang and anti-violence education for California school children.

Part II, Line 11 – California Military Museum Fund

Contributions entered on line 11 will be used to support the museum's effort to: 1) collect, exhibit, and preserve California's military history from 1775 to date; 2) assist in educating the general public, especially school children, about our American military heritage and thus instill pride therein; 3) recognize all branches of the U.S. Armed Forces and the contributions of ethnicities of their members throughout our proud military history; and 4) maintain and operate the facilities required.

Part II, Line 12 & Line 13 – California Election Campaign Fund

You may make a contribution of $1, $5, $10 or $25 to one of these political parties: American Independent, Democratic, Green, Libertarian, Peace and Freedom or Republican. If you contribute, enter the party name in the space provided on line 12, and enter the amount of your contribution.

If your spouse contributes to the California Election Campaign Fund, enter the name of the political party and contribution amount on line 13. You and your spouse may each contribute a maximum of $25.

Part II, Line 14 – Total Contributions

Add all contributions you entered on line 1 through line 13. Enter the result on Side 2, Part II, line 14, and on your Form 540A, line 34.

Instructions For Form 540A, Side 1 (con't.)

Line 34 – Total Contributions

On line 34, enter the amount of your total contributions from Side 2, Part II, line 14. If you did not complete Part II, do not enter an amount on line 34.

If you show an amount on line 30, you must subtract the amount you contribute from the amount of overpaid tax.

If you show an amount on line 31, you must add the amount you contribute to your tax due.

Line 35 – Refund Or No Amount Due

If you did not enter an amount on line 34, enter the amount from line 30 on line 35. This is the amount that will be refunded to you. If the amount is less than $1, attach a written request to your Form 540A to receive the refund.

If you entered an amount on line 34, subtract that amount from the amount on line 30. If the result is zero or more, enter the result on line 35. Then skip to the instructions for line 37.

If the result is less than zero, your contributions are more than your overpaid tax available on line 30. In this case, do not enter an amount on line 35. Instead, subtract the amount on line 30 from the amount on line 34. Enter the result on line 36 and see the instructions for line 36.

Line 36 – Amount You Owe

If you did not enter an amount on line 34, enter the amount from line 31 on line 36. This is the amount you owe with your Form 540A.

If you entered an amount on line 34, add that amount to the amount on line 31. Enter the result on line 36. This is the amount you owe with your Form 540A.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1995 Form 540A" on your check or money order.
- Attach the check or money order to the front of your Form 540A in the area below the words "Step 3, Exemptions."
- When you mail your Form 540A and payment, make sure the check or money order is not covered up by your Form(s) W-2 or any other items.

A penalty may be imposed if your check is returned by your bank for insufficient funds. To avoid a late filing penalty, file your Form 540A by the due date even if you cannot pay the amount you owe.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in a separate envelope from the one you use to pay the amount you owe with Form 540A.

Line 37 – Underpayment Of Estimated Tax

You may owe a penalty if:

- line 31 is $100 or more and more than 20% of the tax shown on line 23; or
- you underpaid your 1995 estimated tax liability for any payment period. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or if you want, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty and to figure the amount. If you complete form FTB 5805, enter the amount of the penalty on line 37 and check the box at line 37. You must complete and attach form FTB 5805 if you claim a waiver or use the annualized income installment method.

Note: Do not reduce the amount on line 28 or increase the amount on line 31 by any penalty or interest amounts.

Sign Your Return

See the instructions for "Sign Your Return" on page 32.

California Resident Income Tax Return 1995

FORM **540A**

Use the California mailing label. If you do not have the label, please print or type.

Step 1 Name and Address

Your first name and initial | Last name | Your social security number

If joint return, also give spouse's name and initial | Last name | Spouse's social security number

Present home address — number and street including P.O. Box or rural route | Apt. no.

City, town or post office, state and ZIP code

Do Not Write In These Spaces

P

AC

A

R

RP

Step 2 Filing Status

Check only one.

1 ☐ Single

2 ☐ Married filing joint return (even if only one spouse had income)

3 ☐ Married filing separate return. Enter spouse's social security number above and full name here

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name

5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19 _____.

Step 3 Exemptions

Do not enter dollar amounts in the boxes.

Attach check or money order here.

6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, even if that person chooses not to, check here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, line 3, line 4 or line 5, see page 16 . . . . . ● 6 ☐

7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 7

8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 8

9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9

10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person you listed on line 4.

_____ Enter the total number of dependents 10

11 Add line 7 through line 10. These are your total exemptions 11

Step 4 Taxable Income

12 Federal adjusted gross income from your Form 1040EZ, line 4; your Form 1040A, line 16; or your Form 1040, line 31. If this amount is over $100,000, STOP; you must file Form 540 12

13 Total California income adjustments. Enter the amount from Side 2, Part I, line 7 . . . . . ● 13

14 Subtract line 13 from line 12. This is your California adjusted gross income. See page 17 . . . . . ● 14

15 Enter the larger of:
- California **itemized deductions** from line 5 of the worksheet on page 17, **or**
- California **standard deduction** for your filing status from the chart on page 17 . . . . . ● 15

16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- 16

Step 5 Tax and Credits

17 Tax. Use the tax table on page 44 or tax rate schedules on page 46 to find the tax on the amount shown on line 16 17

18 Exemption credits. If line 14 is less than: $30,000 (single or head of household); $40,000 (married filing joint or qualifying widow(er)); or $20,000 (married filing separate), multiply $66 by the amount on line 11. Otherwise, see page 18 18

23 Subtract line 18 from line 17. This is your total tax. If less than zero, enter -0- . . . . . ● 23

Step 6 Overpaid Tax or Tax Due

Attach copy of your Form(s) W-2, W-2G and 1099-R here.

24 California income tax withheld. Enter total from all 1995 Form(s) W-2, W-2G and 1099-R. Be sure to attach these forms to the left . . . . . ■ 24

25 1995 California estimated tax and amount applied from 1994 return. Include amount paid with extension payment voucher, form FTB 3519 . . . . . ■ 25

27 Add line 24 and line 25. These are your total payments and credits 27

28 If line 27 is more than line 23, subtract line 23 from line 27. This is your overpaid tax. 28

29 Enter the amount of line 28 you want applied to your 1996 estimated tax. . . . . ■ 29

30 Subtract line 29 from line 28. This is the amount of overpaid tax available this year. . . . . ■ 30

31 If line 27 is less than line 23, subtract line 27 from line 23. This is the amount of tax due. 31

Step 7 Refund or Amount You Owe

34 Total contributions. Enter amount from Side 2, Part II, line 14 . . . . . ● 34

35 Subtract line 34 from line 30. You have a **REFUND** or **NO AMOUNT DUE.** Mail return to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000 . . . . . ■ 35

36 Add line 31 and line 34. This is the **AMOUNT YOU OWE.** Make a check or money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1995 Form 540A" on it. Attach it to your Form 540A and mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001. . . . . ■ 36

37 Underpayment of estimated tax. If form FTB 5805 is attached, check here . . . . . ☐ ■ 37

Continued on Side 2.

Part I California Income Adjustments. See instructions.

1	State income tax refund from Form 1040, line 10. See page 16	1	
2	Unemployment compensation from Form 1040EZ, line 3; Form 1040A, line 12; or Form 1040, line 19. See page 16	2	
3	Social security benefits or tier 1 and tier 2 railroad retirement benefits. See page 16	3	
4	California nontaxable interest or dividend income. See page 16	4	
5	IRA distributions. See page 16	5	
6	Pensions and annuities. See page 17	6	
7	**Total California income adjustments.** Add line 1 through line 6. Enter here and on Side 1, line 13	7	

Part II Contributions.

1	Contribution to California Seniors Special Fund. See page 19	◀ 47 ▶	1		
	You may make a voluntary contribution of $1 or more to the following funds:				
2	Alzheimer's Disease/Related Disorders Fund	◀ 48 ▶	2		00
3	California Fund for Senior Citizens	◀ 49 ▶	3		00
4	Rare and Endangered Species Preservation Program	◀ 50 ▶	4		00
5	State Children's Trust Fund for the Prevention of Child Abuse	◀ 51 ▶	5		00
6	California Breast Cancer Research Fund	◀ 52 ▶	6		00
7	Veterans Memorial Account	◀ 53 ▶	7		00
8	California Firefighters' Memorial Fund	◀ 54 ▶	8		00
9	California Public School Library Protection Fund	◀ 55 ▶	9		00
10	D.A.R.E. California (Drug Abuse Resistance Education) Fund	◀ 56 ▶	10		00
11	California Military Museum Fund	◀ 57 ▶	11		00
	California Election Campaign Fund } 12 Your political party _____ amount ($25 maximum)	▶ 58	12		00
	} 13 Spouse's political party _____ amount ($25 maximum)	▶ 59	13		00
14	**Total contributions.** Add line 1 through line 13. Enter here and on Side 1, line 34		14		

Due to a tax law change, renter's credit has been eliminated for 1995.
You may not claim the credit on your personal income tax return.

YOU CAN USE THIS FORM IF:

- Your federal adjusted gross income is $100,000 or less.
- You have dependents.
- You had only income from:
  - ▶ Wages, salaries, tips;
  - ▶ Interest and dividends;
  - ▶ Taxable scholarship or fellowship grants;
  - ▶ Unemployment compensation;
  - ▶ Social security benefits;
  - ▶ Tier 1 and tier 2 railroad retirement benefits; or
  - ▶ Fully and partially taxable IRA distributions, pensions or annuities.
- You make adjustments only to the categories of income listed above.
- You claim the standard deduction or the only difference between your federal itemized deductions and your California itemized deductions is for local, state or foreign tax paid.
- You made estimated tax payments or you made payments using an extension voucher.
- You claim no credits other than exemption credits.

COMPLETING YOUR RETURN

- Be sure to file your return by April 15, 1996.
- Use the preprinted label if you received one. If the information is not correct, make the necessary corrections. If you did not receive a label, print or type your name, social security number, and address in Step 1.
- Round figures to the nearest dollar for easier computation.
- Do not use dollar signs.
- Be sure to staple a copy of each Form W-2 you received to the front of your Form 540A.
- Do not attach a copy of your federal return.
- If you pay someone to prepare your return, that person must also sign your return.
- If you cannot file your return by April 15, 1996 and owe tax, be sure to complete form FTB 3519, Payment Voucher for Automatic Extension for Individuals, and pay the amount you owe by April 15, 1996 to avoid late payment penalties and interest.

Do not attach your federal return to this return.

Sign Here

It is unlawful to forge a spouse's signature.

Do not attach your federal return to this return.

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct and complete. 9

Your signature | Spouse's signature (if filing joint, both must sign) | Date

X | X

Signature of paid preparer (*declaration of preparer is based on all information of which preparer has any knowledge*) | Preparer's SSN/FEIN

Firm's name (or yours if self-employed) | Firm's address

California Resident Income Tax Return 1995

FORM **540**

Step 1 Name and Address

Use the California mailing label. Otherwise, please print or type. Fiscal year beginning , 1995, ending , 19 .

Your first name and initial | Last name | Your social security number

If joint return, also give spouse's name and initial | Last name | Spouse's social security number

Present home address — number and street including P.O. Box or rural route | Apt. no.

City, town or post office, state and ZIP code

Do Not Write In These Spaces

P

AC

A

R

RP

Step 2 Filing Status

Check only one.

1 ☐ Single

2 ☐ Married filing joint return (even if only one spouse had income)

3 ☐ Married filing separate return. Enter spouse's social security number above and full name here _____

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name here. _____

5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19_____.

Step 3 Exemptions

Do not enter dollar amounts in the boxes.

Attach check or money order here.

6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, 3, 4 or 5, see page 25 . . . . . ● 6 ☐

7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 7

8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2. . . . 8

9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9

10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person listed on line 4.

_____

_____ Enter the total number of dependents 10

11 Total number of exemptions. Add line 7 through line 10. 11

Step 4 Taxable Income

Attach copy of your Form(s) W-2, W-2G and 1099-R here.

12 State wages from your Form(s) W-2, box 17. . . . . ● 12

13 Federal adjusted gross income from your Form 1040, line 31, your Form 1040A, line 16 or your Form 1040EZ, line 4. 13

14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 31, column B . . ● 14

Caution: If the amount on Schedule CA (540), line 31, column B is a negative number, see page 41.

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 25 15

16 California adjustments – additions. Enter the amount from Schedule CA (540), line 31, column C . . . . ● 16

Caution: If the amount on Schedule CA (540), line 31, column C is a negative number, see page 41.

17 California adjusted gross income. Combine line 15 and line 16 . . . . . ● 17

18 Enter the **larger** of:
- Your California **itemized deductions** from Schedule CA (540), line 38; **OR**
- Your California **standard deduction** shown below for your filing status:
  - Married filing joint, Head of household, or Qualifying widow(er) . $4,974
  - Single or Married filing separate $2,487
  - (Dependent of someone else and checked box on line 6. . . . See page 26) . . . . ● 18

19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19

Step 5 Tax

20 Tax. Check if from ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 . . ● 20

Caution: If under age 14 and you have more than $1,300 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.

21 Exemption credits.

Caution: See the line 21 instructions before making an entry on this line.

Check if from ☐ Flowchart ☐ Worksheet I or ☐ Worksheet II, III or Schedule P (540) . . . ◉ 21

22 Subtract line 21 from line 20. If less than zero, enter -0- 22

23 Tax. Check if from ☐ Schedule G-1, Tax on Lump-Sum Distributions; and ☐ form FTB 5870A, Tax on Accumulation Distribution of Trusts . . . . . ● 23

24 Add line 22 and line 23. Continue to Side 2 24

Step 6 Credits

25	Amount from Side 1, line 24		25
28	Enter credit name_____ code no._____ and amount	▶ 28	
29	Enter credit name_____ code no._____ and amount	▶ 29	
30	Enter credit name_____ code no._____ and amount	▶ 30	
31	To claim more than three credits, see page 28	● 31	
33	Add line 28 through line 31. These are your total credits		33
34	Subtract line 33 from line 25. If less than zero, enter -0-		34

Step 7 Other Taxes

35	Alternative minimum tax. Attach Schedule P (540)	● 35	
36	Other taxes and credit recapture from forms FTB 3518, FTB 3501, FTB 3805P, FTB 3805Z or FTB 3806. See page 30	● 36	
37	Add line 34 through line 36. This is your total tax	● 37	

Step 8 Payments

38	California income tax withheld. Enter total from your 1995 Form(s) W-2, W-2G, 1099-MISC and 1099-R. Also attach the Form(s) to Side 1	■ 38	
39	1995 California estimated tax and amount applied from your 1994 return. Include the amount from form FTB 3519 or Schedule K-1 (541)	■ 39	
41	Excess California SDI (or VPDI) withheld. See page 30	■ 41	
42	Add line 38 through line 41. These are your total payments		42

Step 9 Overpaid Tax or Tax Due

43	If line 42 is more than line 37, subtract line 37 from line 42. This is your overpaid tax		43
44	Amount of line 43 you want applied to your 1996 estimated tax	■ 44	
45	Subtract line 44 from line 43. This is the amount of overpaid tax available this year	■ 45	
46	If line 42 is less than line 37, subtract line 42 from line 37. This is the tax due		46

Step 10 Contributions

47	Contribution to California Seniors Special Fund. See page 31	● 47	
	You may make a contribution of $1 or more to:		
48	Alzheimer's Disease/Related Disorders Fund	● 48	00
49	California Fund for Senior Citizens	● 49	00
50	Rare and Endangered Species Preservation Program	● 50	00
51	State Children's Trust Fund for the Prevention of Child Abuse	● 51	00
52	California Breast Cancer Research Fund	● 52	00
53	Veterans Memorial Account	● 53	00
54	California Firefighters' Memorial Fund	● 54	00
55	California Public School Library Protection Fund	● 55	00
56	D.A.R.E. California (Drug Abuse Resistance Education) Fund	● 56	00
57	California Military Museum Fund	● 57	00
	California Election Campaign Fund } 58 Your political party _____ amount ($25 max)	▶ 58	00
	59 Spouse's political party _____ amount ($25 max)	▶ 59	00
60	Add line 47 through line 59. These are your total contributions	● 60	

Step 11 Refund or Amount You Owe

61	Subtract line 60 from line 45. You have a **REFUND OR NO AMOUNT DUE**. Mail your return to: **FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000**.	■ 61	
62	Add line 46 and line 60. This is the **AMOUNT YOU OWE.** Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1995 Form 540" on it. Attach it to the front of your Form 540 and mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001**.	■ 62	

Step 12 Interest and Penalties

63	Interest, late return penalties and late payment penalties.		63
64	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here ☐	■ 64	
65	If you do **not** need California income tax forms mailed to you next year, check here	● 65 ☐	

Sign Here

It is unlawful to forge a spouse's signature.

IMPORTANT: See the instructions for information on who must attach a copy of their federal income tax return and federal schedules. 9

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Your signature | Spouse's signature (if filing joint, both must sign) | Date

X | X

Signature of paid preparer (*declaration of preparer is based on all information of which preparer has any knowledge*) | Preparer's SSN/FEIN

Firm's name (or yours if self-employed) | Firm's address

Instructions for Form 540 — California Resident Income Tax Return

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993**, and the California Revenue and Taxation Code (R&TC).

Before You Begin

You must complete your federal income tax return (Form 1040, 1040A or 1040EZ) before you begin your California Form 540. You will use the information you entered on your federal income tax return to complete your Form 540. Be sure to complete and mail the Form 540 with the purple shading by April 15, 1996. If you cannot mail your return by the due date, see page 6 for information.

Step 1
Name and Address

If there is a label on the front of your booklet:

1. Complete your purple Form 540 **before** you remove the label from the front of your booklet.
2. Check your math and the amounts entered to make sure that they are correct.
3. Remove your label from the front of your booklet and attach it to the front of your Form 540 in the space provided at the top.
4. Make sure the information on your label is correct. If you need to make any changes, draw a line in ink through the incorrect information and clearly print the new information.

If there is no label, print or type your name, social security number and address in the spaces provided at the top of Form 540.

If you file a joint return, show your social security numbers in the same order as you show your names.

Step 2
Filing Status

Check only one of the boxes on line 1 through line 5. Be sure to enter the required information if you check a box on line 3, line 4 or line 5.

Your filing status for California must be the same as the filing status you used on your federal income tax return. **Exception:** Married taxpayers who file a joint federal income tax return may file either a joint return or separate returns if either spouse was:

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- an active member of the United States armed forces (or any auxiliary military branch) during 1995; or
- a nonresident for the entire year and had no income from California sources during 1995. However, if you file a joint return and if either spouse was a nonresident in 1995, you must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

If You Are Married and File a Separate Return
If you check the box on line 3, you must enter your spouse's name on line 3 and your spouse's social security number in the space provided in "Step 1" on Form 540.

Note: Community property rules apply to the separation of income if you use the married filing separate status. For more information, get FTB Pub. 1031, Guidelines for Determining Residency Status.

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If You File as Head of Household
If you check the box on line 4, and if the qualifying person is a child but not your dependent, enter that child's name on line 4. Do not claim yourself or a nonrelative as the qualifying individual for head of household. See page 15 or get FTB Pub. 1540, Tax Information for Head of Household, for more information.

Step 3
Exemptions

Line 6 – Dependent Check Box

601

Check the box on line 6 **only** if your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return even if that person chooses not to; **and**

- If single or married filing separate, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and both you and your spouse can be claimed as dependents, skip line 7 through line 10 and enter -0- on line 11.
- If married filing joint and only one spouse can be claimed as a dependent, ignore the instructions for line 7 and enter 1 on line 7.

When you get to "Step 4", line 18, you must use the "Standard Deduction Worksheet for Dependents."

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540 indicating you or your spouse are visually impaired. You are visually impaired if you cannot see better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

Line 9 – Senior Exemptions

If you are 65 years of age or older, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit.

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. **Do not** list the same person you listed on line 4. Enter on line 10 the total number of dependents listed.

The persons you list as dependents on your Form 540 must be the same persons you listed as dependents on your federal income tax return.

Step 4
Taxable Income

Refer to your completed federal income tax return to complete "Step 4."

Line 12 – State Wages

Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be in box 17 of Form W-2.

Line 14 – California Adjustments — Subtractions (from Schedule CA (540), line 31, column B)

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 39. Enter on this line the amount from Schedule CA (540), line 31, column B.

Line 15 – Subtotal

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

Line 16 – California Adjustments — Additions (from Schedule CA (540), line 31, column C)

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 39. Enter on this line the amount from Schedule CA (540), line 31, column C.

Line 18 – Standard Deduction OR Itemized Deductions

You must decide whether to take the standard deduction or itemize your actual deductions for charitable contributions, medical expenses, interest, taxes, etc. Your California income tax will be less if you take the **larger** of:

- Your itemized deductions; or
- Your standard deduction.

If you are married and file a separate return, both you and your spouse must either itemize your deductions or take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing Schedule CA (540), Part II, line 33 through line 38. Enter the result on Form 540, line 18. **Note:** If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540, first complete a federal Schedule A, Itemized Deductions. Then complete Schedule CA (540), Part II, line 33 through line 38.

Standard deduction. Most people can find their standard deduction by looking at the Standard Deduction Chart For Most People, below. But, if you checked the box on Form 540, line 6, you must use the Standard Deduction Worksheet for Dependents.

Standard Deduction Chart For Most People

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

Your Filing Status	Enter On Line 18
1 – Single	$2,487
2 – Married filing joint return	$4,974
3 – Married filing separate return	$2,487
4 – Head of household	$4,974
5 – Qualifying widow(er)	$4,974

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

Standard Deduction Worksheet For Dependents

Use this worksheet only if your parent(s), or someone else, can claim you as a dependent on their tax return.

1. Enter your earned income from line 1 of the federal "Standard Deduction Worksheet for Dependents" found in the instructions for federal Form 1040A or Form 1040, or line A of the worksheet found on the back of federal Form 1040EZ. . . . . _____
2. Minimum standard deduction $650.00
3. Compare the amounts on line 1 and line 2. Enter the **larger** of the two amounts here. . . . . _____
4. Enter the amount shown below for your filing status.
   - Single or married filing separate, enter $2,487
   - Married filing joint, head of household or qualifying widow(er), enter $4,974

   . . . _____
5. **Standard deduction.** Compare the amounts on line 3 and line 4. Enter the **smaller** of the two amounts here and on your Form 540, line 18. . . . _____

Step 5 Tax

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

Line 20 – Tax

To figure your tax, use one of the following methods and check the corresponding box on line 20:

- **Tax Table.** If your taxable income on line 19 is $50,000 or less, you must use the tax table on pages 44 through 46. Be sure you use the correct file status column in the tax table.
- **Tax Rate Schedules.** If your taxable income on line 19 is over $50,000, you must use the tax rate schedules on page 46.
- **FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children with Investment Income, to figure the tax on the separate Form 540 of your child who was under age 14 on January 1, 1996, and who had more than $1,300 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 $5,000 or less (but not less than $500) on your return, complete form FTB 3803, Parent's Election to Report Child's Interest and Dividends. You must 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 8, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 20. Check the box labeled "FTB 3803." Attach form(s) FTB 3803 to your return.

Line 21 – Exemption Credits

Exemption credits may reduce your tax, but the amount of the credits may be limited in two ways. It may be limited by federal adjusted gross income (AGI). And it may also be limited by California tentative minimum tax. To find out if your exemption credits may be affected by one or both of these limitations, use the following flowchart. The flowchart will help you determine if you need to complete a worksheet or complete Schedule P (540) to figure the amount of your exemption credits available to reduce tax.

1 If your filing status is: Is Form 540, line 13 more than:

Single or Married filing separate	$109,936
Married filing joint or Qualifying widow(er)	$219,872
Head of household	$164,904

Yes Complete Worksheet I.
No Go to box 2

2 Did you complete federal Schedule C, D, E, or F **and** claim or receive any of the following:

- Accelerated depreciation in excess of straight line;
- Intangible drilling costs;
- Depletion;
- Circulation expenditures;
- Research and experimental expenditures;
- Mining exploration/development costs;
- Amortization of pollution control facilities;
- Income/loss from tax shelter farm activities;
- Income/loss from passive activities; or
- Income from long-term contracts using the percentage of completion method.

Yes Get and complete Schedule P (540) through Part IV, line 5 to figure the amount of your exemption credits.
No Go to box 3

3 Did you claim or receive any of the following:

- Investment interest expense (For more information, call 1-800-338-0505. Then enter code 226 when instructed to do so.);
- Income from incentive stock options in excess of the amount reported on your return. (For more information, call 1-800-338-0505. Then enter code 225 when instructed to do so.);
- Charitable contribution deduction for appreciated property. (For more information, call 1-800-338-0505. Then enter code 224 when instructed to do so.);
- Income from installment sales of certain property; or
- Net operating loss deduction or disaster loss carryover reported on form(s) FTB 3805V, 3805Z or 3806.

Yes Get and complete Schedule P (540) through Part IV, line 5 to figure the amount of your exemption credits.
No Go to box 4

4 If your filing status is: Is Form 540, line 17 more than:

Single or head of household	$30,000
Married filing separate	$20,000
Married filing joint or qualifying widow(er)	$40,000

No Multiply $66 by the amount on Form 540, line 11. Enter the result on Form 540, line 21. Check the box labeled "Flowchart."
Yes Go to box 5

5 If your filing status is: Is Form 540, line 17 more than:

Single or head of household	$112,500
Married filing joint or qualifying widow(er)	$150,000
Married filing separate	$75,000

Yes Get and complete Schedule P (540) through Part IV, line 5 to figure the amount of your exemption credits
No Go to box 6

6 Did you itemize deductions?

Yes Complete Worksheet III.
No Complete Worksheet II.

WORKSHEET I —
Limiting the exemption credit by federal AGI

a Multiply the total number of exemptions from Form 540, line 11 by $66 . . . . . **a** _____
b Enter the amount from Form 540, line 13 . . . . **b** _____
c If your filing status is: Enter this amount on line c:

Single or married filing separate	$109,936	**c** _____
Married filing joint or qualifying widow(er)	$219,872	
Head of household	$164,904	

d Subtract line c from line b . . . . . **d** _____
Is line d more than $25,000 (more than $12,500 if married filing separate)?
YES Enter -0- on this line and on Form 540 line 21. Check the box labeled "Worksheet I" and continue to Form 540, line 22.
NO Go to line e.
e Divide line d by $2,500 ($1,250 if married filing separate). **Note:** If the result is not a whole number, round it to the next higher whole number **e** _____
f Multiply line e by $6 . . . . . **f** _____
g Multiply line f by the total number of exemptions from Form 540, line 11 . . . . . **g** _____
h Subtract line g from line a . . . . . **h** _____
If the result is more than zero, enter the result. Get and complete Schedule P (540) through Part IV, line 5 to figure the amount of your exemption credit. If the result is zero or less than zero, enter -0- on line h and on Form 540, line 21. Check the box labeled "Worksheet I" and continue to Form 540, line 22.

WORKSHEET II — Exemption credit worksheet for taxpayers claiming the standard deduction

1 Enter the amount from Form 540, line 20 (tax) . **1** _____
2 Enter the amount from Form 540, line 17 (CA AGI) **2** _____
3 If your filing status is: Enter this amount on line 3:

Single or head of household	$30,000	**3** _____
Married filing joint or qualifying widow(er)	$40,000	
Married filing separate	$20,000	

4 Subtract line 3 from line 2. If zero or less, enter -0- **4** _____
5 Multiply line 4 by .085 . . . . . **5** _____
6 Subtract line 5 from line 1 . . . . . **6** _____
7 Multiply the amount from Form 540, line 11 ____ x $66 = ... **7** _____
8 Enter the smaller of line 6 or line 7 . . . . . **8** _____
This is your allowable exemption credit. Also enter this amount on Form 540, line 21 and check the box labeled "Worksheet II, III or Schedule P." Then continue to Form 540, line 22.

WORKSHEET III —Exemption credit worksheet for taxpayers claiming itemized deductions

A Enter the amount from Form 540, line 20 (tax). **A** _____
B Enter the smaller of federal Schedule A, line 4 (medical and dental expense); or 2½% of Form 1040, line 32 (federal adjusted gross income). . . . . **B** _____
C Enter personal property and real property taxes paid and included on federal on federal Schedule A, line 6, line 7 or line 8 . **C** _____
D Enter certain interest on a home mortgage **not** used to buy, build or improve your home. For more information, call 1-800-338-0505. Then enter 223 when instructed to do so . . . . **D** _____
E Enter miscellaneous itemized deductions from federal Schedule A, line 26 . . . . . **E** _____
F Add line B through line E . . . . . **F** _____
G Enter any refund of personal property tax or real property tax or real property tax included on federal Form 1040, line 10. Do not enter the amount of your state income tax refund . . **G** _____
H Subtract line G from line F. . . . . **H** _____
I Enter the amount from Form 540, line 19 (taxable income) . . . . . **I** _____
J Add line H and line I . . . . . **J** _____
K If your filing status is: Enter this amount on line K:

Single or head of household	$30,000	**K** _____
Married filing joint or qualifying widow(er)	$40,000	
Married filing separate	$20,000	

L Subtract line K from line J. If zero or less, enter -0- **L** _____
M Multiply line L by .085 . . . . . **M** _____
N Subtract line M from line A . . . . . **N** _____
O Multiply the amount from Form 540, line 11 ____ x $66 = ... **O** _____
P Enter the smaller of line N or line O . . . . . **P** _____
This is your allowable exemption credit. Also enter this amount on Form 540, line 21 and check the box labeled "Worksheet II, III or Schedule P." Then continue to Form 540, line 22.

Line 23 – Tax From Schedule G-1 and Form FTB 5870A

Check the applicable box(es) and enter the amount of taxes from:

- Schedule G-1, Tax on Lump-Sum Distributions; and
- form FTB 5870A, Tax on Accumulation Distribution of Trusts.

Step 6 Credits

A variety of California tax credits are available to reduce your tax if you qualify.

To figure and claim most credits, you must complete a separate form or schedule and attach it to your Form 540. The Credit Chart in the instructions for line 28 describes the credits and provides the name and number of the required form or schedule. Many credits are limited by a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax.

Are you claiming any of the credits listed on the Credit Chart?

NO Enter the amount from line 25 on line 34 and continue to line 35.

YES Figure the amount of your credit using the form, schedule or worksheet identified in the Credit Chart. Then answer the questions below to see if the total amount you may claim for all credits is limited by tentative minimum tax (TMT).

1. Were you instructed in Step 5 to complete Schedule P (540)?

   No Go to Question 2.
   Yes Get and complete Schedule P (540), Part V.

2. Did you complete Worksheet I in Step 5 **and** enter zero on Worksheet I, line h?

   Yes Get and complete Schedule P (540), Parts I, II, III and V.
   No Go to Question 3.

3. Were your exemption credits limited in Step 5 by Worksheet II or Worksheet III?

   Yes. Get and complete Schedule P (540), Part V.
   No. Complete the following worksheet:

a. Enter the amount from Worksheet II, line 6, or Worksheet III, line N. . . a _____
b. Enter Schedule G-1 tax from Form 540, line 23, if any . . . . . b _____
c. Add line a and line b . . . . . c _____
d. Enter the amount from Form 540, line 21 . . . . . d _____
e. Subtract line d from line c . . . . . e _____
f. Enter the total of your credits . . . f _____

- If line e is more than line f, your credits are not limited. Go to the instructions for Form 540, line 28.
- If line e is less than line f, get and complete Schedule P (540).

Line 28 through Line 31 – Additional Credits

Each credit is identified by a code number. To claim only one, two or three credits, enter the credit name, code number and amount of the credit on lines 28, 29 and 30. To claim more than three credits, use Schedule P (540). List three of the credits on lines 28, 29 and 30. Enter the total of any remaining credits from Schedule P (540) on line 31.

Important: Attach Schedule P (540) and any required 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, you may carry over any excess credit to future years until the credit is used. If you claim a credit carryover for an expired credit and are not required to complete Schedule P (540), 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 V, and do not attach form FTB 3540.

CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet follows this chart.	197	50% of qualified costs in the year an adoption is ordered
Dependent Parent – Worksheet follows this chart.	173	Must use married filing separate filing status and have a dependent parent
Employee Ridesharing – FTB 3572	194	Employees: Costs of a nonemployer-sponsored vanpool
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employers: Cost of establishing a child care program or constructing a child care facility
Employer Ridesharing – FTB 3518	191 192 193	Employer: Cost of sponsoring a ridesharing program for employees or for operating a private, third-party ridesharing program
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales and Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Jobs Credit – FTB 3524	166	10% of the amount of wages paid to employees certified by EDD
Joint Custody Head of Household – Worksheet follows this chart.	170	30% of tax up to $265 for single or married filing separate taxpayers that have a child and meet support test
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales and Use Tax – FTB 3807	198	Business incentives for LAMBRAs
Los Angeles Revitalization Zone (LARZ) Hiring & Sales and Use Tax – FTB 3806	159	Business incentives for LARZ
Low-Emission Vehicles – Obtain certification from: CA Energy Commission 1516 9th St., MS 41 Sacramento, CA 95814	160	55% of the differential cost of purchasing a low emission vehicle or 55% of the cost of converting a vehicle to a low-emission vehicle
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturers' Investment – FTB 3535	199	6% of the cost of qualified property
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 1995
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates

(continued on next page)

CREDIT CHART (continued)

Credit Name	Code	Description
Program Area Hiring & Sales and Use Tax – FTB 3805Z	177	Business incentives for program areas
Recycling Equipment – FTB 3527	174	40% of the cost of qualified equipment purchased before 1/1/94
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Salmon & Steelhead Trout Habitat Restoration – Obtain certification from: Department of Fish and Game c/o Timber Tax Credits Program PO Box 944209 Sacramento, CA 95244-2090	200	10% of qualified costs
Senior Head of Household – Worksheet follows this chart.	163	2% of taxable income up to $810 for seniors who qualified for head of household and the qualifying individual died during 1993 or 1994
Agricultural Products	175	The expiration dates for these credits have passed. However, these credits had carryover features. 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.
Commercial Solar Electric System	196	
Commercial Solar Energy	181	
Energy Conservation	182	
Orphan Drug	185	
Political Contributions	184	
Residential Rental & Farm Sales	186	
Ridesharing	171	
Solar Energy	180	
Solar Pump	179	
Water Conservation	178	
Young Infant	161	

Credit for Joint Custody Head of Household — Code 170

Note: You may not claim this credit if you used either the head of household or qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 1995 (or if married, you lived apart from your spouse for all of 1995 and you used the married filing separate filing status); and if you furnished more than one-half the household expenses for your home which also served as the 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, the child must be your dependent.

Also, the custody arrangement for the child must be part of a dissolution or separate maintenance settlement or must be part of a written agreement initiated by the parents prior to divorce proceedings.

Use the worksheet below to figure this credit.

1. Enter the amount from Form 540, line 24 . . . . . _____
2. Enter the form FTB 5870A tax, if any, included on Form 540, line 23. . . . . _____
3. Subtract line 2 from line 1 . . . . . _____
4. Credit percentage — 30% . . . . . x .30
5. Credit amount. Multiply line 3 by line 4. Enter the result or $265, whichever is less . . . . . _____

Credit for Dependent Parent — Code 173

Note: You may not claim the credit for dependent parent if you used the single, head of household or qualifying widow(er) filing status.

You may claim this credit only if:

- you were married at the end of 1995 and you used the married filing separate filing status;
- your spouse was not a member of your household during the last six months of the year; and
- you furnished over one-half the household expenses for your dependent mother's or father's home, whether or not he or she lived in your home.

To figure the amount of this credit, use the worksheet above for the credit for joint custody head of household.

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, 1995;
- qualified as a head of household in 1993 or 1994 by providing a household for a qualifying individual who died during 1993 or 1994; and
- did not have adjusted gross income over $42,999 for 1995.

Note: If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 1995 in order to claim this credit.

Use the following worksheet to figure this credit.

1. Enter the amount from Form 540, line 19 . . . . . _____
2. Credit percentage — 2%. . . . . x .02
3. Credit amount. Multiply line 1 by line 2. Enter the result or $810, whichever is less . . . . . _____

Credit for Child Adoption Costs — Code 197

For the year in which an order of adoption is entered, you may claim a credit for 50% of the cost of adopting a child who is a citizen or legal resident of the United States and who was in the custody of a California public agency or a California political subdivision. Qualifying costs include the adoption-related:

- fees of the Department of Social Services or a licensed adoption agency;
- medical expenses not reimbursed by insurance; and
- travel expenses for the adoptive family.

Note: 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. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to $2,500 for each qualified adoption.

1. Enter qualifying costs for each child . _____
2. Credit percentage — 50% . . . . . x .50
3. Credit amount. Multiply line 1 by line 2. . . . . _____

If line 3 is more than $2,500, your allowable credit is $2,500. You may carry over the excess credit to future years until the credit is used.

Line 34 – Subtract the amount on line 33 from the amount on line 25. Enter the result on line 34. If the amount on line 33 is more than the amount on line 25, 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 34. 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 34.

Step 7
Other Taxes

Attach the specific form or statement required for each entry in this section.

Line 35 – Alternative Minimum Tax (AMT)

If you claim certain types of deductions, exclusions and credits, you may be subject to California's AMT. Generally, you may owe AMT if your total income is more than:

- $40,000 if you are married filing joint or qualifying widow(er); or
- $30,000 if you are single or head of household; or
- $20,000 if you are married filing separate.

Get and complete Schedule P (540) to figure the amount of tax to enter on line 35.

Note: 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 $1,000 and the child's earned income. Get Schedule P (540) to see if the child owes this tax.

Line 36 – Other Taxes and Credit Recapture

If you used form(s) FTB 3518, Employer Ridesharing Credits; FTB 3501, Employer Child Care Program/ Contribution Credit; FTB 3805P, Additional Tax Attributable to Qualified Retirement Plans (Including IRAs), Annuities and Modified Endowment Contracts; FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary; or FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary, include the additional tax, if any, on line 36. Write the form number on the dotted line to the left of the amount on line 36.

Step 8
Payments

Make sure you have your Form(s) W-2, W-2G, 1099-MISC and 1099-R before you begin this step.

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If you received wages and do not have a Form W-2, see the instructions for "Sign Your Return" on page 32.

Line 38 – California Income Tax Withheld

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Enter the total California income tax withheld from your:

- Form(s) W-2, box 18;
- Form(s) W-2G, box 14;
- Form(s) 1099-MISC, box 11; or
- Form(s) 1099-R, box 10.

Caution: Do not include local tax withheld or tax withheld by other states.

If you received Form(s) 1099 showing California income tax withheld ("backup withholding") on dividends and interest income, real estate sales and partnership distributions, include the amount(s) withheld in the total on line 38.

Line 39 – 1995 California Estimated Tax Payments and Amount Applied from 1994 Return (and Payment Made with Extension Payment Voucher)

Enter the total of any:

- California estimated tax payments you made (Form 540-ES) for 1995;
- overpayment from your 1994 California income tax return that you applied to your 1995 estimated tax;
- payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate or trust on Schedule K-1 (541);

If you and your spouse paid joint estimated tax but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim a part of it. Attach a statement signed by you and your spouse explaining how you want your payments divided. Be sure to show both social security numbers on the separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540 explaining that payments have been made under both social security numbers.

Line 41 – Excess California SDI (or VPDI) Withheld

If more than $317.67 of California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer, or if an employer withheld SDI (or VPDI) at a rate of more than 1.0% of your gross wages, you may **not** claim excess SDI (or VPDI) on your Form 540, line 41. Contact the employer for a refund.

You may claim a credit for excess SDI (or VPDI) only if:

- you had **two or more** employers during 1995;
- you received more than $31,767 in wages during 1995 from these employers;
- your employers combined withheld more than $317.67 of SDI (or VPDI) from your wages; and
- the amounts of SDI (or VPDI) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540.

Complete the worksheet below to figure the amount to enter on line 41. If you are married and file a joint return, you must figure the amount of excess SDI (or VPDI) **separately for each spouse**.

	You	Your Spouse
1. Add amounts of SDI (or VPDI) withheld shown on your Forms W-2. Enter the total here. . . .		
2. 1995 SDI (or VPDI) limit	-$317.67	-$317.67
3. Excess SDI (or VPDI) withheld. Subtract line 2 from line 1. Enter the result here and on Form 540, line 41 . . .		

Note: If zero or less, enter -0- on line 41.

Step 9
Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 43 through line 46.

Line 43 – Overpaid Tax

If the amount on line 42 is more than the amount on line 37, subtract the amount on line 37 from the amount on line 42. Enter the result on line 43. Your payments and credits are more than your tax.

Line 44 – Amount You Want Applied to Your 1996 Estimated Tax

You may apply all or part of the amount on line 43 to your estimated tax for 1996. Enter on line 44 the amount of line 43 that you want applied to 1996.

Line 45 – Amount of Overpaid Tax Available This Year

If you entered an amount on line 44, subtract it from the amount on line 43. Enter the result on line 45. You may have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you make a con-

tribution, skip line 46 and go to the instructions for "Step 10."

Line 46 – Tax Due

If the amount on line 42 is less than the amount on line 37, subtract the amount on line 42 from the amount on line 37. Enter the result on line 46. 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 46 is $100 or more; and
- the amount of state income tax withheld on line 38 is less than 80% of the amount of your total tax on line 37.

If you owe a penalty, the Franchise Tax Board will compute the penalty and send you a bill.

You may make contributions to the California Seniors Special Fund or make voluntary contributions by adding them to the tax due. You must pay the full amount of tax due, including contributions, when you file your Form 540.

Step 10 Contributions

You may make contributions in whole-dollar amounts only. If you make one or more contributions, you must complete "Step 10." You may contribute only to the following funds and cannot change the amount you contributed after the return is filed.

If you have overpaid tax available on Form 540, line 45, the amount you contribute must be subtracted from your overpaid tax available. If you have tax due on Form 540, line 46, your total contributions must be added to your tax due.

Line 47 – Contribution to California Seniors Special Fund

If you or your spouse claim the senior exemption credit on line 9, you may each make a contribution of up to $66 to the California Seniors Special Fund. Your contribution will be used to support the work of the area Agency on Aging Council of California in its role as an advocate for California seniors. All contributions over those needed for this work will be used to provide direct services to senior citizens such as meals, adult day care and transportation. The actual use of the funds will be determined at the local level by the Area Agency on Aging, its Advisory Council of Seniors and the senior community. On line 47, enter the amount of your contribution. If you contribute, do not enter more than $66; if you and your spouse contribute, do not enter more than $132.

Voluntary Contributions

You may make voluntary contributions of $1 or more in whole-dollar amounts.

Line 48 – Alzheimer's Disease/Related Disorders Fund

Contributions entered on line 48 will be used to conduct a systematic program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.

Line 49 – California Fund for Senior Citizens

Contributions entered on line 49 will be used by the California Fund for Senior Citizens which supports direct services to seniors and the work of the California Senior Legislature. The California Senior Legislature is a non-partisan, volunteer, grass roots body of seniors 60 years of age or older, elected by their peers. The California Senior Legislature has been instrumental in creating and steering senior legislation through the regular legislature; legislation, such as: Alzheimer Studies and Research; Adult Day Health Care Centers; nutrition centers; respite care; long term care; the funding and broadening of In Home Support Services; programs to abolish abuse of seniors; skilled nursing facility reforms; and many more. All donations over those needed to carry out the California Senior Legislature's work, will be distributed for direct services to needy seniors.

Line 50 – Rare and Endangered Species Preservation Program

Contributions entered on line 50 will help to 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.

Line 51 – State Children's Trust Fund for the Prevention of Child Abuse

Contributions entered on line 51 will be used to fund programs for the prevention, intervention and treatment of child abuse and neglect.

Line 52 – California Breast Cancer Research Fund

Contributions entered on line 52 will be used to conduct research relating to the prevention, screening, cure and treatment of breast cancer.

Line 53 – Veterans Memorial Account

Contributions entered on line 53 will be used to pay for the construction, improvement, maintenance or repair of a veterans memorial and an information program about the memorial.

Line 54 – California Firefighters' Memorial Fund

Contributions entered on line 54 will be used for the construction of a memorial on the grounds of the State Capitol honoring the hundreds of firefighters who have died protecting our neighborhoods, our homes, our families and our dreams. These brave men and women answered the call when fire alarms sounded or when hazardous, cancer-causing elements needed to be removed, and their sacrifices and the sacrifices of their families deserve to be remembered.

Line 55 – California Public School Library Protection Fund

Contributions entered on line 55 will be expended for the purchase of books and other library resources through grants awarded for implementing a school library improvement plan.

Line 56 – D.A.R.E. California (Drug Abuse Resistance Education) Fund

Contributions entered on line 56 will be used to support local D.A.R.E. programs and provide proven effective, in-classroom anti-drug, anti-gang and anti-violence education for California school children.

Line 57 – California Military Museum Fund

Contributions entered on line 57 will be used to support the museum's effort to: 1) collect, exhibit, and preserve California's military history from 1775 to date; 2) assist in educating the general public, especially school children, about our American military heritage and thus instill pride therein; 3) recognize all branches of the U.S. Armed Forces and the contributions of ethnicities of their members throughout our proud military history; and 4) maintain and operate the facilities required.

Line 58 & Line 59 – California Election Campaign Fund

A contribution of $1, $5, $10 or $25 may be made to one of these political parties: American Independent, Democratic, Green, Libertarian, Peace and Freedom or Republican. If you contribute, enter the party name and contribution amount on line 58.

If your spouse contributes to the California Election Campaign Fund, enter the name of the political party and contribution amount on line 59. You and your spouse may each contribute a maximum of $25.

Line 60 – Total Contributions

Add line 47 through line 59. Enter the result on line 60. If you show an amount on Form 540, line 45, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on Form 540, line 46, you must add your total contributions to your tax due.

Step 11 Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Line 61 – Refund or No Amount Due

If you did not enter an amount on line 60, enter the amount from line 45 on line 61. This is the amount that will be refunded to you. If this amount is less than $1, you must attach a written request to your Form 540 requesting the refund.

If you entered an amount on line 60, subtract it from the amount on line 45. If the result is zero or more, enter it on line 61. Then skip to the instructions for line 63.

If the result is less than zero, your contributions are more than your overpaid tax available on line 45. In this case, do not enter an amount on line 61. Instead, subtract the amount on line 45 from the amount on line 60. Enter the result on line 62 and see the instructions for line 62.

Line 62 – Amount You Owe

If you did not enter an amount on line 60, enter the amount from line 46 on line 62. This is the amount you owe with your Form 540.

If you entered an amount on line 60, add that amount to the amount on line 46. Enter the result on line 62. This is the amount you owe with your Form 540.

- Make your check or money order payable to the "Franchise Tax Board" for the full amount you owe. Do not send cash. Be sure to write your social security number and "1995 Form 540" on your check or money order.
- Attach the check or money order to the front of your Form 540 in the area below the words "Step 3, Exemptions." Make sure the check or money order is not covered up by your Form(s) W-2 or any other items.

A penalty may be imposed for a check returned by your bank for insufficient funds. To avoid a late filing penalty, file your Form 540 by the due date even if you cannot pay the amount you owe.

Do not include any estimated tax payment in your check or money order. Mail any estimated tax payment in a separate envelope from the one you use to pay the amount you owe with Form 540.

Step 12 Interest & Penalties

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

Note: Do not reduce the amount on line 43 or increase the amount on line 46 by any penalty or interest amounts.

Line 63 – Interest and Penalties

Enter on line 63 the amount of interest and late penalties included in your payment.

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 10 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.

Late Filing of Return

The maximum total penalty is 25% of the tax not paid if the return is filed after October 15, 1996. 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

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.

Other Penalties

There are also other penalties that can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

Line 64 – Underpayment of Estimated Tax

If line 46 is $100 or more and more than 20% of the sum of the tax shown on line 34 (excluding the tax on lump-sum distributions on line 23), or you underpaid your 1995 estimated tax liability for any payment period, you may owe a penalty. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or to see if you owe a penalty and to figure the amount of the 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). If you complete one of these forms, be sure to attach it to the front of your Form 540. Enter the amount of the penalty on line 64 and check the box at line 64. You must 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.

Line 65 – 1996 Tax Forms

If your Form 540 is prepared by someone else, or if you do not need forms mailed to you next year, check the box at line 65.

Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also.

Paid Preparer's Information

If you pay a person to prepare your California income tax return, that person must sign and complete the area at the bottom of Side 2. A paid preparer must give you two copies of your return: one copy to file with the Franchise Tax Board and one to keep for your records.

204

Attach Your Form(s) W-2 to Your Return

You must attach Copy 2 of all Form(s) W-2, W-2G, and 1099-R to the front of your return. If you do not receive your Form W-2 by January 31, 1996, contact your employer. Only your employer can give you or correct a Form W-2.

If you cannot get a copy of your Form(s) 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 the back cover for information about how to order form FTB 3525.

613

If you forget to send your Form(s) W-2 with your income tax return, do not send it separately. Wait until the Franchise Tax Board requests the Form(s) W-2 from you.

202

Mailing Addresses

To get a refund, or if you have no amount due, mail your return to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0000

611

If you owe money, mail your return to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

California Resident Income Tax Return 1995

FORM **540**

Step 1 Name and Address

Use the California mailing label. Otherwise, please print or type. Fiscal year beginning , 1995, ending , 19 .

Your first name and initial | Last name | Your social security number

If joint return, also give spouse's name and initial | Last name | Spouse's social security number

Present home address — number and street including P.O. Box or rural route | Apt. no.

City, town or post office, state and ZIP code

Do Not Write In These Spaces

P

AC

A

R

RP

Step 2 Filing Status

Check only one.

1 ☐ Single

2 ☐ Married filing joint return (even if only one spouse had income)

3 ☐ Married filing separate return. Enter spouse's social security number above and full name here _____

4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter child's name here. _____

5 ☐ Qualifying widow(er) with dependent child. Enter year spouse died 19_____.

Step 3 Exemptions

Do not enter dollar amounts in the boxes.

Attach check or money order here.

6 If your parent(s), or someone else, can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. If you checked the box on line 6 and the box on line 1, skip line 7 through line 10 and enter -0- on line 11. If you checked the box on line 6 and a box on line 2, 3, 4 or 5, see page 25 . . . . . ● 6 ☐

7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2 7

8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2. . . . 8

9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 . . . . . ● 9

10 Dependents: Enter name and relationship. Do not include yourself, your spouse or the person listed on line 4.

_____

_____ Enter the total number of dependents 10

11 Total number of exemptions. Add line 7 through line 10. 11

Step 4 Taxable Income

Attach copy of your Form(s) W-2, W-2G and 1099-R here.

12 State wages from your Form(s) W-2, box 17. . . . . ● 12

13 Federal adjusted gross income from your Form 1040, line 31, your Form 1040A, line 16 or your Form 1040EZ, line 4. 13

14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 31, column B . . ● 14

Caution: If the amount on Schedule CA (540), line 31, column B is a negative number, see page 41.

15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 25 15

16 California adjustments – additions. Enter the amount from Schedule CA (540), line 31, column C . . . . ● 16

Caution: If the amount on Schedule CA (540), line 31, column C is a negative number, see page 41.

17 California adjusted gross income. Combine line 15 and line 16 . . . . . ● 17

18 Enter the **larger** of:
- Your California **itemized deductions** from Schedule CA (540), line 38; **OR**
- Your California **standard deduction** shown below for your filing status:
  - Married filing joint, Head of household, or Qualifying widow(er) . $4,974
  - Single or Married filing separate $2,487
  - (Dependent of someone else and checked box on line 6. . . . See page 26) . . . . ● 18

19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19

Step 5 Tax

20 Tax. Check if from ☐ Tax Table ☐ Tax Rate Schedule ☐ FTB 3800 or ☐ FTB 3803 . . ● 20

Caution: If under age 14 and you have more than $1,300 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.

21 Exemption credits.

Caution: See the line 21 instructions before making an entry on this line.

Check if from ☐ Flowchart ☐ Worksheet I or ☐ Worksheet II, III or Schedule P (540) . . . ◉ 21

22 Subtract line 21 from line 20. If less than zero, enter -0- 22

23 Tax. Check if from ☐ Schedule G-1, Tax on Lump-Sum Distributions; and ☐ form FTB 5870A, Tax on Accumulation Distribution of Trusts . . . . . ● 23

24 Add line 22 and line 23. Continue to Side 2 24

Step 6 Credits

25	Amount from Side 1, line 24		25
28	Enter credit name_____ code no._____ and amount	▶ 28	
29	Enter credit name_____ code no._____ and amount	▶ 29	
30	Enter credit name_____ code no._____ and amount	▶ 30	
31	To claim more than three credits, see page 28	● 31	
33	Add line 28 through line 31. These are your total credits		33
34	Subtract line 33 from line 25. If less than zero, enter -0-		34

Step 7 Other Taxes

35	Alternative minimum tax. Attach Schedule P (540)	● 35	
36	Other taxes and credit recapture from forms FTB 3518, FTB 3501, FTB 3805P, FTB 3805Z or FTB 3806. See page 30	● 36	
37	Add line 34 through line 36. This is your total tax	● 37	

Step 8 Payments

38	California income tax withheld. Enter total from your 1995 Form(s) W-2, W-2G, 1099-MISC and 1099-R. Also attach the Form(s) to Side 1	■ 38	
39	1995 California estimated tax and amount applied from your 1994 return. Include the amount from form FTB 3519 or Schedule K-1 (541)	■ 39	
41	Excess California SDI (or VPDI) withheld. See page 30	■ 41	
42	Add line 38 through line 41. These are your total payments		42

Step 9 Overpaid Tax or Tax Due

43	If line 42 is more than line 37, subtract line 37 from line 42. This is your overpaid tax		43
44	Amount of line 43 you want applied to your 1996 estimated tax	■ 44	
45	Subtract line 44 from line 43. This is the amount of overpaid tax available this year	■ 45	
46	If line 42 is less than line 37, subtract line 42 from line 37. This is the tax due		46

Step 10 Contributions

47	Contribution to California Seniors Special Fund. See page 31	● 47	
	You may make a contribution of $1 or more to:		
48	Alzheimer's Disease/Related Disorders Fund	● 48	00
49	California Fund for Senior Citizens	● 49	00
50	Rare and Endangered Species Preservation Program	● 50	00
51	State Children's Trust Fund for the Prevention of Child Abuse	● 51	00
52	California Breast Cancer Research Fund	● 52	00
53	Veterans Memorial Account	● 53	00
54	California Firefighters' Memorial Fund	● 54	00
55	California Public School Library Protection Fund	● 55	00
56	D.A.R.E. California (Drug Abuse Resistance Education) Fund	● 56	00
57	California Military Museum Fund	● 57	00
	California Election Campaign Fund } 58 Your political party _____ amount ($25 max)	▶ 58	00
	59 Spouse's political party _____ amount ($25 max)	▶ 59	00
60	Add line 47 through line 59. These are your total contributions	● 60	

Step 11 Refund or Amount You Owe

61	Subtract line 60 from line 45. You have a **REFUND OR NO AMOUNT DUE**. Mail your return to: **FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0000**.	■ 61	
62	Add line 46 and line 60. This is the **AMOUNT YOU OWE.** Make a check or money order payable to "Franchise Tax Board" for the full amount you owe. Write your social security number and "1995 Form 540" on it. Attach it to the front of your Form 540 and mail to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001**.	■ 62	

Step 12 Interest and Penalties

63	Interest, late return penalties and late payment penalties.		63
64	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here ☐	■ 64	
65	If you do **not** need California income tax forms mailed to you next year, check here	● 65 ☐	

Sign Here

It is unlawful to forge a spouse's signature.

IMPORTANT: See the instructions for information on who must attach a copy of their federal income tax return and federal schedules. 9

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Your signature | Spouse's signature (if filing joint, both must sign) | Date

X | X

Signature of paid preparer (*declaration of preparer is based on all information of which preparer has any knowledge*) | Preparer's SSN/FEIN

Firm's name (or yours if self-employed) | Firm's address

TAXABLE YEAR | SCHEDULE

1995 California Adjustments — Residents CA (540)

Important: Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return | Social security number

Part I Income Adjustment Schedule

Section A – Income		A Federal Amounts (taxable amounts from your federal return)	B Subtractions See instructions.	C Additions See instructions.
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7			
8 Taxable interest income	8			
9 Dividend income	9			
10 State tax refund. Enter the same amount in column A and column B	10			
11 Alimony received	11			
12 Business income or (loss)	12			
13 Capital gain or (loss)	13			
14 Other gains or (losses)	14			
15 IRA distribution. See instructions. **(a)**	(b)			
16 Pensions and annuities. See instructions. **(a)**	(b)			
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17			
18 Farm income or (loss)	18			
19 Unemployment compensation	19			
20 Social security benefits **(a)**	(b)			
21 Other income. **a** California lottery winnings; **b** Disaster loss carryover from FTB 3805V; **c** Federal NOL (Form 1040, line 21); **d** NOL carryover from FTB 3805V; **e** NOL from FTB 3805Z or 3806; **f** Other (describe)	21		a / b / c / d / e / f	a / b / c / d / e / f
22 **Total.** Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B	22			
Section B – Adjustments to Income				
23a Your IRA deduction	23a			
b Spouse's IRA deduction	b			
24 Moving expenses. Enter the same amount in column A and B and complete form FTB 3596	24			
25 One-half of self-employment tax	25			
26 Self-employed health insurance deduction	26			
27 Keogh and self-employed SEP plans	27			
28 Penalty on early withdrawal of savings	28			
29 Alimony paid. Recipient's: SSN ___ ___ ___ - ___ ___ - ___ ___ ___ ___ Last name	29			
30 Add line 23a through line 29 in columns A, B, and C	30			
31 **Total.** Subtract line 30 from line 22 in columns A, B, and C. See the instructions for how to transfer the total to Form 540	31			

Part II Adjustments To Federal Itemized Deductions

33 Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27	33	
34 State and local income taxes; foreign taxes and State Disability Insurance (SDI) from federal Schedule A (Form 1040), line 5 (and line 8)	34	
35 Subtract line 34 from line 33	35	
36 Other adjustments including moving expenses and lottery losses. See instructions. Specify	36	
37 Combine line 35 and line 36	37	
38 **Is the amount on Form 540, line 13 more than the amount shown below for your filing status?** Single or married filing separate $109,936; Head of household $164,904; Married filing joint or qualifying widow(er) $219,872. **NO.** Transfer the amount on line 37 to line 38. **YES.** Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 38. **Is the amount you entered on line 38 more than your standard deduction below?** Single or married filing separate $2,487; Married filing joint, head of household or qualifying widow(er) $4,974. **YES.** Transfer the amount on line 38 to Form 540, line 18. **NO.** Enter your **standard deduction** on Form 540, line 18.	38	

TAXABLE YEAR | CALIFORNIA FORM

1995 Depreciation and Amortization Adjustments 3885A

Name(s) as shown on return	Business or activity to which form FTB 3885A relates	Social security number

Part I **Identify the activity as passive or nonpassive.** See instructions.

1 ☐ This form is being completed for a passive activity. ☐ This form is being completed for a nonpassive activity.

Part II **Election to Expense Certain Tangible Property (IRC Section 179).**

2 Enter the amount from the worksheet in the instructions 2

Part III **Depreciation.**

	(a) Description of property placed in service during 1995	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) 1995 California depreciation deduction
3						

4 Add the amounts on line 3, column (f) 4

5 California depreciation for assets placed in service prior to 1995. 5

6 Total California depreciation from this activity. Add the amounts on line 2, line 4 and line 5 6

7 Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 21 7

8 **a** If line 6 is more than line 7, enter the difference here and on Schedule CA (540 or 540NR). See instructions 8a

b If line 6 is less than line 7, enter the difference here and on Schedule CA (540 or 540NR). See instructions. 8b

Part IV **Amortization.**

	(a) Description of costs amortizable during 1995	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) 1995 California amortization deduction
9						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) 10

11 California amortization of costs that began before 1995 11

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 12

13 Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 42 13

14 **a** If line 12 is more than line 13, enter the difference here and on Schedule CA (540 or 540NR). See instructions. 14a

b If line 12 is less than line 13, enter the difference here and on Schedule CA (540 or 540NR). See instructions 14b

TAXABLE YEAR | SCHEDULE

1995 California Capital Gain or Loss Adjustment D

	(a) **Description of property** (identify S corporation stock) Example: 100 shares of "Z" (S stock)	(b) **Sales price**	(c) **Cost or other basis**	(d) **Loss.** If (c) is more than (b), subtract (b) from (c)	(e) **Gain.** If (b) is more than (c), subtract (c) from (b)
1					

2 Net gain or (loss) shown on California Schedule(s) K-1 from partnerships, S corporations, fiduciaries and limited liability companies 2

3 Total 1995 gains from all sources. Add column (e) amounts of line 1 and line 2 3

4 1995 loss. Add column (d) amounts of line 1 and line 2 4

5 California capital loss carryover from 1994, if any. See instructions 5

6 Total 1995 loss. Add line 4 and line 5 6

7 Net gain or net loss. Combine line 3 and line 6 and enter the net gain or (loss) here. See instructions 7

8 If line 7 is a loss, enter here. Then enter on line 10, the smaller of: (a) the amount on line 7; **or** (b) $3,000 ($1,500 if married filing a separate return). See instructions 8

9 Enter the amount from federal Form 1040, line 13 9

10 Enter the California gain from line 7 or loss from line 8 10

11 California gain or loss adjustment: Compare line 9 and line 10. See instructions.

a If line 9 is more than line 10, enter the difference here and on Schedule CA (540 or 540NR) line 13, column B . . . 11a

b If line 9 is less than line 10, enter the difference here and on Schedule CA (540 or 540NR), line 13, column C . . . 11b

TAXABLE YEAR | SCHEDULE

1995 California Adjustments — Residents CA (540)

Important: Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return | Social security number

Part I Income Adjustment Schedule

Section A – Income		A Federal Amounts (taxable amounts from your federal return)	B Subtractions See instructions.	C Additions See instructions.
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7			
8 Taxable interest income	8			
9 Dividend income	9			
10 State tax refund. Enter the same amount in column A and column B	10			
11 Alimony received	11			
12 Business income or (loss)	12			
13 Capital gain or (loss)	13			
14 Other gains or (losses)	14			
15 IRA distribution. See instructions. **(a)**	(b)			
16 Pensions and annuities. See instructions. **(a)**	(b)			
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17			
18 Farm income or (loss)	18			
19 Unemployment compensation	19			
20 Social security benefits **(a)**	(b)			
21 Other income. **a** California lottery winnings; **b** Disaster loss carryover from FTB 3805V; **c** Federal NOL (Form 1040, line 21); **d** NOL carryover from FTB 3805V; **e** NOL from FTB 3805Z or 3806; **f** Other (describe)	21		a / b / c / d / e / f	a / b / c / d / e / f
22 **Total.** Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B	22			
Section B – Adjustments to Income				
23a Your IRA deduction	23a			
b Spouse's IRA deduction	b			
24 Moving expenses. Enter the same amount in column A and B and complete form FTB 3596	24			
25 One-half of self-employment tax	25			
26 Self-employed health insurance deduction	26			
27 Keogh and self-employed SEP plans	27			
28 Penalty on early withdrawal of savings	28			
29 Alimony paid. Recipient's: SSN ___ ___ ___ - ___ ___ - ___ ___ ___ ___ Last name	29			
30 Add line 23a through line 29 in columns A, B, and C	30			
31 **Total.** Subtract line 30 from line 22 in columns A, B, and C. See the instructions for how to transfer the total to Form 540	31			

Part II Adjustments To Federal Itemized Deductions

33 Federal itemized deductions. Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27	33	
34 State and local income taxes; foreign taxes and State Disability Insurance (SDI) from federal Schedule A (Form 1040), line 5 (and line 8)	34	
35 Subtract line 34 from line 33	35	
36 Other adjustments including moving expenses and lottery losses. See instructions. Specify	36	
37 Combine line 35 and line 36	37	
38 **Is the amount on Form 540, line 13 more than the amount shown below for your filing status?** Single or married filing separate $109,936; Head of household $164,904; Married filing joint or qualifying widow(er) $219,872. **NO.** Transfer the amount on line 37 to line 38. **YES.** Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 38. **Is the amount you entered on line 38 more than your standard deduction below?** Single or married filing separate $2,487; Married filing joint, head of household or qualifying widow(er) $4,974. **YES.** Transfer the amount on line 38 to Form 540, line 18. **NO.** Enter your **standard deduction** on Form 540, line 18.	38	

TAXABLE YEAR | CALIFORNIA FORM

1995 Depreciation and Amortization Adjustments 3885A

Name(s) as shown on return	Business or activity to which form FTB 3885A relates	Social security number

Part I **Identify the activity as passive or nonpassive.** See instructions.

1 ☐ This form is being completed for a passive activity. ☐ This form is being completed for a nonpassive activity.

Part II **Election to Expense Certain Tangible Property (IRC Section 179).**

2 Enter the amount from the worksheet in the instructions 2

Part III **Depreciation.**

	(a) Description of property placed in service during 1995	(b) Date placed in service	(c) California basis for depreciation	(d) Method	(e) Life or rate	(f) 1995 California depreciation deduction
3						

4 Add the amounts on line 3, column (f) 4

5 California depreciation for assets placed in service prior to 1995. 5

6 Total California depreciation from this activity. Add the amounts on line 2, line 4 and line 5 6

7 Total federal depreciation from this activity. Enter depreciation from your federal Form 4562, line 21 7

8 **a** If line 6 is more than line 7, enter the difference here and on Schedule CA (540 or 540NR). See instructions 8a

b If line 6 is less than line 7, enter the difference here and on Schedule CA (540 or 540NR). See instructions. 8b

Part IV **Amortization.**

	(a) Description of costs amortizable during 1995	(b) Date placed in service	(c) California basis for amortization	(d) Code section	(e) Period or percentage	(f) 1995 California amortization deduction
9						

10 Total California amortization from this activity. Add the amounts on line 9, column (f) 10

11 California amortization of costs that began before 1995 11

12 Total California amortization from this activity. Add the amounts on line 10 and line 11 12

13 Total federal amortization from this activity. Enter amortization from your federal Form 4562, line 42 13

14 **a** If line 12 is more than line 13, enter the difference here and on Schedule CA (540 or 540NR). See instructions. 14a

b If line 12 is less than line 13, enter the difference here and on Schedule CA (540 or 540NR). See instructions 14b

TAXABLE YEAR | SCHEDULE

1995 California Capital Gain or Loss Adjustment D

	(a) **Description of property** (identify S corporation stock) Example: 100 shares of "Z" (S stock)	(b) **Sales price**	(c) **Cost or other basis**	(d) **Loss.** If (c) is more than (b), subtract (b) from (c)	(e) **Gain.** If (b) is more than (c), subtract (c) from (b)
1					

2 Net gain or (loss) shown on California Schedule(s) K-1 from partnerships, S corporations, fiduciaries and limited liability companies 2

3 Total 1995 gains from all sources. Add column (e) amounts of line 1 and line 2 3

4 1995 loss. Add column (d) amounts of line 1 and line 2 4

5 California capital loss carryover from 1994, if any. See instructions 5

6 Total 1995 loss. Add line 4 and line 5 6

7 Net gain or net loss. Combine line 3 and line 6 and enter the net gain or (loss) here. See instructions 7

8 If line 7 is a loss, enter here. Then enter on line 10, the smaller of: (a) the amount on line 7; **or** (b) $3,000 ($1,500 if married filing a separate return). See instructions 8

9 Enter the amount from federal Form 1040, line 13 9

10 Enter the California gain from line 7 or loss from line 8 10

11 California gain or loss adjustment: Compare line 9 and line 10. See instructions.

a If line 9 is more than line 10, enter the difference here and on Schedule CA (540 or 540NR) line 13, column B . . . 11a

b If line 9 is less than line 10, enter the difference here and on Schedule CA (540 or 540NR), line 13, column C . . . 11b

Instructions for Schedule CA (540)

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 1993** and the California Revenue and Taxation Code (R&TC).

General Information

Differences Between California and Federal Law
In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt a few specific provisions of the 1993 federal changes. All other references in these instructions are to the IRC as it existed on January 1, 1993. Specific differences include:
IRC Section 179 expense deduction. The California maximum deduction is $10,000; the federal maximum deduction is $17,500. In many cases, this difference also affects the California basis and depreciation deduction for qualifying assets.
Nonresidential rental property placed in service on or after May 13, 1993 (IRC Section 168). The California recovery period is 31.5 years; the federal recovery period is 39 years.
IRC Section 197 property. Property qualifying as Section 197 property for federal purposes is also Section 197 property for California purposes. However, for qualifying property acquired before January 1, 1994, the California adjusted basis as of January 1, 1994 must be amortized over the remaining federal amortization period.
Material participation in rental real estate activities. Beginning with the 1994 tax year, federal law provides that eligible taxpayers who materially participate in rental real estate activities will no longer be subject to the limitations on the deduction of passive activity losses. California does not conform to this provision and these activities will still be considered passive under California law. See form FTB 3801, Passive Activity Loss Limitations, for more information.

Purpose Of Schedule

The purpose of this schedule is to make adjustments to your federal adjusted gross income and to your itemized deductions using California law.

Specific Line Instructions for Part I Income

Column A — Federal Amounts

Line 7 through Line 21 –
Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21 (or on your federal Form 1040A, line 7 through line 13b; or on your federal Form 1040EZ line 1, line 2 and line 3). Also enter the following if applicable:
- the total IRA distribution received on line 15(a);
- the total pension or annuity distribution received on line 16(a); and
- the total social security retirement benefit received on line 20(a).

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

Line 23a through Line 29 –
Enter the same amounts you entered on your federal Form 1040, line 23a through line 29 (or your Form 1040A, line 15a and line 15b).

Line 30 – Add line 23a through line 29. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 30 or if you claimed the foreign housing deduction from federal Form 2555, enter the amount from Form 1040, line 30 on this line.

Line 31 – Total
Subtract line 30 from line 22.

Column B and Column C — Subtractions and Additions

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

You may need to get one of the following FTB publications in order to complete column B and column C:
- 1001, Supplemental Guidelines to California Adjustments;
- 1005, Pension and Annuity Guidelines; or
- 1032, Tax Information for Military Personnel.

If you want to order a publication or form, see the back cover of your tax booklet.

Line 7 – Wages, Salaries, Tips, etc.
Generally you will not make any adjustments on this line. If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C.
Moving expense reimbursement. California includes in income the amount of reimbursement for moving expenses from your employer. Enter in column C the amount of reimbursement not included in column A. Generally this is the amount shown on Form W-2, box 13 (code P). Get and complete form FTB 3596, California Moving Expense, to figure the California moving expense deduction.
Active duty military pay. Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.
Ride-sharing benefits or sick pay received under the Federal Insurance Contributions Railroad and Retirement Act. California excludes from income the ridesharing benefits and the sick pay received under Federal Insurance Contributions Railroad and Retirement Act. Enter in column B the amount of these benefits included in the amount in column A.
Income exempted by U.S. tax treaties (unless specifically exempt for state purposes also). If you excluded this income from your federal return, enter the excluded amount in column C. If you claimed foreign earned income or housing cost exclusion under IRC Section 911, see the instructions for line 21. Get FTB Pub. 1001 for more information.

Line 8 – Taxable Interest Income
If you did not receive any of the kinds of income listed below, make no entry on this line in either column B or column C. Otherwise, follow the instructions below.

Enter in column B the interest you received from:
- United States saving bonds;
- United States treasury bills; or
- any other bonds or obligations of the United States and its territories;

Get FTB Pub. 1001 if you received interest income from sources listed below.
A. loans made in an enterprise zone, program area or the Los Angeles Revitalization Zone (LARZ);
B. merchant marine construction fund deposits by ship contractors;
C. original issue discount (OID) for bonds issued by Poland; or
D. items listed above passed through to you from S corporations, trusts, partnerships and limited liability companies.

Do not make entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities. California law is the same as federal law for these types of interest income.

Enter in column C the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b and which you received from:
- non-California state bonds;
- non-California municipal bonds issued by a county, city, town or other local government unit;
- obligations of the District of Columbia issued after December 27, 1973; and
- non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships or limited liability companies.

Line 9 – Dividend Income
In most cases, there will be no difference between the amount of dividends you reported in column A and the amount to report using California law. However, 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 dividend income that is tax-exempt will be shown on your annual statement from the mutual fund. If the California exempt-interest dividend amount is more than the federal exempt-interest dividend amount, enter the difference in column B.

Get FTB Pub. 1001 if you received dividend income from:
- noncash patronage dividends from farmers' cooperatives or mutual associations;
- a federal S corporation that is a California C corporation;
- a controlled foreign corporation;
- distributions of pre-1987 earnings from S corporations;
- undistributed capital gains for regulated investment company (RIC) shareholders; or
- distributed capital gain dividends.

Line 10 – State Tax Refund
California does not tax the state income tax refund you received in 1995. Enter in column B the amount of state tax refund you entered in column A.

Line 11 – Alimony Received
If you are a nonresident alien and received alimony which was not included in your federal income, enter the alimony on this line in column C. Otherwise, make no adjustment on this line.

Line 12 – Business Income or (Loss)
Differences between the amount of business income or loss you reported in column A and the amount you report under California law generally result from the difference between California and federal law relating to depreciation methods, special credits and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the amount used for federal purposes, and you will need to make an adjustment to your business income or loss. Adjustments are figured on form FTB 3885A and are most commonly necessary because:
Before January 1, 1987, California did not allow depreciation under the federal accelerated cost recovery system, and you must continue to figure California depreciation for those assets in the same manner as prior years.
On or after January 1, 1987, California provides special credits and accelerated write-offs which affect the California basis of qualifying assets. Refer to the bulleted list below. Also, California does not conform to certain federal provisions. See the items listed under "General Information."

Note: If any of your business activities is a passive activity which produces a loss, complete form FTB 3801, Passive Activity Loss Limitations (PALS), to figure the passive activity loss allowable under California law.

If you are engaged in more than one business activity, use a separate form FTB 3885A to report the adjustments for each activity.

Get FTB Pub 1001 for more information about:

Income related to:
- business, trade or profession carried on within California that is an integral part of a unitary business carried on both within and without the state; or

- pro rata share of income received from a controlled foreign corporation by a U.S. shareholder.

Basis adjustments related to:
- property acquired prior to becoming a California resident;
- sales and use tax credit for property used in an enterprise zone, program area or LARZ;
- reduced recovery periods for fruit-bearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation;
- expenditures for tertiary injectants;
- certain property placed in service on an Indian reservation after 1/1/94 and before 12/31/2003;
- amortization of pollution control facilities;
- discharge of real property business indebtedness;
- employer-paid child care center and services;
- employer-paid child care plan;
- vehicles used in an employer-sponsored ridesharing program;
- an enhanced oil recovery system;
- the cost of making a business accessible to disabled individuals; or
- property for which you received an energy conservation subsidy from a public utility on or after January 1, 1995.

Business expense deductions related to:
- wages paid in an enterprise zone, program area, LARZ or Local Agency Military Base Recovery Area (LAMBRA);
- an employer-sponsored ridesharing program;
- certain employer costs for employees who are also enrolled members of Indian tribes;
- abandonment or tax recoupment fees for open-space easements and timberland preserves;
- indirect political contributions;
- club dues or payments made to a club which restricts membership or the use of its services or facilities on the basis of age, sex, race, religion, color, ancestry or national origin;
- lobbying expenses denied under IRC Section 162;
- travel or other expenses of family members accompanying a business traveler;
- business located in an enterprise zone, a program area or LARZ;
- research expense; or
- employer wage expense for federal Jobs Credit.

Line 13 – Capital Gain or (Loss)

Generally, there are no differences between the amount of capital gain or loss in column A and the amount to report using California law. If you do not have any of the items listed below, make no entry on this line in either column B or column C. Use Schedule D, California Gain or Loss Adjustment, if you have differences from:
- basis differences resulting from differences between California and federal law in prior years;
- gain or loss on stock and bond transactions;
- installment sale gain reported on form FTB 3805E, Installment Sale Income;
- gain on the sale of personal residence where depreciation was allowable;
- flow-through gain or loss from partnerships, fiduciaries, S corporations or limited liability companies;
- gain from involuntary conversion of capital assets not held for business profit; or
- capital loss carryover from your 1994 California Schedule D.

Get FTB Pub. 1001 for more information about:
- disposition of S corporation stock acquired before 1987;
- gain on sale or disposition of qualified assisted housing development to low income residents or to specified entities maintaining housing for low income residents;
- gain on certain vessels transferred to and exchanged with the Maritime Administration or in connection with construction of new vessels;
- undistributed capital gain for regulated investment company (RIC) shareholders;
- gain or loss on the sale of property inherited before January 1, 1987;
- capital loss carrybacks; or
- rollover gain from the sale of publicly traded securities into specialized small business investment companies.

Line 14 – Other Gains or (Losses)

Generally, there are no differences between the amount of other gains or losses reported in column A and the amount to report using California law. If there is no difference, make no entry on this line in column B or column C. However, the California basis of your other assets may be different than the federal basis due to differences between California and federal law. Therefore, you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property, to figure the difference between the amount to report using California law and the amount you reported in column A.

Line 15 – IRA Distribution

Generally, the amount of income taxed for IRA distributions is the same using both California and federal law. If there is no difference, make no entry on this line in column B or column C. However, there may be significant differences in the taxable amount, depending on when you made your contributions to the IRA. Differences may also occur if you changed your residency status after you first began making contributions to your IRA or if your California IRA deductions were different from your federal deductions because of differences between California and federal self-employment income.

If the taxable amount using California law is:
- less than the amount taxable under federal law, enter the difference in column B; or
- more than the amount taxable under federal law, enter the difference in column C.

Get FTB Pub. 1005 for more information.

Line 16 – Pensions and Annuities

Generally, the amount of income taxed for fully taxable pension or annuity distributions is the same using both California and federal law. If there is no difference, make no entry on this line in column B or column C. However, if you received certain railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the adjustments described below.

California does not tax railroad retirement benefits. If you received a federal Form RRB 1099-R for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column B.

If you began receiving a retirement annuity between the dates 7/1/86 and 1/1/87 and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

Get FTB Pub. 1005 if you elected to use the three-year rule for reporting an employer-sponsored pension or annuity (for annuity starting dates after 7/1/86 and before 1/1/87).

Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, and Trusts, etc.

Differences between the amount of income or loss you reported in column A and the amount you report under California law generally result from the difference between California and federal law relating to depreciation methods, special credits and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the amount used for federal purposes, and you will need to make an adjustment to your income or loss. For more information about the types of income and deductions that often require adjustments, see the instructions for Schedule CA (540), line 12.

Note: If any of your activities is a passive activity which produces a loss, complete form FTB 3801 to figure the passive activity loss allowable under California law.

Note: Limited liability companies (LLCs) that are classified as partnerships for California purposes and limited liability partnerships (LLPs) are subject to the same rules as other partnerships. LLCs report distributive items to members on Schedule K-1 (568), Member's Share of Income, Deductions, Credits, etc. LLPs report to partners on Schedule K-1 (565), Partner's Share of Income, Deductions, Credits, etc.

Get FTB Pub 1001 for more information about:
- payments to retired or deceased partners;
- accumulation distribution to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent.

Line 18 – Farm Income or (Loss)

Any differences between the amount of income or loss you report in column A and the amount you report under California law generally result from the difference between California and federal law relating to depreciation methods, special credits and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the amount used for federal purposes, and you will need to make an adjustment to your farm income or loss.

Note: If your farm activity is a passive activity which produces a loss, complete form FTB 3801 to figure the passive activity loss allowable under California law.

Line 19 – Unemployment Compensation

California does not tax unemployment compensation. Enter on line 19, column B the amount of unemployment compensation shown in column A.

Line 20 – Social Security Benefits

California does not tax social security benefits or equivalent tier 1 railroad retirement benefits. Enter in column B the amount of these benefits shown in column A.

Line 21 – Other Income

a. California Lottery Winnings. California does not tax California Lottery winnings. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A. **Note:** Do not include lottery winnings from other states. They are taxable to California.

b. Disaster Loss Carryover from FTB 3805V. If you have a California disaster loss carryover from your 1994 form FTB 3805V, Net Operating Loss Carryovers and Disaster Loss Deductions, enter that amount as a positive number in column B.

c. Federal NOL deduction from Form 1040, line 21. If the amount on line 21 in column A includes a federal net operating loss (NOL), enter the amount of the federal NOL deduction as a positive number in column C. Get form FTB 3805V to figure the allowable California NOL deduction.

d. NOL Carryover from FTB 3805V. The allowable NOL carryover under California law is different from the allowable NOL carryover under federal law. Use form FTB 3805V to figure the allowable California NOL deduction and enter it as a positive number in column B.

Note: If your 1994 form FTB 3805V has both disaster loss carryovers and NOL carryovers, you will need to separately state these two amounts. See line 21b for disaster loss carryovers.

e. NOL deduction from FTB 3805Z or FTB 3806. If you have an NOL deduction on form:
- FTB 3805Z, Enterprise Zone/Program Area Deduction and Credit Summary, line 8b; or
- FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, line 4b;

enter in column B the total NOL deduction figured on these forms.

f. Other (describe)

Reward from a crime hotline. Enter in column B the amount of a reward authorized by a government agency which you received from a crime hotline established by a government agency or nonprofit organization and that is included in the amount on line 21 in column A. **Note:** You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

Payments for alternative transportation. Enter in column B the amount you received from your employer, other than wages or salaries, for partici-

pating in an alternative transportation method and that is included in the amount on line 21 in column A. For more information, refer to R&TC Section 17149.

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

Payment from a living benefit contract. Enter in column B the income from such a contract that you included in the amount on line 21 in column A.

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

Rebates from water agencies or suppliers. Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

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

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

Energy conservation subsidies. Enter in column C the amount of any energy conservation subsidy provided, either directly or indirectly, by public utilities for the purchase or installation of an energy conservation measure that was not included in column A.

Line 22 – Total

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

Lines 23a, line 23b, and line 27 – IRA, Keogh or SEP Deduction

Generally the IRA, Keogh or SEP deduction allowable under California law and federal law is the same. If there is no difference, make no entry on this line in either column B or column C.

Differences in the amount of IRA, Keogh or SEP deduction you can claim may occur if there is a difference between your federal self-employment income and your California self-employment income. If the allowable deductible amount for California is less than the deduction you reported in column A, enter the difference on the appropriate line (23a or 23b, or 27) in column B.

Line 24 – Moving Expense

California law is not the same as federal law for figuring your moving expense deduction. Enter in column B the amount shown in column A, if any. Get form FTB 3596, California Moving Expense, to figure the amount to deduct under California law as an itemized deduction in Part II, line 36.

Line 26 – Self-employed Health Insurance Deduction

California law allows the deduction for self-employed health insurance. If you qualify for the federal deduction, you also qualify for the California deduction. However, the amount of the deduction will be different for California and you must figure the deduction using the lower California percentage of 25%. Complete the following worksheet to figure your California deduction and to make the necessary adjustment on Schedule CA (540):

1. Enter the total amount paid in 1995 for you, your spouse and dependents. Do not include amounts for any month you were eligible to participate in an employer-sponsored plan. . . . 1 _____
2. Multiply line 1 by 25% (.25) . . 2 _____
3. Enter your California net profit and any other California earned income from the business under which the insurance plan is established, minus any deductions you claim on Form 1040, line 25 or line 27 (adjusted for California self-employment income) . . . 3 _____
4. Enter your federal self-employed health insurance deduction from Form 1040, line 26 . . . . . 4 _____
5. Enter the smaller of line 2 or line 3. . . . . 5 _____
6. Subtract line 5 from line 4. Enter the result on line 26 in column B 6 _____

Note: If line 5 is more than line 4, enter the difference in column C.

Line 29 – Alimony Paid

Enter the social security number and last name of the person to whom you paid alimony. **Note:** If you are a nonresident alien and did not deduct alimony on your federal return, enter the amount you paid in column C.

Line 30 – Add line 23a through line 29 in each column A, B and C. Enter the result on this line in the appropriate columns. **Note:** If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 30.

Line 31 – Total

Subtract line 30 from line 22 in each column A, B and C. Enter the result on this line in the appropriate columns.

Transfer the amount from line 31:

- column B to Form 540, Side 1, line 14; and
- column C to Form 540, Side 1, line 16.

If you plan to itemize deductions, go to Part II.

Caution: If Schedule CA (540), line 31:
Column B is a negative number, do not transfer it to Form 540, line 14. Instead, transfer the amount as a positive number to form 540, line 16; or
Column C is a negative number, do not transfer it to Form 540, line 16. Instead, transfer the amount as a positive number to form 540, line 14.

Specific Line Instructions for Part II Adjustments to Federal Itemized Deductions

Line 33 – Federal Itemized Deductions

Enter the total amount of itemized deductions from your federal Schedule A, lines 4, 9, 14, 18, 19, 26, and 27. **Important:** If you did not itemize deductions on your federal tax return, but will itemize deductions on your California tax return, first complete federal Schedule A. Then complete Schedule CA (540), Part II, line 33 through line 38.

Line 34 – State, Local and Foreign Income Taxes

Enter the state and local income tax from federal Schedule A, line 5 and only the portion relating to foreign income taxes from line 8. Include state disability insurance (SDI), limited partnership tax and income or franchise tax paid by S corporations.

Line 36 – Other Adjustments

Moving Expenses. If you had moving expenses in 1995, get and complete form FTB 3596, Moving Expenses, to figure the amount to enter on line 36.

Adoption related expenses. If you deducted adoption related expenses on your federal Schedule A and are claiming the adoption cost credit for the same amounts on your Form 540, enter the amount of the adoption cost credit claimed as a negative number on line 36.

Mortgage Interest Credit. If you reduced your federal miscellaneous itemized deductions by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 36.

Nontaxable Income Expenses. If, on federal Schedule A, you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 36. You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 36.

Employee Business Expense. If you had assets placed in service before January 1, 1987, and you completed federal Form 2106, Employee Business Expenses, also complete Form 2106 using California amounts. Compare line 10 on both Forms 2106. If the federal amount is larger, enter the difference as a negative number on line 36. If the California amount is larger, enter the difference as a positive number on line 36.

Investment Interest Expense. Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 36.

Gambling Losses. California Lottery losses are not deductible for California. Enter the amount of California Lottery losses shown on federal Schedule A as a negative number on line 36.

Federal Estate Tax. Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A as a negative number on line 36.

Generation Skipping Transfer Tax. Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A, line 23, as a negative number on line 36.

State Legislator's Travel Expenses. Under California law, deductible travel expenses for state legislators include only those incurred while away from their place of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 36.

Line 38 – California Itemized Deductions

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

Single or married filing separate	$109,936
Married filing joint or Qualifying widow(er)	$219,872
Head of household	$164,904

NO. Transfer the amount from line 37 to line 38. Do not complete the worksheet below.

YES. Complete the Itemized Deductions Worksheet below.

Itemized Deductions Worksheet

1. Amount from Schedule CA (540), line 37 . . . . . 1 _____
2. Using California amounts, add the amounts on federal Schedule A, line 4, line 13 and line 19 plus any gambling losses included on line 27 . . . . . 2 _____
3. Subtract line 2 from line 1 . . . 3 _____
   Note: If zero, stop. Enter the amount from line 1 on Schedule CA (540), line 38.
4. Multiply line 3 by 80% (.80) . . 4 _____
5. Amount from Form 540, line 13 5 _____
6. Enter the amount shown above for your filing status . . . . . 6 _____
7. Subtract line 6 from line 5 . . . 7 _____
   Note: If zero or less, stop. Enter the amount from line 1 on Schedule CA (540), line 38.
8. Multiply line 7 by 6% (.06) . . . 8 _____
9. Compare line 4 and line 8. Enter the smaller amount here. . . . 9 _____
10. Total itemized deductions. Subtract line 9 from line 1. Enter here and on Schedule CA (540), line 38 . . . . . 10 _____

Instructions for Form FTB 3885A

Depreciation And Amortization Adjustments

General Information

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt a few specific provisions of the 1993 federal changes. All other references in these instructions are to the IRC as it existed on January 1, 1993.

Expense treatment for small business (IRC Section 179): The maximum allowed under California law is $10,000; the maximum allowed under federal law is $17,500.

Amortization of certain intangibles (IRC Section 197): Property classified as Section 197 property under federal law is also Section 197 property for California purposes. There is no separate California election required or allowed. However, for Section 197 property acquired before January 1, 1994, the California adjusted basis as of January 1, 1994, must be amortized over the remaining federal amortization period.

Recovery period for nonresidential real property placed in service on or after May 13, 1993 (IRC Section 168): The California recovery period is 31.5 years; the federal recovery period is 39 years.

Purpose Of Form

Use form FTB 3885A to report the difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed as a deduction using federal law. Differences occur because California law and federal law have not always allowed the same depreciation methods, special credits or accelerated write-offs. As a result, the recovery periods or the basis on which the depreciation is figured for California may be different from the amounts used for federal purposes. You will probably have reportable differences if all or part of your assets were placed in service:

- **before January 1, 1987.** California did not allow depreciation under the federal accelerated cost recovery system (ACRS), and you must continue to figure California depreciation for those assets in the same manner as in prior years.
- **on or after January 1, 1987.** California provides special credits and accelerated write-offs which affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993 and this causes the California basis or recovery periods to be different for some assets.

Differences may also occur for other less common reasons and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. For example, the instructions for Schedule CA (540 or 540NR), line 12, Business Income, list other adjustments you may need to report on form FTB 3885A if you are a sole proprietor. You may also get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information about figuring and reporting these adjustments.

If you are reporting differences for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations for more information about passive activities.

Do not use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. See the instructions for Schedule CA (540 or 540NR), line 36.

Specific Line Instructions

Note: Prepare and file a separate form FTB 3885A for each business or activity on your return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete Part II, Election to Expense Certain Tangible Property (IRC Section 179) only once.

Part I **Identify the Activity as Passive or Nonpassive**

Line 1 – Check the box to identify the activity as passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801. **Caution:** Beginning with the 1994 tax year, federal law provides that eligible taxpayers who materially participate in rental real estate activities will no longer be subject to the limitations on the deduction of passive activity losses. California did not conform to this provision and these activities are still considered passive for California purposes.

Part II **Election To Expense Certain Tangible Property**

You may elect to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Pub. 534, Depreciation. To do so, you must have purchased property, as defined in the Internal Revenue Code (IRC) Section 179(d)(2), and placed it in service during 1995, or have a carryover of unused cost from 1994. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense. The maximum Section 179 expense allowed under California law is $10,000.

Complete the worksheet below to figure the Section 179 expense for California. Include all assets qualifying for the deduction because the limit applies to all qualifying assets as a group rather than to each asset individually. Refer to federal form 4562 for information.

1	Maximum dollar limitation for California	1	$10,000
2	Enter total cost of section 179 property placed in service during the tax year	2	
3	Threshold cost of section 179 property before reduction in limitation	3	$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1 If zero or less enter -0-	5	

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

7	Total elected cost of Section 179 property. Add column (c), line 6	7	
8	Tentative deduction. Enter the smaller of line 5 or line 7	8	
9	Carryover of disallowed deduction from 1994	9	
10	Enter the smaller of taxable income (not less than zero) or line 5	10	
11	Section 179 expense deduction for California. Add line 8 and line 9, but do not enter more than line 10. Also enter the result on FTB 3885A, line 2	11	
12	Carryover of disallowed deduction to 1996. Add line 8 and line 9. Subtract line 11 from the result.	12	

Part III **Depreciation**

Line 3 – Complete column (a) through column (f) for each tangible asset or group of assets placed in service during the tax year. Be sure to use the California basis for assets on which you elected to take the Section 179 deduction. It will be the difference between line 6, column (b) and line 6, column (c) of the worksheet in Part II. Be sure to use the California recovery period of 31.5 years if you are depreciating nonresidential real property placed in service on or after May 31, 1993.

Line 8 – If line 6 is more than line 7, enter the difference on line 8a.

Nonpassive Activities: Enter this amount on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.
Passive Activities: Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

If line 6 is less than line 7, enter the difference on line 8b.

Nonpassive Activities: Enter this amount on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.
Passive Activities: Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

Part IV **Amortization**

Line 9 – Complete column (a) through column (f) for intangible assets placed in service during the tax year. Be sure to use the California basis and the California recovery period.

Line 14 – If line 12 is more than line 13, enter the difference on line 14a.

Nonpassive Activities: Enter this amount on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.
Passive Activities: Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

If line 12 is less than line 13, enter the difference on line 14b.

Nonpassive Activities: Enter this amount on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; or on line 18 for federal Schedule F activities.
Passive Activities: Enter this amount on form FTB 3801, Side 2, California Worksheet, column (e).

Instructions for California Schedule D
California Capital Gain Or Loss Adjustment

General Information

In general, California did not conform its law to changes made to the Internal Revenue Code (IRC) by the federal Revenue Reconciliation Act of 1993 (Public Law 103-66). California legislation during 1994 did adopt a few specific provisions of the 1993 federal changes. All other references in these instructions are to the IRC as it existed on January 1, 1993. Specifically, California does not permit **rollover of gain from the sale of publicly traded securities into specialized small business investment companies (SSBICs).** The gain is fully taxable to California. Use California Schedule D to figure the necessary adjustment.

Purpose Of Schedule

Use California Schedule D only if there is a difference between your federal gains and losses and your California gains and losses. Such differences may be associated with the following:

- disposition of property that was expensed or depreciated at some time during the period you owned it; California and federal depreciation and property expensing methods were different before 1987 and after 1/1/93 and caused a difference between the California basis and the federal basis;
- gain or loss on stock and bond transactions;
- installment sale gain reported on form FTB 3805E, Installment Sale Income;
- gain on the sale of personal residence where depreciation was allowable;
- flow-through gain or loss from partnerships, fiduciaries, S corporations or limited liability companies;
- distributed and undistributed capital gain dividends;
- gain from involuntary conversion of capital assets not held for business profit; and
- capital loss carryover from your 1994 California Schedule D.

For more information about the following, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments:

- disposition of property inherited before 1987;
- disposition of S corporation stock acquired before 1987;
- gain on the sale or disposition of a qualified assisted housing development to low income residents or to specific entities maintaining housing for low income residents;
- gain on certain vessels transferred to and exchanged with the Maritime Administration or realized in connection with construction of new vessels; or
- capital loss carryback.

Note: If you do not have a difference between your California and federal capital gain or loss, you do not have an adjustment and do not need to complete California Schedule D.

Installment Sales
If you sold property at a gain (other than publicly traded stocks or securities), and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E, Installment Sale Income. Also use that form if you received a payment in 1995 for an installment sale made in an earlier year.

Note: You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (or Schedule D-1 for business assets) in the year of the sale and filing your return on or before the due date.

At-Risk Rules And Passive Activity Limitations
If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get and complete federal Form 6198, At-Risk Limitations, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it becomes subject to the passive activity rules. Get form FTB 3801, Passive Activity Loss Limitations, to see how to report capital gains and losses from a passive activity.

Specific Line Instructions

Line 1 – List each capital asset transaction.

Column (a) – Description Of Property
Describe the asset you sold or exchanged.

Capital Gain Distributions. If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D. However, if you receive federal Form 1099-DIV, Dividends and Distributions, enter the name of the distributing corporation or mutual fund in column (a), and the amount of **distributed** capital gain dividends in column (e). Do not complete columns (b), (c) and (d) for these dividends. Follow the instructions for the remainder of Schedule D.

Column (b) – Sales Price
Enter in this column either the gross sales price or the net sales price from the sale. If you received a Form 1099-B, 1099-S or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column (b). If you entered the net amount in column (b), do not include the commissions and option premiums in column (c).

Column (c) – Cost Or Other Basis
In general, the cost or other basis is the cost of the property plus purchase commissions and improvements minus depreciation, amortization and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c).

If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences are:

Depreciation Methods and Property Expensing
California law:

- did not allow the use of ACRS before 1987;
- did not allow the use of an asset depreciation – range 20% above or below the standard rate;
- limits expensing of property under IRC Section 179 to $10,000;
- permitted rapid write-off of property such as solar energy systems, pollution control devices and property used in an enterprise zone, program area or the Los Angeles Revitalization Zone (LARZ).

Inherited Property – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse:

- **before** January 1, 1987, generally the basis of your deceased spouse's one-half interest in the property is FMV at the time of death and the basis of your one-half interest is cost; or
- **on or after** January 1, 1987, the entire basis of the inherited community property is FMV at the time of death. Get FTB Pub. 1039, Basis of Property – Decedent/Surviving Spouse for more information.

S Corporation Stock – Prior to 1987, California law did not recognize S corporations. As a result, your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss and distributions received during the time your stock qualified for federal S corporation treatment.

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

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

Line 5 – 1994 California Capital Loss Carryover
Enter the amount of your 1994 California net capital loss that was more than the loss limitation. This is your capital loss carryover from 1994.

Line 7 – Net Gain Or Loss
If the amount on line 3 is more than the amount on line 6, subtract line 6 from line 3. Enter the difference as a gain on line 7 and on line 10.

If the amount on line 6 is more than the amount on line 3, subtract line 3 from line 6 and enter the difference as a loss on line 7.

If the loss on line 7 is more than $3,000 ($1,500, if married filing a separate return) OR if your taxable income on Form 540, line 19, is less than $3,000 ($1,500 if married filing separate) before considering your capital loss, your capital loss carryover to 1996 may be limited. Using California amounts, complete the Capital Loss Carryover Worksheet in the instructions for federal Schedule D (1040).

Line 8 – If line 7 is a net capital loss, enter on line 8 and line 10 the smaller of the amount on line 7 or $3,000 ($1,500 if you are married filing a separate return). The amount of your 1995 loss that is more than the loss limitation, if any, may be used as a carryover on your 1996 return.

Line 11a – Enter the difference on line 11a and on Schedule CA (540 or 540NR), line 13, column B.

EXAMPLES:

Gain on line 9 is more than gain on line 10.

Federal gain on line 9 is	$10,000
California gain on line 10 is	$ 6,000
Subtract line 10 from line 9	$ 4,000

Loss on line 9 is less than loss on line 10.

Federal loss on line 9 is	$1,000
California loss on line 10 is	$2,000
Subtract line 9 from line 10	$1,000

Gain on line 9 and loss on line 10.

Federal gain on line 9 is	$3,000
California loss on line 10 is	$3,000
Add line 9 and line 10	$6,000

Line 11b – Enter the difference on line 11b and on Schedule CA (540 or 540NR), line 13, column C.

EXAMPLES:

Gain on line 9 is less than gain on line 10.

Federal gain on line 9 is	$ 6,000
California gain on line 10 is	$11,000
Subtract line 9 from line 10	$ 5,000

Loss on line 9 is more than loss on line 10.

Federal loss on line 9 is	$2,000
California loss on line 10 is	$1,000
Subtract line 10 from line 9	$1,000

Loss on line 9 and gain on line 10.

Federal loss on line 9 is	$2,000
California gain on line 10 is	$5,000
Add line 9 and line 10	$7,000

1995 California Tax Table

Use the Tax Table below if your taxable income on Form 540EZ, line 16; Form 540A, line 16; or Form 540, line 19 is $50,000 or less.
Use the Tax Rate Schedule on page 46 if your taxable income on Form 540A, line 16 or Form 540, line 19 is more than $50,000.

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is . . ." to find the range that includes your taxable income.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married filing Separate) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
1	50	0	0	0	6,451	6,550	82	65	65	12,951	13,050	243	163	163
51	150	1	1	1	6,551	6,650	84	66	66	13,051	13,150	247	165	165
151	250	2	2	2	6,651	6,750	86	67	67	13,151	13,250	251	167	167
251	350	3	3	3	6,751	6,850	88	68	68	13,251	13,350	255	169	169
351	450	4	4	4	6,851	6,950	90	69	69	13,351	13,450	259	171	171
451	550	5	5	5	6,951	7,050	92	70	70	13,451	13,550	263	173	173
551	650	6	6	6	7,051	7,150	94	71	71	13,551	13,650	267	175	175
651	750	7	7	7	7,151	7,250	96	72	72	13,651	13,750	271	177	177
751	850	8	8	8	7,251	7,350	98	73	73	13,751	13,850	275	179	179
851	950	9	9	9	7,351	7,450	100	74	74	13,851	13,950	279	181	181
951	1,050	10	10	10	7,451	7,550	102	75	75	13,951	14,050	283	183	183
1,051	1,150	11	11	11	7,551	7,650	104	76	76	14,051	14,150	287	185	185
1,151	1,250	12	12	12	7,651	7,750	106	77	77	14,151	14,250	291	187	187
1,251	1,350	13	13	13	7,751	7,850	108	78	78	14,251	14,350	295	189	189
1,351	1,450	14	14	14	7,851	7,950	110	79	79	14,351	14,450	299	191	191
1,451	1,550	15	15	15	7,951	8,050	112	80	80	14,451	14,550	303	193	193
1,551	1,650	16	16	16	8,051	8,150	114	81	81	14,551	14,650	307	195	195
1,651	1,750	17	17	17	8,151	8,250	116	82	82	14,651	14,750	311	197	197
1,751	1,850	18	18	18	8,251	8,350	118	83	83	14,751	14,850	315	199	199
1,851	1,950	19	19	19	8,351	8,450	120	84	84	14,851	14,950	319	201	201
1,951	2,050	20	20	20	8,451	8,550	122	85	85	14,951	15,050	323	203	203
2,051	2,150	21	21	21	8,551	8,650	124	86	86	15,051	15,150	327	205	205
2,151	2,250	22	22	22	8,651	8,750	126	87	87	15,151	15,250	331	207	207
2,251	2,350	23	23	23	8,751	8,850	128	88	88	15,251	15,350	335	209	209
2,351	2,450	24	24	24	8,851	8,950	130	89	89	15,351	15,450	339	211	211
2,451	2,550	25	25	25	8,951	9,050	132	90	90	15,451	15,550	343	213	213
2,551	2,650	26	26	26	9,051	9,150	134	91	91	15,551	15,650	347	215	215
2,651	2,750	27	27	27	9,151	9,250	136	92	92	15,651	15,750	351	217	217
2,751	2,850	28	28	28	9,251	9,350	138	93	93	15,751	15,850	355	219	219
2,851	2,950	29	29	29	9,351	9,450	140	94	94	15,851	15,950	359	221	221
2,951	3,050	30	30	30	9,451	9,550	142	95	95	15,951	16,050	363	223	223
3,051	3,150	31	31	31	9,551	9,650	144	96	96	16,051	16,150	367	225	225
3,151	3,250	32	32	32	9,651	9,750	146	97	97	16,151	16,250	371	227	227
3,251	3,350	33	33	33	9,751	9,850	148	99	99	16,251	16,350	375	229	229
3,351	3,450	34	34	34	9,851	9,950	150	101	101	16,351	16,450	379	231	231
3,451	3,550	35	35	35	9,951	10,050	152	103	103	16,451	16,550	383	233	233
3,551	3,650	36	36	36	10,051	10,150	154	105	105	16,551	16,650	387	235	235
3,651	3,750	37	37	37	10,151	10,250	156	107	107	16,651	16,750	391	237	237
3,751	3,850	38	38	38	10,251	10,350	158	109	109	16,751	16,850	395	239	239
3,851	3,950	39	39	39	10,351	10,450	160	111	111	16,851	16,950	399	241	241
3,951	4,050	40	40	40	10,451	10,550	162	113	113	16,951	17,050	403	243	243
4,051	4,150	41	41	41	10,551	10,650	164	115	115	17,051	17,150	407	245	245
4,151	4,250	42	42	42	10,651	10,750	166	117	117	17,151	17,250	411	247	247
4,251	4,350	43	43	43	10,751	10,850	168	119	119	17,251	17,350	415	249	249
4,351	4,450	44	44	44	10,851	10,950	170	121	121	17,351	17,450	419	251	251
4,451	4,550	45	45	45	10,951	11,050	172	123	123	17,451	17,550	423	253	253
4,551	4,650	46	46	46	11,051	11,150	174	125	125	17,551	17,650	427	255	255
4,651	4,750	47	47	47	11,151	11,250	176	127	127	17,651	17,750	431	257	257
4,751	4,850	48	48	48	11,251	11,350	178	129	129	17,751	17,850	435	259	259
4,851	4,950	50	49	49	11,351	11,450	180	131	131	17,851	17,950	439	261	261
4,951	5,050	52	50	50	11,451	11,550	183	133	133	17,951	18,050	443	263	263
5,051	5,150	54	51	51	11,551	11,650	187	135	135	18,051	18,150	447	265	265
5,151	5,250	56	52	52	11,651	11,750	191	137	137	18,151	18,250	453	267	267
5,251	5,350	58	53	53	11,751	11,850	195	139	139	18,251	18,350	459	269	269
5,351	5,450	60	54	54	11,851	11,950	199	141	141	18,351	18,450	465	271	271
5,451	5,550	62	55	55	11,951	12,050	203	143	143	18,451	18,550	471	273	273
5,551	5,650	64	56	56	12,051	12,150	207	145	145	18,551	18,650	477	275	275
5,651	5,750	66	57	57	12,151	12,250	211	147	147	18,651	18,750	483	277	277
5,751	5,850	68	58	58	12,251	12,350	215	149	149	18,751	18,850	489	279	279
5,851	5,950	70	59	59	12,351	12,450	219	151	151	18,851	18,950	495	281	281
5,951	6,050	72	60	60	12,451	12,550	223	153	153	18,951	19,050	501	283	283
6,051	6,150	74	61	61	12,551	12,650	227	155	155	19,051	19,150	507	285	285
6,151	6,250	76	62	62	12,651	12,750	231	157	157	19,151	19,250	513	287	287
6,251	6,350	78	63	63	12,751	12,850	235	159	159	19,251	19,350	519	289	289
6,351	6,450	80	64	64	12,851	12,950	239	161	161	19,351	19,450	525	291	291

The tax table is continued on page 45.

1995 California Tax Table — Continued

Filing status: 1 or 3 (Single; Married filing Separate) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	**19,550**	531	293	293	**26,451**	**26,550**	980	505	505	**33,451**	**33,550**	1,563	785	865
19,551	**19,650**	537	295	295	**26,551**	**26,650**	988	509	509	**33,551**	**33,650**	1,572	789	871
19,651	**19,750**	543	297	297	**26,651**	**26,750**	996	513	513	**33,651**	**33,750**	1,582	793	877
19,751	**19,850**	549	299	299	**26,751**	**26,850**	1,004	517	517	**33,751**	**33,850**	1,591	797	883
19,851	**19,950**	555	301	301	**26,851**	**26,950**	1,012	521	521	**33,851**	**33,950**	1,600	801	889
19,951	**20,050**	561	303	303	**26,951**	**27,050**	1,020	525	525	**33,951**	**34,050**	1,610	805	895
20,051	**20,150**	567	305	305	**27,051**	**27,150**	1,028	529	529	**34,051**	**34,150**	1,619	809	901
20,151	**20,250**	573	307	307	**27,151**	**27,250**	1,036	533	533	**34,151**	**34,250**	1,628	813	907
20,251	**20,350**	579	309	309	**27,251**	**27,350**	1,044	537	537	**34,251**	**34,350**	1,637	817	913
20,351	**20,450**	585	311	311	**27,351**	**27,450**	1,052	541	541	**34,351**	**34,450**	1,647	821	919
20,451	**20,550**	591	313	313	**27,451**	**27,550**	1,060	545	545	**34,451**	**34,550**	1,656	825	925
20,551	**20,650**	597	315	315	**27,551**	**27,650**	1,068	549	549	**34,551**	**34,650**	1,665	829	931
20,651	**20,750**	603	317	317	**27,651**	**27,750**	1,076	553	553	**34,651**	**34,750**	1,675	833	937
20,751	**20,850**	609	319	319	**27,751**	**27,850**	1,084	557	557	**34,751**	**34,850**	1,684	837	943
20,851	**20,950**	615	321	321	**27,851**	**27,950**	1,092	561	561	**34,851**	**34,950**	1,693	841	949
20,951	**21,050**	621	323	323	**27,951**	**28,050**	1,100	565	565	**34,951**	**35,050**	1,703	845	955
21,051	**21,150**	627	325	325	**28,051**	**28,150**	1,108	569	569	**35,051**	**35,150**	1,712	849	961
21,151	**21,250**	633	327	327	**28,151**	**28,250**	1,116	573	573	**35,151**	**35,250**	1,721	853	967
21,251	**21,350**	639	329	329	**28,251**	**28,350**	1,124	577	577	**35,251**	**35,350**	1,730	857	973
21,351	**21,450**	645	331	331	**28,351**	**28,450**	1,132	581	581	**35,351**	**35,450**	1,740	861	979
21,451	**21,550**	651	333	333	**28,451**	**28,550**	1,140	585	585	**35,451**	**35,550**	1,749	865	985
21,551	**21,650**	657	335	335	**28,551**	**28,650**	1,148	589	589	**35,551**	**35,650**	1,758	869	991
21,651	**21,750**	663	337	337	**28,651**	**28,750**	1,156	593	593	**35,651**	**35,750**	1,768	873	997
21,751	**21,850**	669	339	339	**28,751**	**28,850**	1,164	597	597	**35,751**	**35,850**	1,777	877	1,003
21,851	**21,950**	675	341	341	**28,851**	**28,950**	1,172	601	601	**35,851**	**35,950**	1,786	881	1,009
21,951	**22,050**	681	343	343	**28,951**	**29,050**	1,180	605	605	**35,951**	**36,050**	1,796	885	1,015
22,051	**22,150**	687	345	345	**29,051**	**29,150**	1,188	609	609	**36,051**	**36,150**	1,805	889	1,021
22,151	**22,250**	693	347	347	**29,151**	**29,250**	1,196	613	613	**36,151**	**36,250**	1,814	895	1,027
22,251	**22,350**	699	349	349	**29,251**	**29,350**	1,204	617	617	**36,251**	**36,350**	1,823	901	1,033
22,351	**22,450**	705	351	351	**29,351**	**29,450**	1,212	621	621	**36,351**	**36,450**	1,833	907	1,039
22,451	**22,550**	711	353	353	**29,451**	**29,550**	1,220	625	625	**36,451**	**36,550**	1,842	913	1,045
22,551	**22,650**	717	355	355	**29,551**	**29,650**	1,228	629	631	**36,551**	**36,650**	1,851	919	1,053
22,651	**22,750**	723	357	357	**29,651**	**29,750**	1,236	633	637	**36,651**	**36,750**	1,861	925	1,061
22,751	**22,850**	729	359	359	**29,751**	**29,850**	1,244	637	643	**36,751**	**36,850**	1,870	931	1,069
22,851	**22,950**	735	361	361	**29,851**	**29,950**	1,252	641	649	**36,851**	**36,950**	1,879	937	1,077
22,951	**23,050**	741	365	365	**29,951**	**30,050**	1,260	645	655	**36,951**	**37,050**	1,889	943	1,085
23,051	**23,150**	747	369	369	**30,051**	**30,150**	1,268	649	661	**37,051**	**37,150**	1,898	949	1,093
23,151	**23,250**	753	373	373	**30,151**	**30,250**	1,276	653	667	**37,151**	**37,250**	1,907	955	1,101
23,251	**23,350**	759	377	377	**30,251**	**30,350**	1,284	657	673	**37,251**	**37,350**	1,916	961	1,109
23,351	**23,450**	765	381	381	**30,351**	**30,450**	1,292	661	679	**37,351**	**37,450**	1,926	967	1,117
23,451	**23,550**	771	385	385	**30,451**	**30,550**	1,300	665	685	**37,451**	**37,550**	1,935	973	1,125
23,551	**23,650**	777	389	389	**30,551**	**30,650**	1,308	669	691	**37,551**	**37,650**	1,944	979	1,133
23,651	**23,750**	783	393	393	**30,651**	**30,750**	1,316	673	697	**37,651**	**37,750**	1,954	985	1,141
23,751	**23,850**	789	397	397	**30,751**	**30,850**	1,324	677	703	**37,751**	**37,850**	1,963	991	1,149
23,851	**23,950**	795	401	401	**30,851**	**30,950**	1,332	681	709	**37,851**	**37,950**	1,972	997	1,157
23,951	**24,050**	801	405	405	**30,951**	**31,050**	1,340	685	715	**37,951**	**38,050**	1,982	1,003	1,165
24,051	**24,150**	807	409	409	**31,051**	**31,150**	1,348	689	721	**38,051**	**38,150**	1,991	1,009	1,173
24,151	**24,250**	813	413	413	**31,151**	**31,250**	1,356	693	727	**38,151**	**38,250**	2,000	1,015	1,181
24,251	**24,350**	819	417	417	**31,251**	**31,350**	1,364	697	733	**38,251**	**38,350**	2,009	1,021	1,189
24,351	**24,450**	825	421	421	**31,351**	**31,450**	1,372	701	739	**38,351**	**38,450**	2,019	1,027	1,197
24,451	**24,550**	831	425	425	**31,451**	**31,550**	1,380	705	745	**38,451**	**38,550**	2,028	1,033	1,205
24,551	**24,650**	837	429	429	**31,551**	**31,650**	1,388	709	751	**38,551**	**38,650**	2,037	1,039	1,213
24,651	**24,750**	843	433	433	**31,651**	**31,750**	1,396	713	757	**38,651**	**38,750**	2,047	1,045	1,221
24,751	**24,850**	849	437	437	**31,751**	**31,850**	1,405	717	763	**38,751**	**38,850**	2,056	1,051	1,229
24,851	**24,950**	855	441	441	**31,851**	**31,950**	1,414	721	769	**38,851**	**38,950**	2,065	1,057	1,237
24,951	**25,050**	861	445	445	**31,951**	**32,050**	1,424	725	775	**38,951**	**39,050**	2,075	1,063	1,245
25,051	**25,150**	868	449	449	**32,051**	**32,150**	1,433	729	781	**39,051**	**39,150**	2,084	1,069	1,253
25,151	**25,250**	876	453	453	**32,151**	**32,250**	1,442	733	787	**39,151**	**39,250**	2,093	1,075	1,261
25,251	**25,350**	884	457	457	**32,251**	**32,350**	1,451	737	793	**39,251**	**39,350**	2,102	1,081	1,269
25,351	**25,450**	892	461	461	**32,351**	**32,450**	1,461	741	799	**39,351**	**39,450**	2,112	1,087	1,277
25,451	**25,550**	900	465	465	**32,451**	**32,550**	1,470	745	805	**39,451**	**39,550**	2,121	1,093	1,285
25,551	**25,650**	908	469	469	**32,551**	**32,650**	1,479	749	811	**39,551**	**39,650**	2,130	1,099	1,293
25,651	**25,750**	916	473	473	**32,651**	**32,750**	1,489	753	817	**39,651**	**39,750**	2,140	1,105	1,301
25,751	**25,850**	924	477	477	**32,751**	**32,850**	1,498	757	823	**39,751**	**39,850**	2,149	1,111	1,309
25,851	**25,950**	932	481	481	**32,851**	**32,950**	1,507	761	829	**39,851**	**39,950**	2,158	1,117	1,317
25,951	**26,050**	940	485	485	**32,951**	**33,050**	1,517	765	835	**39,951**	**40,050**	2,168	1,123	1,325
26,051	**26,150**	948	489	489	**33,051**	**33,150**	1,526	769	841	**40,051**	**40,150**	2,177	1,129	1,333
26,151	**26,250**	956	493	493	**33,151**	**33,250**	1,535	773	847	**40,151**	**40,250**	2,186	1,135	1,341
26,251	**26,350**	964	497	497	**33,251**	**33,350**	1,544	777	853	**40,251**	**40,350**	2,195	1,141	1,349
26,351	**26,450**	972	501	501	**33,351**	**33,450**	1,554	781	859	**40,351**	**40,450**	2,205	1,147	1,357

The tax table is continued on page 46.

1995 California Tax Table — Continued

Filing status: 1 or 3 (Single; Married filing Separate) 2 or 5 (Married filing Joint; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	**40,550**	2,214	1,153	1,365	**43,951**	**44,050**	2,540	1,363	1,656	**47,451**	**47,550**	2,865	1,573	1,981
40,551	**40,650**	2,223	1,159	1,373	**44,051**	**44,150**	2,549	1,369	1,665	**47,551**	**47,650**	2,874	1,579	1,990
40,651	**40,750**	2,233	1,165	1,381	**44,151**	**44,250**	2,558	1,375	1,674	**47,651**	**47,750**	2,884	1,585	2,000
40,751	**40,850**	2,242	1,171	1,389	**44,251**	**44,350**	2,567	1,381	1,683	**47,751**	**47,850**	2,893	1,591	2,009
40,851	**40,950**	2,251	1,177	1,397	**44,351**	**44,450**	2,577	1,387	1,693	**47,851**	**47,950**	2,902	1,597	2,018
40,951	**41,050**	2,261	1,183	1,405	**44,451**	**44,550**	2,586	1,393	1,702	**47,951**	**48,050**	2,912	1,603	2,028
41,051	**41,150**	2,270	1,189	1,413	**44,551**	**44,650**	2,595	1,399	1,711	**48,051**	**48,150**	2,921	1,609	2,037
41,151	**41,250**	2,279	1,195	1,421	**44,651**	**44,750**	2,605	1,405	1,721	**48,151**	**48,250**	2,930	1,615	2,046
41,251	**41,350**	2,288	1,201	1,429	**44,751**	**44,850**	2,614	1,411	1,730	**48,251**	**48,350**	2,939	1,621	2,055
41,351	**41,450**	2,298	1,207	1,437	**44,851**	**44,950**	2,623	1,417	1,739	**48,351**	**48,450**	2,949	1,627	2,065
41,451	**41,550**	2,307	1,213	1,445	**44,951**	**45,050**	2,633	1,423	1,749	**48,451**	**48,550**	2,958	1,633	2,074
41,551	**41,650**	2,316	1,219	1,453	**45,051**	**45,150**	2,642	1,429	1,758	**48,551**	**48,650**	2,967	1,639	2,083
41,651	**41,750**	2,326	1,225	1,461	**45,151**	**45,250**	2,651	1,435	1,767	**48,651**	**48,750**	2,977	1,645	2,093
41,751	**41,850**	2,335	1,231	1,469	**45,251**	**45,350**	2,660	1,441	1,776	**48,751**	**48,850**	2,986	1,651	2,102
41,851	**41,950**	2,344	1,237	1,477	**45,351**	**45,450**	2,670	1,447	1,786	**48,851**	**48,950**	2,995	1,657	2,111
41,951	**42,050**	2,354	1,243	1,485	**45,451**	**45,550**	2,679	1,453	1,795	**48,951**	**49,050**	3,005	1,663	2,121
42,051	**42,150**	2,363	1,249	1,493	**45,551**	**45,650**	2,688	1,459	1,804	**49,051**	**49,150**	3,014	1,669	2,130
42,151	**42,250**	2,372	1,255	1,501	**45,651**	**45,750**	2,698	1,465	1,814	**49,151**	**49,250**	3,023	1,675	2,139
42,251	**42,350**	2,381	1,261	1,509	**45,751**	**45,850**	2,707	1,471	1,823	**49,251**	**49,350**	3,032	1,681	2,148
42,351	**42,450**	2,391	1,267	1,517	**45,851**	**45,950**	2,716	1,477	1,832	**49,351**	**49,450**	3,042	1,687	2,158
42,451	**42,550**	2,400	1,273	1,525	**45,951**	**46,050**	2,726	1,483	1,842	**49,451**	**49,550**	3,051	1,693	2,167
42,551	**42,650**	2,409	1,279	1,533	**46,051**	**46,150**	2,735	1,489	1,851	**49,551**	**49,650**	3,060	1,699	2,176
42,651	**42,750**	2,419	1,285	1,541	**46,151**	**46,250**	2,744	1,495	1,860	**49,651**	**49,750**	3,070	1,705	2,186
42,751	**42,850**	2,428	1,291	1,549	**46,251**	**46,350**	2,753	1,501	1,869	**49,751**	**49,850**	3,079	1,711	2,195
42,851	**42,950**	2,437	1,297	1,557	**46,351**	**46,450**	2,763	1,507	1,879	**49,851**	**49,950**	3,088	1,717	2,204
42,951	**43,050**	2,447	1,303	1,565	**46,451**	**46,550**	2,772	1,513	1,888	**49,951**	**50,000**	3,095	1,721	2,211
43,051	**43,150**	2,456	1,309	1,573	**46,551**	**46,650**	2,781	1,519	1,897	OVER $50,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES.				
43,151	**43,250**	2,465	1,315	1,581	**46,651**	**46,750**	2,791	1,525	1,907					
43,251	**43,350**	2,474	1,321	1,590	**46,751**	**46,850**	2,800	1,531	1,916					
43,351	**43,450**	2,484	1,327	1,600	**46,851**	**46,950**	2,809	1,537	1,925					
43,451	**43,550**	2,493	1,333	1,609	**46,951**	**47,050**	2,819	1,543	1,935					
43,551	**43,650**	2,502	1,339	1,618	**47,051**	**47,150**	2,828	1,549	1,944					
43,651	**43,750**	2,512	1,345	1,628	**47,151**	**47,250**	2,837	1,555	1,953					
43,751	**43,850**	2,521	1,351	1,637	**47,251**	**47,350**	2,846	1,561	1,962					
43,851	**43,950**	2,530	1,357	1,646	**47,351**	**47,450**	2,856	1,567	1,972					

1995 Tax Rate Schedules

Caution: Use only if your taxable income (Form 540A, line 16 or Form 540, line 19) is more than **$50,000.** If **$50,000** or less, use the **Tax Table.**

Schedule X –

Use if your filing status is
Single or Married Filing Separate

If the amount on Form 540A, line 16 or Form 540, line 19, is: over—	But not over—	Enter on Form 540A, line 17 or Form 540, line 20			of the amount over—
$ 0	$ 4,831	$ 0.00	+	1.0%	$ 0
4,831	11,449	48.31	+	2.0%	4,831
11,449	18,068	180.67	+	4.0%	11,449
18,068	25,083	445.43	+	6.0%	18,068
25,083	31,700	866.33	+	8.0%	25,083
31,700	109,936	1,395.69	+	9.3%	31,700
109,936	219,872	8,671.64	+	10.0%	109,936
219,872	AND OVER	19,665.24	+	11.0%	219,872

Schedule Y –

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

$ 0	$ 9,662	$ 0.00	+	1.0%	$ 0
9,662	22,898	96.62	+	2.0%	9,662
22,898	36,136	361.34	+	4.0%	22,898
36,136	50,166	890.86	+	6.0%	36,136
50,166	63,400	1,732.66	+	8.0%	50,166
63,400	219,872	2,791.38	+	9.3%	63,400
219,872	439,744	17,343.28	+	10.0%	219,872
439,744	AND OVER	39,330.48	+	11.0%	439,744

Schedule Z –

Use if your filing status is
Head of Household

$ 0	$ 9,662	$ 0	+	1.0%	$ 0
9,662	22,898	96.62	+	2.0%	9,662
22,898	29,516	361.34	+	4.0%	22,898
29,516	36,530	626.06	+	6.0%	29,516
36,530	43,149	1,046.90	+	8.0%	36,530
43,149	149,638	1,576.42	+	9.3%	43,149
149,638	299,279	11,479.90	+	10.0%	149,638
299,279	AND OVER	26,444.00	+	11.0%	299,279

How To Get California Tax Information

(Keep This Booklet For Future Use)

Regular Toll-Free Phone Service

Our regular toll-free phone 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 Saturday, 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	1-800-852-5711
From outside the United States	1-916-845-6500 (not toll-free)
For hearing impaired with TDD	1-800-822-6268
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.

Letters

We can serve you quickly if you call us or visit a district office for information to complete your California income tax return, or to find out about your tax refund. However, you may want to write to us if you are replying to a notice we sent you, or to get a written reply. If you write to us, be sure to include your social security number, your daytime and evening telephone numbers and a copy of the notice with your letter. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

We will acknowledge receipt of your letter within six to eight weeks. In some cases, we may need to call you for additional information.

In Person

Addresses of Franchise Tax Board (FTB) district offices are shown below. You can get information, California tax forms, and you can resolve problems on your account. Our district offices are open Monday through Friday from 8:00 a.m. to 5:00 p.m.

District Office	Address
Bakersfield	1430 Truxtun Avenue
Burbank	333 N. Glen Oaks Blvd.
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 Blvd.
Santa Barbara	360 South Hope Avenue
Santa Rosa	50 D Street
Stockton	31 East Channel Street
West Covina	100 North Barranca Street

Where To Get Income Tax Forms

By Internet – If you have Internet access, you may download, view and print California income 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 – For 1995 California tax forms, call our toll-free number listed under "F.A.S.T. Toll-Free Phone Service" on the back cover. For prior year California tax forms, call our regular toll-free phone service listed to the left.

By mail – Use the order blank below to request forms. Print or type your name and address on the lines below. On the back of the order blank, check the boxes for those forms you need. 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 income tax forms at the FTB district offices listed at left. Most libraries, post offices and banks also provide free California tax booklets during the filing season. 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, post offices, banks and quick print businesses cannot provide tax information or assistance.

Your Rights As A Taxpayer

Our goal at the FTB 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 FTB on whether a particular transaction is taxable. You can order FTB Pub. 4058 by calling or writing the FTB using the address to the left for letters.

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

Name

Number and street

City or town, State and ZIP code

FORMS REQUEST

Enter your name and address on this label. It will be used to speed your order for forms to you.

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

(Keep This Booklet For Future Use)

Call **F**ast **A**nswers about **S**tate **T**axes, the F.A.S.T. toll-free phone service you can use to:

- get recorded answers to many of your questions about California taxes;
- order California or federal income tax forms; and
- find out about your tax refund.

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

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.

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

To Order Forms — Use F.A.S.T. to order California forms listed on the order blank below. To order a listed form, press the form's entry code (shown in parentheses on the order blank below) in response to recorded instructions. If you have moved in the last year, you must call 1-800-852-5711 to get forms. You may also order the following 1995 federal forms:

(902) 1040 Booklet (includes Schedule A, B, D, & E; Forms 1040V, EIC & 2441)
(904) 1040A Booklet (includes Schedule 1; Form EIC)

(915) 1040EZ Booklet	(906) Form 1040X	(932) Form 4562
(935) Publication 17	(931) Form 1040-ES	(916) Schedule C
(933) Form 2119	(912) Form 2106	(905) Schedule SE

To Find Out About Your 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 dollars and cents amount of your refund.

To Get Information – If you need an answer to any of the following questions, enter the correct code after you reach the F.A.S.T. number.

Code-Filing Assistance:
100 – Do I need to file a return?
111 – Which form should I use?
112 – How do I file electronically and get a fast refund?
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? (see page 3 first)
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 estimated 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 qualifies me to use the head of household filing status?
216 – I'm due a refund. Do I still need to file a return?
217 – I am currently/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 depreciation, 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?
403 – What is the estimate penalty rate?

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 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 deduction denied?
506 – How can I get information about my Form 1099-G?
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:
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?

To Order 1995 Tax Forms By Mail — Cut along the dotted line and write or type your name and address on the other side. Mail to: **TAX FORMS REQUEST UNIT, FRANCHISE TAX BOARD, PO BOX 307, RANCHO CORDOVA, CALIFORNIA 95741-0307.** Please allow two weeks for a reply. To order forms for taxable years prior to 1995, call the telephone assistance number or visit a district office.

☐ (900) California Resident Income Tax Booklet contents:
Form 540 Resident Income Tax Return
Form 540A Resident Income Tax Return
Form 540EZ Resident Income Tax Return For Single and Joint Filers With No Dependents
(903) Schedule CA(540), California Adjustments
FTB 3885A, Depreciation & Amortization Adjustments
Schedule D, California Capital Gain or Loss Adjustment
☐ (907) 540-ES, Estimated Tax for Individuals
☐ (908) 540X, Amended Income Tax Return
☐ (909) Schedule D-1, Sales of Business Property
☐ (910) Schedule G-1, Tax on Lump-Sum Dist.
☐ (911) Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents
☐ (913) Schedule S, Other State Tax Credit
☐ (914) California Nonresident Income Tax Booklet contents:
Form 540NR Nonresident or Part-Year Resident Income Tax Return
(917) Schedule CA(540NR), California Adjustments — Nonresidents or Part-Year Residents
☐ (918) Schedule P (540NR), Alternative Minimum Tax and Credit Limitations
☐ (919) FTB Pub. 1001, Supplemental Guidelines to California Adjustments
☐ (920) FTB Pub. 1005, Pension and Annuity
☐ (921) FTB 3519, Payment Voucher for Automatic Extension for Individuals
☐ (922) FTB 3525, Substitute W-2 Statement
☐ (923) FTB 3526, Investment Interest Expense
☐ (924) FTB 3800, Tax Computation for Children with Investment Income
☐ (929) FTB 3801, Passive Activity Loss Limitations
☐ (930) FTB 3803, Parent's Election to Report Child's Interest and Dividends
☐ (925) FTB 3805E, Installment Sales
☐ (928) FTB 3805P, Additional Tax from Qualified Retirement Plans
☐ (926) FTB 3805V, Net Operating Loss
☐ (901) FTB 3805Z, Enterprise Zone and Program Area Business Booklet
☐ (927) FTB 5805, Underpayment of Estimated Tax
☐ Other_____
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