INCOME YEAR 1996

Shareholder's Share of Income, Deductions, Credits, etc.

CALIFORNIA SCHEDULE K-1 (100S)

For use by an S corporation and its shareholders only.

For calendar year 1996 or income year beginning MONTH DAY YEAR 1996, and ending MONTH DAY YEAR .

Shareholder's identifying number	California corporation number
Shareholder's name, address and ZIP code	Corporation's name, address and ZIP code

A Shareholder's percentage of stock ownership for income year end . . . . . ● ___ ___ ___ . ___ ___ ___ ___ %

B Tax shelter registration number _____ Type: _____

C Check here if this is: ● **(1)** ☐ A final Schedule K-1 **(2)** ☐ An amended Schedule K-1

D What type of entity is this shareholder? . . . . . ● **(1)** ☐ Individual **(2)** ☐ Estate/Trust

E Is this shareholder a nonresident of California? . . . . . ▶ ☐ Yes ● ☐ No

Caution: Refer to the separate shareholder's instructions for Schedule K-1 (100S) before entering information from this schedule on your tax return.

	(a) Pro rata share items	**(b)** Amount from federal Schedule K-1 (1120S)	**(c)** California adjustment	**(d)** Total amounts using California law. Combine (b) and (c) where applicable	**(e)** California source amounts and credits
Income (Loss)	**1** Ordinary income (loss) from trade or business activities.			●	▶
	2 Net income (loss) from rental real estate activities.			●	▶
	3 Net income (loss) from other rental activities. . .				
	4 Portfolio income (loss):				
	a Interest			●	▶
	b Dividends			●	▶
	c Royalties			●	▶
	d Net short-term capital gain (loss)			●	▶
	e Net long-term capital gain (loss)			●	▶
	f Other portfolio income (loss). Attach schedule .			●	▶
	5 Net gain (loss) under IRC Section 1231 (other than due to casualty or theft):			●	▶
	6 Other income (loss). Attach schedule			●	▶
Deductions	**7** Charitable contributions				
	8 Expense deduction for recovery property (R&TC Sections 17252.5, 17265, 17266 and 17268 and IRC Section 179). Attach schedule				
	9 Deductions related to portfolio income (loss). Attach schedule				
	10 Other deductions. Attach schedule				
Investment Interest	**11 a** Interest expense on investment debts			●	▶
	b (1) Investment income included on line 4a through line 4f above				
	(2) Investment expenses included on line 9 above				
Tax Credits	**12 a** Low-income housing credit. See instructions. Attach schedule			●	▶
	b Credits related to rental real estate activities other than on line 12(a). Attach schedule . . .			●	▶
	c Credits related to other rental activities. See instructions. Attach schedule.			●	▶
	13 Other credits. Attach schedule			●	▶

	(a) Pro rata share items	(b) Amount from federal Schedule K-1 (1120S)	(c) California adjustment	(d) Total amounts using California law. Combine (b) and (c) where applicable		(e) California source amounts and credits	
Adjustments and Tax Preference Items	**14 a** Depreciation adjustment on property placed in service after 12/31/86						
	b Adjusted gain or loss						
	c Depletion (other than oil and gas)						
	d (1) Gross income from oil, gas and geothermal properties						
	(2) Deductions allocable to oil, gas and geothermal properties						
	e Other adjustments and tax preference items. Attach schedule						
Other State Taxes	**15 a** Type of income _____						
	b Name of state _____						
	c Total gross income from sources outside California. Attach schedule						
	d Total applicable deductions and losses. Attach schedule						
	e Total other state taxes. Check one: ☐ Paid ☐ Accrued			●		▶	
Other Items	**16 a** Total expenditures to which an IRC Section 59(e) election may apply						
	b Type of expenditures _____						
	17 Tax-exempt interest income						
	18 Other tax-exempt income						
	19 Nondeductible expenses						
	20 Total taxable dividend distribution paid from accumulated earnings and profits			●		▶	
	21 Property distributions (including cash) other than dividend distributions reported to you on federal Form 1099-DIV			●		▶	
	22 Amount of loan repayments for "Loans from Shareholders"			●		▶	

Supplemental Information

23 Supplemental information that is required to be reported separately to each shareholder. Attach additional sheet(s) if necessary.

Table 1 — Income of the S corporation not attributable to the business, trade or profession of the S corporation (nonbusiness income).

A. Shareholder's share of income from real and tangible property in California:

Capital Gains/Losses $ _____ Rents/Royalties $ _____

1231 Gains/Losses $ _____ Other $ _____

B. Shareholder's share of income from intangibles:

Interest $ _____ Royalties $ _____ Dividends $ _____

1231 Gains/Losses $ _____ Capital Gains/Losses $ _____ Other $ _____

C. California credits (attach schedule of credits). $ _____

Table 2 — Unitary shareholder's share of business income and factors.

A. Shareholder's share of the S corporation's business income. See instructions. $ _____

B. Shareholder's share of the S corporation's property, payroll and sales:

Factors	Total within and outside California	Total within California
Property: Beginning	$	$
Ending	$	$
Payroll	$	$
Sales	$	$

Shareholder's Instructions for Schedule K-1 (100S)

For S Corporation Shareholder's Use Only

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

Purpose of Schedule K-1 (100S)

The S corporation uses Schedule K-1 (100S) to report your share of the S corporation's income, deductions, credits, etc. Please keep a copy of it for your records.

Although the S corporation is subject to various taxes, you are liable for the income tax on your share of the S corporation's income, whether or not distributed, and you must include your share on your individual tax return.

The amount of losses and deductions that you may claim on your individual tax return may be less than the amount reported on Schedule K-1 (100S). Generally, the amount of losses and deductions you may claim is limited to your basis in the S corporation, debt owed to you by the S Corporation and the amount for which you are considered at-risk. If the S corporation has losses, deductions or credits from a passive activity, you must also apply the passive activity rules. It is your responsibility to consider and apply any applicable limitations. See Limitations on Losses, Deductions and Credits. Use these instructions to help you report the items shown on Schedule K-1 (100S) on your California tax return.

For the line items where ''attach schedule'' appears, the S corporation should have provided additional information applicable to that line or the S corporation should have made an entry on Side 2, line 23.

Line 1 through Line 22

If you are an individual shareholder, take the amounts in column (c) that are from nonpassive activities and enter these amounts on the appropriate form or schedule as explained in these instructions.

Report the amounts in column (d) or column (e) that are from passive activities on the California form or schedule where they are normally reported. Bring the total amounts figured on the appropriate California form or schedule to form FTB 3801, Passive Activity Loss Limitations, to figure the amount of your passive activity loss limitation. Then transfer the passive activity loss back to the form or schedule it is normally reported on to figure your California adjustment amount. Enter this adjustment amount on the corresponding line of Schedule CA (540 or 540NR), California Adjustments, or Form 541, California Fiduciary Income Tax Return.

If there is no California schedule or form to figure your passive activity loss adjustment amount on (i.e., rental loss from passive activities), you may figure the adjustment amount on the California Adjustment Worksheet in the instructions for form FTB 3801. Enter the total of your adjustments from all passive activities from line 1 and line 2 of this worksheet on Schedule CA (540 or 540NR), as applicable.

If you have losses, deductions, credits, etc., from a prior year that were not deductible or usable because of certain limitations, such as the at-risk rules, these carryforward losses, deductions and credits may be taken into account in determining your net income, loss, etc., for this year. However, do not combine the prior year amounts with any amounts shown on this Schedule K-1 (100S) to get a net figure to report on any supporting schedules, statements or forms attached to your return. Instead, report the amounts on an attached schedule, statement or form on a year-by-year basis.

Line 1 through Line 3

The amounts shown on line 1 through line 3 reflect your share of income or loss from the S corporation's business or rental operations without reference to your limitations on losses or adjustments that may be required because of:

- The adjusted basis of your S corporation ownership interest;
- The amount for which you are at-risk as determined under IRC Section 465; and
- The passive activity limitations of IRC Section 469.

See the federal Schedule K-1 (Form 1120S) instructions for line 1 through line 3 for more information.

Limitations on Losses, Deductions and Credits

Basis rules

Generally, you may not claim your share of the S corporation loss (including capital loss) that is larger than the adjusted basis of your shareholder interest at the end of the S corporation's income year.

Basis is increased by:

1. All income (including tax-exempt income) reported on Schedule K-1 (100S).

Note: Taxable income must be reported on your tax return (if a return is required) for it to increase your basis.

2. Money and adjusted basis in property contributed to the corporation.
3. The excess of the deduction for depletion over the adjusted basis of the property subject to depletion.

Basis is decreased by:

1. Property distributions (including cash) made by the corporation (excluding dividend distributions reported on Form 1099-DIV and distributions in excess of basis) reported on Schedule K-1 (100S), line 21.
2. All losses and deductions (including nondeductible expenses) reported on Schedule K-1 (100S).

These items are not a complete list of factors that determine basis.

At-risk rules

Generally, if you have (1) a loss or other deduction from an activity carried on as a trade or business or for the production of income by the corporation and (2) amounts in the activity for which you are not at-risk, you will have to complete federal Form 6198, At-Risk Limitations, to figure the allowable loss to report on your return. For California purposes, you must complete federal Form 6198 using California amounts.

The at-risk rules generally limit the amount of loss (including loss on disposition of assets) and other deductions (such as IRC Section 179 or R&TC Sections 17252.5, 17265 and 17268 deductions) that you may claim to the amount you could actually lose in the activity. See the federal Schedule K-1 (Form 1120S) instructions for At-Risk Limitations for more information.

Passive activity limitations

Caution: During 1993, the U.S. Congress made several changes to the passive activity loss provisions of the IRC. California has not conformed to those changes.

California tax law conforms to prior federal IRC Section 469 rules that limit the deduction of certain losses and credits.

These rules apply to shareholders who:

- Are individuals, estates or trusts; and
- Have a loss or credit from a passive activity.

A passive activity is generally a rental activity or a trade or business activity in which the shareholder does not materially participate.

If you have a loss or deductions from a passive activity, you will need to complete form FTB 3801 to figure the allowable amounts to report on your individual return. You will also need to complete form FTB 3801 if you have passive activity income from this S corporation and passive activity loss or deduction from another source.

The amounts reported on line 2 and line 3 of Schedule K-1 (100S) are from rental activities of the S corporation and are generally passive activity income (loss) to all shareholders.

There is an exception to this rule for losses incurred by qualified investors in qualified low-income housing projects. The S corporation will identify any of these qualified amounts on an attachment for line 2.

California Adjustment — Column (c)

Use this column to account for your proportionate share of the differences in the computation of federal and California income.

The major items are:

- California minimum franchise tax;
- Depreciation expense due to different basis of the assets;
- Gain or loss on sale of assets due to the effects of different depreciation methods or basis; and
- Government bond interest income:
  a) U.S. bond interest is taxable for federal purposes but not for California purposes; and
  b) State bond interest (other than from California bonds) is taxable for California purposes but not for federal purposes.

Total amounts using California law — Column (d) and California source amounts and credits — Column (e)

Shareholders who are California residents will use amounts shown in column (d) because California resident individuals are subject to personal income tax on all income from whatever source derived (R&TC Section 17071). Nonresident shareholders who do not conduct a trade or business that is unitary with the S corporation should use the amounts in column (c) and column (d) (for total income purposes), and column (e) (for California source income purposes). If the nonresident shareholder conducts a unitary business with the S corporation, data in column (e) should not be used. Instead, the shareholder must combine its share of the S corporation's income with the income from its trade or business and apportion that income using an apportionment percentage consisting of a combination of the factors from its trade or business and the shareholder's share of the factors from the S corporation from Table 2. Amounts in Table 1 should be allocated at the shareholder level (attach schedule).

Income

Line 1 – Ordinary income (loss) from trade or business activities

The amount reported on line 1, column (d) or column (e), is your share of the ordinary income (loss) from the trade or business activities of the S corporation. Generally, where you report this amount on Form 540, Form 540NR or Form 541 depends on whether or not the amount is from an activity that is a passive activity to you.

If, in addition to this passive activity income, you have a passive activity loss from this S corporation or from any other source, report the line 1, column (d) or column (e), income on form FTB 3801.

If a loss is reported on line 1, column (d) or column (e), report the loss on the applicable line of form FTB 3801 to determine how much of the loss is allowable.

Line 2 – Net income (loss) from rental real estate activities

Generally, the income (loss) reported on line 2, column (d) or column (e), is a passive activity amount to all shareholders. There is an exception, however, for losses from a qualified low-income housing project. The loss limitations do not apply to qualified investors in qualified low-income housing projects. The S corporation will have attached a schedule for line 2 to identify such amounts, if applicable. You will have to report the California adjustment amount from column (c) on Schedule CA (540 or 540NR).

Use the following instructions to determine where to enter a line 2 amount.

- If you have a loss on line 2, column (d) or column (e) (other than a qualified low-income housing project loss), enter this passive activity loss on the applicable line of form FTB 3801 to determine how much of the loss is allowable.

  Note: If you are a qualified investor reporting a qualified low-income housing project loss, report the California adjustment amount from column (c) directly on Schedule CA (540 or 540NR).
- If you have income on line 2, column (d) or column (e), and no passive losses, enter the California adjustment from column (c) on Schedule CA (540 or 540NR).

Line 3 – Net income (loss) from other rental activities

The amount on line 3, column (d) or column (e), is a passive activity amount for all shareholders.

- If line 3, column (d) or column (e), is a loss, report the loss on the applicable line of form FTB 3801.
- If income is reported on line 3, column (d) or column (e), and you have no passive losses, report the California adjustment from column (c) on Schedule CA (540 or 540NR).

Line 4 – Portfolio income (loss)

Income (loss) referred to as "portfolio" income (loss) in these instructions is not part of a passive activity subject to the rules of IRC Section 469. Portfolio income includes income not derived in the ordinary course of a trade or business from interest, dividends, annuities or royalties and gain (loss) on the sale of property that produces these types of income or is held for investment. If you have amounts on Schedule K-1 (100S), line 4a through line 4f, report these amounts as follows:

- Line 4a, column (c) and/or column (e) – Report on Schedule CA (540 or 540NR), line 8 whichever column is applicable;
- Line 4b, column (c) and/or column (e) – Report on Schedule CA (540 or 540NR), line 9 whichever column is applicable;
- Line 4c, column (c) and/or column (e) – Report on Schedule CA (540 or 540NR), line 17 whichever column is applicable;
- Line 4d and line 4e, column (d) or column (e) – Report on Schedule D; and
- Line 4f, column (d) or column (e) – Report on the applicable schedule.

Caution: Generally, amounts reported on line 4d and line 4e are gains or losses attributable to the disposition of property held for investment and are therefore classified as portfolio income (loss). If, however, an amount reported on line 4d or line 4e, column (d) or column (e), is a passive activity amount, the S corporation should identify the amount.

The S corporation uses line 4f, column (d) or column (e), to report portfolio income other than interest, dividend, royalty and capital gain (loss) income. A statement will be attached to tell you what kind of portfolio income is reported on line 4f, column (d) or column (e).

Line 5 – Net gain (loss)

If the amount on line 5 relates to a rental activity, the IRC Section 1231 gain (loss) is a passive activity amount.

- If the amount is not a passive activity amount to you, report it on Schedule D-1, Sales of Business Property, line 2, column (g) or column (h), whichever is applicable. You do not have to complete the information called for in column (b) through column (f). Write "From Schedule K-1 (100S)" across these columns.
- If a gain is reported on line 5, column (d) or column (e), and it is a passive activity amount to you, report the gain on Schedule D-1, line 2, column (h), and be sure to refer to "Passive Loss Limitations" on page 1 of the instructions for Schedule D-1.
- If a loss is reported on line 5, column (d) or column (e), and it is a passive activity amount to you, refer to "Passive Loss Limitations" on page 1 of the instructions for Schedule D-1. You will need to use form FTB 3801 to determine how much of the loss is allowed on Schedule D-1.

Line 6 – Other income (loss)

Amounts on this line are other items of income, gain or loss not included on line 1 through line 5. The S corporation should give you a description of your share for each of these items.

Report loss items that are passive activity amounts to you on form FTB 3801.

Report income or gain items that are passive activity amounts to you as instructed below. If, in addition to this passive activity income or gain, you have passive activity losses from any other source, also report the passive activity income or gain on form FTB 3801.

Line 6 items may include the following.

- S corporation gains from the disposition of farm recapture property (refer to

Schedule D-1) and other items to which IRC Section 1252 applies;

- Recovery of bad debts, prior taxes and delinquency amounts (IRC Section 111). Report the amount from line 6, column (c), on Schedule CA (540 or 540NR), line 21 whichever column is applicable;
- Gains and losses from gambling (IRC Section 165(d));
- Any income, gain or loss to the S corporation under IRC Section 751(b). Report this amount on Schedule D-1, line 10;
- Specially allocated ordinary gain (loss). Report this amount on Schedule D-1, line 10; and
- Net gain (loss) from involuntary conversions due to casualty or theft. The S corporation will give you a schedule that shows the California amounts to be entered on federal Form 4684, Casualties and Thefts, line 34, column (b)(i), column (b)(ii) and column (c).

Deductions

Line 7 – Charitable contributions

The S corporation will give you a schedule that shows which contributions were subject to the 50%, 30% and 20% limitations. For more information, refer to the federal Form 1040 instructions.

If there is an amount on Schedule K-1 (100S), line 7, column (c), enter this amount on Schedule CA (540 or 540NR), line 36.

Line 8 – Expense deduction for recovery property

The maximum amount of expense deduction for recovery property (IRC Section 179 deduction) that you may claim from all sources is $10,000. The S corporation will give you information on your share of the cost of the S corporation's IRC Section 179 property so that you can compute this limitation. Your IRC Section 179 deduction is also limited to your taxable income from all your trades or businesses. See form FTB 3885A, Depreciation and Amortization Adjustments – Individuals, and federal Publication 534, Depreciating Property Placed in Service Before 1987, for more information.

If the S corporation reported R&TC Sections 24356.2, 24356.3, 24356.4 or 24356.8 for enterprise zone, program area, LARZ or LAMBRA business expense deduction on this line, complete form FTB 3805Z, form FTB 3806 or form FTB 3807, to report your pro rata share.

Line 9 – Deductions related to portfolio income (loss)

Amounts entered on this line are the expenses (other than investment interest expense and expenses from a REMIC) paid or incurred to produce portfolio income. If you have an amount on Schedule K-1 (100S), line 9, column (c), enter this amount on Schedule CA (540 or 540NR), line 36. If, however, any line 9 amount should not be reported on Schedule CA (540 or 540NR), the S corporation will identify that amount for you.

Line 10 – Other deductions

Amounts on this line are other deductions not included on line 7 through line 9. If there is an amount on Schedule K-1 (100S), line 10, column (c), enter this amount on the applicable line of Schedule CA (540 or 540NR).

Investment Interest

Line 11a and Line 11b

If the S corporation paid or accrued interest on debts it incurred to buy or hold investment property, the amount of interest you can deduct may be limited.

For more information and the special provisions that apply to investment interest expense, get form FTB 3526, Investment Interest Expense Deduction, and the federal Publication 550, Investment Income and Expenses.

Line 11a – Interest expense on investment debts

Enter the amount from column (d) or column (e) on form FTB 3526 along with your investment interest expense from other sources. Form FTB 3526 will help you determine how much of your total investment interest is deductible.

Line 11b(1) and Line 11b(2) – Investment income and investment expenses

Use the column (d) or column (e) amounts on these lines to determine the amount to enter on form FTB 3526, line 4.

Caution: The amounts shown on line 11b(1) and line 11b(2) include only investment income and expenses included on line 4 and line 9 of this Schedule K-1 (100S). The S corporation should attach a schedule that shows you the amount of any investment income and expenses included in any other lines of your Schedule K-1 (100S). Use these amounts, if any, to adjust line 11b(1) and line 11b(2) to determine your total investment income and total investment expenses from this S corporation. Combine these totals with investment income and expenses from all other sources to determine the amount to enter on form FTB 3526, line 4.

Tax Credits

The S corporation will provide you the information needed to compute a credit allowable on your return.

Line 12a – Low-income housing credit

Your share of the S corporation's low-income housing credit is shown on line 12a, column (d) or column (e). Any available credit is entered on form FTB 3521, Low-Income Housing Credit. To claim this credit, attach a copy of form FTB 3521 to your return.

Caution: You may not claim the low-income housing credit on any qualified low-income housing project for which any person was allowed any benefit under Section 502 of the federal Tax Reform Act of 1986.

For more information, see the instructions for line 13.

Line 12b – Other credits related to rental real estate activities

If applicable, the S corporation will use this line, through an attached schedule, to give you the information you need to compute credits related to rental real estate activities other than the low-income housing credit.

For more information, see the instructions for line 13.

Line 12c – Credits related to other rental activities

If applicable, the S corporation will use this line, through an attached schedule, to give you the information you need to compute credits related to rental activities other than rental real estate activities.

For more information, see the instructions for line 13.

Line 13 – Other credits

If applicable, the S corporation will use this line, through an attached schedule, to give you the information you need to compute credits related to a trade or business activity.

Credits that may be reported on line 12c or line 13 (depending on the type of activity they relate to) include but are not limited to:

- Enterprise zone/program area hiring/sales or use tax credit (FTB 3805Z);
- Los Angeles Revitalization Zone (LARZ) hiring/sales or use tax credit (FTB 3806);
- Local Agency Military Base Recovery Area (LAMBRA) hiring/sales or use tax credit (FTB 3807);
- Research credit and research credit for start-up companies (FTB 3523); or
- Manufacturers' investment credit (FTB 3535).

Note: The at-risk limitations of IRC Section 465, the passive activity limitations of IRC Section 469 and the pass-thru rules of IRC Section 1366 may limit the amount of credits on line 12a, line 12b, line 12c and line 13 that you may take. Credits on line 12a, line 12b and line 12c are related to the rental activities of the S corporation and are passive activity credits to all shareholders. Credits on line 13 are related to the trade or business activities of the S corporation and may be passive activity credits to shareholders who do not materially participate.

In general, except to the extent phase-in relief is available, credits from passive activities are limited to tax attributable to passive activities. Credits on line 13 may be limited under the passive activity credit rules. If you have an amount on line 12b or if the amount on line 13 is for research credit, enter the amount in column (d) or column (e) on form FTB 3801-CR, Passive Activity Credit Limitations, to figure the amount of the credit that may be limited under the passive activity credit limitations.

Adjustments and Tax Preference Items

Line 14a through Line 14e

Use the information reported on line 14a through line 14e (as well as adjustments and tax preference items from other sources) to prepare Schedule P (540, 540NR or 541), Alternative Minimum Tax and Credit Limitations.

For more information, get federal Schedule K-1 (Form 1120S) instructions for Adjustments and Tax Preference Items.

Other State Taxes

Line 15a through Line 15e

You may claim a credit against your individual tax for your share of net income taxes paid by the S corporation to certain other states which either tax the corporation as an S corporation or do not recognize S corporation status. For purposes of this credit, net income taxes include your share of taxes on, according to, or measured by income.

Residents are taxed on their pro rata share of all income and generally receive a credit for taxes paid to other states. Nonresidents and part-year residents use column (e) for your pro rata share of California source pass-through income.

For more information, get California Schedule S, Other State Tax Credit.

Other Items

Line 16a through Line 19

Refer to the instructions for federal Schedule K-1 (1120S).

Line 20

The S corporation will issue a federal Form 1099-DIV to you for this distribution. Report this amount as a taxable dividend on your individual return.

Line 21

Reduce your basis in stock of the S corporation by the distributions on line 21. If these distributions exceed your basis in stock, the excess is treated as gain from the sale or exchange of property and is reported on Schedule D.

Line 22

If the line 22 payments are made on indebtedness with a reduced basis, the repayments result in income to you to the extent the repayments are more than the adjusted basis of the loan. See IRC Section 1367(b)(2) for information on reduction in basis of a loan and restoration of basis of a loan with a reduced basis. See federal Revenue Ruling 68-357, 1968-2 C.B. 372, for more information.

Supplemental Information

Line 23

The S corporation will provide supplemental information required to be reported to you on this line.

The S corporation may have provided an amount showing your proportionate interest in the S corporation's aggregate gross receipts, less returns and allowances on Schedule K-1(100S), line 23. Legislation enacted in 1996 allows a **qualified taxpayer** to exclude from alternative minimum taxable income adjustments and items of tax preference attributable to any trade or business. A ''qualified taxpayer'' is defined as an individual, estate or trust that:

- Is the owner of, or has an ownership interest in a trade or business; **and**
- Has aggregate gross receipts, less returns and allowances, of less than $1,000,000 from **all** trades or businesses that the taxpayer is an owner of or has an ownership interest in, in the amount of that taxpayer's proportionate interest in each trade or business.

For purposes of R&TC Section 17062(b)(4), ''gross receipts'' means the sum of gross receipts from the production of business income (within the meaning of subdivisions (a) and (c) of R&TC Section 25120 and the gross receipts from the production of nonbusiness income (within the meaning of subdivision (d) of R&TC Section 25120). ''Proportionate interest'' includes an interest in a pass-through entity. See R&TC Section 17062 for more information.

If the S corporation listed any credit recapture on this line, see your tax booklet for information on how to report the credit recapture.

Table 1

For nonunitary shareholders, income data contained in Table 1, Part A (income from real and tangible property) should already be reflected in the appropriate line of column (e) and is merely information. Unitary shareholders must reflect such items as California source income.

The income data contained in Table 1, Part B is not reflected in column (e) because the source of such income must be determined at the shareholder level. The shareholder must make a determination whether the nonbusiness intangible income item is from a California source.

Nonbusiness income should be reported net of nonbusiness expenses.

Table 2

If the shareholder and S corporation are engaged in a single unitary business, the shareholder's share of the S corporation's business income is entered on Table 2, Part A. The shareholder will then add that income to their own business income and apportion the combined business income.

The shareholder's share of the S corporation's payroll, property and sales data is in Table 2, Part B. The business income in Table 2, Part A is combined with the taxpayer's other business income from the unitary business. The apportionment numerator and denominator data are added to the appropriate numerator and denominator of the shareholder's payroll, property, and sales factors.