

# Tax Practitioner Guidelines for Computer Prepared Returns

## Introduction

The Franchise Tax Board (FTB) has established these guidelines for tax practitioners who use personal computers (or service bureaus) to computer prepare their clients':

- Form 540, California Resident Income Tax Return;
- Form 540A, California Resident Income Tax Return;
- Form 540EZ, California Resident Income Tax Return For Single and Joint Filers With No Dependents;
- Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; and/or
- Form 540X, Amended Individual Income Tax Return.

This publication also provides information and guidelines on how to file your clients' business entity returns (Forms 100, 100S, 541, 565 and 568), including how to file Schedule K-1s (100S, 541, 565 and 568). In addition, it includes information about FTB's Electronic Filing Program.

If you manually prepare your clients' returns, you **must** use the official form as printed and distributed by FTB.

By following these guidelines you will help reduce delays in processing and get your clients' refunds to them faster.

As a tax practitioner you do not need approval by FTB to computer prepare your clients' returns. However, make sure that the tax software or service bureau you use produces FTB-approved forms. Ask your software provider for a copy of its FTB approval letter for the form(s) you are interested in.

To ensure that you receive software updates and other information necessary to produce FTB-approved forms, register with your software provider, as necessary, upon receiving the product.

FTB has separate guidelines for tax practitioners who want to participate in FTB's Electronic Filing Program (ELF). Call the ELF Help Desk at (916) 845-0353 to get FTB Pub. 1345, Electronic Filing Handbook, File Specifications and Record Layouts for State of California Individual Income Tax Returns.

FTB also has separate guidelines for tax practitioners who want to prepare their clients' Schedule K-1s (565), Partner's Share of Income, Deductions, Credits, etc. electronically (on diskette or magnetic tape). Call the ELF Help Desk at (916) 845-0353 to get FTB Pub. 1062, Guide for K-1 (565) Filing by Diskette or Magnetic Media.

## General Information About Scannable Forms 540 and 540A

FTB will use its Image Assisted Data Capture (IADC) system to process 1997 Forms 540 and 540A. Returns are "scanned" to "lift" information from the return, rather than having the information entered by key data operators.

The computer prepared Forms 540 and 540A you print **must** have the scannable graphic patch located in the center top margin of Side 1. The patch identifies Side 1 of a taxpayer's return as it enters the IADC system.

Forms 540 and 540A **must** have a scannable band area that **must** contain the taxpayer's tax data. On Form 540, the "scanband" directly follows the "Step 1 Name and Address" area. On Form 540A, the scanband is at the bottom of Side 1. The two-digit field numbers in the scanband area correspond to the line numbers in the conventional areas of Forms 540 and 540A. Even though the tax data will print in the scanband and the conventional area of the form, only the tax data in the scanband will be "lifted." Monetary amounts in the scanband **must** be whole dollars only without decimal points, dollar sign symbols (\$) or other punctuation. The rest of the scannable form is exactly like the official form.

**Exception:** Line 12a will print as Line 12 in the scanband on scannable Form 540A.

In addition to data capturing the tax practitioner's ID number (federal employer identification number (FEIN)) on electronically filed returns, FTB will now data capture this number on all imaged returns.

A graphic of these forms is shown on page 6.

## What is Needed to Computer Prepare Forms 540, 540A, 540NR, 540EZ and/or 540X

Tax practitioners may produce the above returns using:

- The software that produces FTB-approved forms;
- The personal computer hardware required by the software to produce FTB-approved forms (i.e., font cartridges, etc);
- The software user's manual that includes instructions for correctly producing FTB-approved forms; and
- The FTB-approved overlay, if needed. See the explanation of the correct use of overlays on page 5.

Please read your software provider's user manual to make sure you have the necessary hardware and printer fonts to correctly produce FTB-approved forms.

All printing must be:

- Laser or ink jet;
- Courier, standard OCR-A font or standard print font (no bold font);
- 10 pitch (pica spacing);
- Original printed output (no corrections); and
- On one side of the paper (no duplexing).

## Guidelines on How to Enter Taxpayer Entity Information on Computer Prepared Forms 540, 540A, 540EZ, 540NR and/or 540X (Step 1 — Name and Address area)

Taxpayer entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information such as:

- Spouse name;
- Executor/guardian name;
- Apartment and apartment number (or letter); and
- Deceased date of taxpayer or taxpayer's spouse, if any.

It is critical that you enter the taxpayer entity information correctly. This will help FTB to accurately process your clients' returns, and help ensure that your clients' refund checks are printed with the correct name(s) and address. Your clients' entity information should print like the examples shown under "Taxpayer Entity Information Examples" on page 2.

### Two Asterisks (\*\*) in the Entity

Two asterisks (\*\*) in the taxpayer entity area indicate to FTB that taxpayer information is **UNCHANGED** from last year. Print two asterisks **ONLY** if the taxpayer (and taxpayer's spouse, if any):

- Filed a California Form 540, 540A, 540EZ or 540NR return last year;
- Did **not** change the address from the one shown on last year's return;
- Has the same social security number (SSN) as last year;
- Has the same name (first, middle and last) as last year;
- Has the same filing status as last year; and
- Is not deceased.

Otherwise, **do not** print the asterisks.

### Taxpayer Name and Address Entry Instructions

Use these instructions when you enter your clients' name and address information. It will help reduce FTB processing time and help ensure that your clients' refunds are mailed to the correct name(s) and address.

- Alpha characters must be in upper case.
- Use no punctuation or symbols. **Note:** If a fraction is part of the street address, enter a forward facing slash (/). **Note:** This is the **only** symbol that may be used in the taxpayer address area.
- Do not use commas or periods to separate information.
- **Never** space or use punctuation in the taxpayer's name control field. (The name control is the first four letters of the taxpayer's last name. The name control follows the taxpayer's SSN.)

**Example:**

McPeak	Enter:	MCPE
O'Toole	Enter:	OTOO
De Martino	Enter:	DEMA
Lee	Enter:	LEE
Lee-Smith	Enter:	LEES

- Do not include titles or ranks such as: DR, MD, ENSIGN, SGT, etc.
- Use Roman numerals (alpha characters) for numeric suffixes.
- Never space within the name field(s) except for JR, SR, II, etc.  
Example of first name: Jo Anne Enter as: JOANNE  
Example of last name: Von Wodtke Enter as: VONWODTKE  
Example of last name: Lee-Smith Enter as: LEESMITH
- The SSN must be eleven digits (includes "-"). Enter "000-00-0000" in the SSN field if an individual has applied for or does not have an SSN.
- Use the standard abbreviations listed to the right for the suffix of the street name.
- Do not** enter apartment and apartment number/letter in the street address field. Enter them in the designated "apartment" and "apartment number" fields. These fields are on the same line as the street address field. **Note:** Enter APT, BLDG, SP, STE, RM, FL, NO and UN in the "apartment" field.  
For correct placement of APT, NO, etc., see taxpayer entity information examples shown below for IMA REFUND or JACOB H HARLEY and CHRISTINE S BLAKE.
- Do not** precede the apartment number with a pound sign (#).
- Additional address field is a supplemental field that may **only** be used for:
  - "In care of" name;
  - Additional address information.
- Military "APO" or "FPO" addresses:
  - Enter "APO" or "FPO" in the first three positions of the city field;
  - Do not** enter the name of the city for "APO" and "FPO" addresses;
  - Enter the two-digit state code in the state field:

City Field	State Code	Zip Code Range
APO	AA	34000-34099
APO	AE	09000-09899
FPO	AP	96200-96699
- In the state field, use the standard two-digit abbreviation for the state or United States possessions listed to the right.
- If the address is a foreign address, enter the country name beginning in the state field.
- Zip code may be ten digits (including "-").
- If after applying these guidelines the information exceeds the field length, truncate the information from the right.

**Taxpayer Entity Information Examples:**

111-11-1111	MISS **	97	111-11-1111	HARL **	222-22-2222	97
JAMIE	L MISSION		JACOB	H HARLEY		
			CHRISTINE	S BLAKE		
1234 STATE ST			9876 LONGNAME WY			APT 1
CROWN	CA	12345-6789	WALLACE	CA	12345-6789	
<hr/>						
111-11-1111	TAXP **	222-22-2222	97	111-11-1111	SMIT	97
JORDAN	Q TAXPAYER			ERIK	T SMITH	
MELISSA	S TAXPAYER			HOMESTYLE NURSING HOME		
12345 SHORT ST			3452 BUSY DR			
ANYPLACE	CA	12345	BORDERTOWN	CA	12345	
<hr/>						
111-11-1111	REFU	97				
IMA	REFUND	(DECD 12-10-97)				
1234 BEAUTIFUL DR			AUSTIN JOSEPH			
WELCOME	CA	54321-4334	NO	5		

**Note:** If there is no spouse name, leave that line blank. If there is no additional address or executor/guardian name, leave that line blank.

**Standard Abbreviations**

AIR FORCE BASE	AFB	PARKWAY	PKY
APARTMENT	APT	PLACE	PL
AVENUE	AV	POST OFFICE BOX	PO BX
BOULEVARD	BL	ROAD	RD
BUILDING	BLDG	ROOM	RM
CIRCLE	CIR	SAN	SN
COURT	CT	SOUTH *	S
DEPARTMENT	DEPT	SOUTHEAST *	SE
DRIVE	DR	SOUTHWEST *	SW
EAST *	E	SPACE	SP
FLOOR	FL	SQUARE	SQ
HIGHWAY	HWY	STREET	ST
LANE	LN	SUITE	STE
NORTH *	N	TERRACE	TER
NORTHEAST *	NE	UNIT	UN
NORTHWEST *	NW	WAY	WY
NUMBER OR #	NO	WEST *	W

\* ABBREVIATE ONLY WHEN USED AS A DIRECTION.

**State and U.S. Possessions Abbreviations**

Alabama	AL	Montana	MT
Alaska	AK	Nebraska	NE
American Samoa	AS	Nevada	NV
Arizona	AZ	New Hampshire	NH
Arkansas	AR	New Jersey	NJ
California	CA	New Mexico	NM
Colorado	CO	New York	NY
Connecticut	CT	North Carolina	NC
Delaware	DE	North Dakota	ND
Dist Columbia	DC	Northern Mariana	
Federated States of Micronesia	FM	Islands	MP
Florida	FL	Ohio	OH
Georgia	GA	Oklahoma	OK
Guam	GU	Oregon	OR
Hawaii	HI	Palau	PW
Idaho	ID	Pennsylvania	PA
Illinois	IL	Puerto Rico	PR
Indiana	IN	Rhode Island	RI
Iowa	IA	South Carolina	SC
Kansas	KS	South Dakota	SD
Kentucky	KY	Tennessee	TN
Louisiana	LA	Texas	TX
Maine	ME	Utah	UT
Marshall Islands	MH	Vermont	VT
Maryland	MD	Virgin Islands	VI
Massachusetts	MA	Virginia	VA
Michigan	MI	Washington	WA
Minnesota	MN	West Virginia	WV
Mississippi	MS	Wisconsin	WI
Missouri	MO	Wyoming	WY

## Miscellaneous Information

### Tax Forms Have a New Look

FTB is currently re-engineering and modernizing its front-end document and payment processes. Over the course of the next three to five years FTB will systematically replace its existing paper-based operations with electronic-based document and remittance processing operations. Therefore, forms and schedules for tax year 1997 now have constrained hand-print boxes in some areas and bar codes to help us process returns faster using our new system. (Note: Computer-generated forms and schedules do not require constrained hand-print boxes. However, they do require the bar code.)

### What are Keying Symbols?

Keying symbols are shown on all computer prepared returns, including the conventional parts of scannable forms. They will print to the left of specific tax data line numbers. These symbols guide FTB's key data operators to enter correct tax return information into FTB's automated files. These symbols reduce the time it takes to enter tax return information.

Exact placement, shape and size of keying symbols are shown in the example below. (The example below shows a 1996 Form 540NR. These same symbols are being used for all 1997 personal income tax returns.)

Before you give your clients' their return to file, please verify that these symbols are present. This will help ensure the return is processed correctly. If the keying symbols are not present, please read your user's manual and make sure you have the minimum hardware and printer fonts necessary to print FTB-approved forms. **Note:** In most cases if you download the soft fonts before printing your clients' returns (most software products do this automatically), the keying symbols will print correctly. If you cannot determine why the keying symbols do not print correctly, contact your software provider's technical support staff. They will be able to help you determine the correct action to take.

amount (\$25 max) ▶ 66	00
(\$25 max) . . . ▶ 67	00
total contributions . . . . . ● 68	
<b>NO AMOUNT DUE.</b> Mail your return to: SACRAMENTO CA 94240-0000 . . . . . ■ 69	
a check or money order payable to your social security number and Form 540NR and mail to: SACRAMENTO CA 94267-0001 . . . . . ■ 70	
penalties . . . . .	71
FTB 5805F is attached, check here . . . . . <input type="checkbox"/> ■ 72	
next year, check here . . . . . ● 73	<input type="checkbox"/>

### Dot Matrix Text Mode Forms

For filing purposes, FTB does **not** accept ANY dot matrix text mode California tax forms and schedules because they do not contain the data entry symbols (including the dollar symbol (\$)), graphic bar code, and other required graphics necessary for processing. The use of an overlay is required.

If your software provider's product does not offer the option to use an overlay, the following message will print on the return: **"DO NOT FILE THIS FORM."** In this case, you must transfer all information to an official form.

### Fiscal-Year Filers

If any of your clients file on a fiscal-year basis, make sure that the tax software you use accommodates their needs.

Not all tax software supports fiscal-year filing. As a result, you may need to fill out some clients' tax forms manually.

Always remember to enter the fiscal-year date in the appropriate place on the form. If you do not, the tax return will automatically be processed as a calendar-year return. When this happens, your clients' returns most likely will appear to be delinquent in some way. As a result, your clients could receive a delinquent or late payment of tax penalty or an underpayment of estimated tax penalty and may be assessed interest.

If you have questions about your tax software's ability to support fiscal-year filing, contact the company that produces the software.

### Prior Year and Amended Returns

**Do not** use 1997 software to file a prior year return.

Amend personal income tax Forms 540, 540A, 540EZ and 540NR by completing Form 540X, Amended Individual Income Tax Return. **Note:** When amending Form 540NR you must also attach a revised Form 540NR to Form 540X.

Amend corporate income tax Forms 100 and 100S by completing Form 100X, Amended Corporation Franchise or Income Tax Return.

### Federal Form 1040PC

FTB accepts federal Form 1040PC as a federal tax return when one is required to be attached to the California return.

### Form FTB 3595, Special Handling Required

If your clients' Form 540, 540A, 540EZ, 540NR or 541 includes any of the special circumstances listed below, check the appropriate item(s) and staple form FTB 3595 to the front of Side 1 in the upper-left hand corner.

- Taxable year ending other than December 31;
- Farmer or Fisherman;
- Form FTB 5805 attached;
- Deceased taxpayer or spouse;
- Substitute withholding statement included;
- Taxpayer could be claimed as a dependent on another return;
- Taxpayer out of country on original due date of return;
- Desert Storm/Restore Hope (Somalia/Bosnia);
- Withhold-at-source;
- Disaster; and
- 540X filed in response to notice of proposed assessment.

**Note:** If your clients are required to attach special handling forms FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries or FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, staple the form(s) to the front of Side 1 in the upper-left hand corner.

## Additional Credit Names, Codes, and Acronym Names

\*PIT = Personal Income Tax

\*B&C = Bank and Corporation Tax

<u>Credit Name</u>	<u>Code</u>	<u>Acronym</u>	<u>PIT*</u>	<u>B&amp;C*</u>
Child Adoption	197	CHILD ADOPT	X	
Community Development Financial Institution Deposits	209	CDFI DEPOSIT	X	X
Dependent Parent	173	DEP PARENT	X	
Disabled Access for Eligible Small Businesses	205	DSABL ACCESS	X	X
Donated Agricultural Products Transportation	204	DONATE AGTRN	X	X
Employer Child Care Contribution	190	CHLDCARE CTR	X	X
Employer Child Care Program	189	CHLDCARE PRG	X	X
Enhanced Oil Recovery	203	ENHNC OILREC	X	X
Enterprise Zone Employee	169	E/Z EMPLE	X	
Enterprise Zone Hiring & Sales or Use Tax	176	E/Z HIRE/USE	X	X
Farmworker Housing New Construction/ Rehabilitation	207	F/W HS CONST	X	X
New Construction/ Rehabilitation Loans	208	F/W HS LOAN	X	
Joint Custody Head of Household	170	JT CSTDY HOH	X	
Los Angeles Revitalization Zone Hiring & Sales or Use Tax Credit	159	LARZ HRE/USE	X	X
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax	198	LAMBRA HR/US	X	X
Low-Income Housing	172	LOW-INC HOUS	X	X
Manufacturers' Investment	199	MFG INVSTMNT	X	X
Other State Tax	187	OTHER STATE	X	
Prior Year Alternative Minimum Tax	188	PRIOR YR AMT	X	X
Prison Inmate Labor	162	INMATE LABOR	X	X
Program Area Hiring & Sales or Use Tax	177	P/A HIRE/USE	X	X
Research	183	RESEARCH	X	X
Rice Straw	206	RICE STRAW	X	X
Salmon & Steelhead Trout Habitat Restoration	200	SALMON/TROUT	X	X
Senior Head of Household	163	SR HOH	X	
<u>Repealed Credits With Carryover Provisions</u>	<u>Code</u>	<u>Acronym</u>	<u>PIT*</u>	<u>B&amp;C*</u>
Agricultural Products	175	AGRI PRODUCT	X	X
Commercial Solar Electric System	196	COMSLR EL CO	X	X
Commercial Solar Energy Credit	181	COM SLR NRG	X	X
Contribution of Computer Software	202	CTB COMPSOFT		X
Employee Ridesharing: Employee Vanpool Program	194	R/S EMPLE VN	X	

### Employer Ridesharing:

Large Employer Program	191	R/S LG EMPLR	X	X
Small Employer Program	192	R/S SM EMPL	X	X
Employer Subsidized Public Transit Passes	193	R/S TRANSIT	X	X
Energy Conservation	182	NRG CSRV CO	X	X
Low-Emission Vehicles	160	LOW-EMS VHCL	X	X
Orphan Drug	185	ORPHN DRG CO	X	X
Political Contributions	184	POLTCL CTB	X	
Recycling Equipment	174	RCYCL EQUIP	X	X
Residential Rental & Farms Sales	186	RES RNT/FARM	X	
Ridesharing	171	R/S CO	X	X
Solar Energy	180	SLR NRG CO	X	X
Solar Pump	179	SLR PUMP CO	X	X
Technological Property Contribution	201	TECHPROP CTB		X
Water Conservation	178	WATRCSRV CO	X	
Young Infant	161	YNG INFNT CO	X	

## Additional Credits

Field numbers 28, 29 and 30 in the scanband on Form 540 are where your client's additional credit amounts, if any, print. The additional credit amount **must** be preceded by the appropriate three-digit numeric code.

### Additional Credit Examples

Dependent Parent Credit (code 173) of \$20 in field number 28. The scanband on Form 540 will look like this:

28 17320

For more information refer to "Additional Credit Lines 28, 29, and 30" on page 7.

### Claiming "Special" Credits on Personal and Business Entity Tax Forms (Forms 100, 100S, 540, and 540NR)

If your client (personal or business entity taxpayer) claims only one, two or three credits, the credit name, code number (the credit acronyms and code numbers to the left should already be part of the tax software you use) and amount should print on the applicable lines of Forms 100, 100S, 540 and 540NR. When a client claims credits on Schedule P (100, 540, 540NR) and they are listed in more than one section, your tax software should total column (b) of the credits that have the same code numbers and bring the total to the applicable line of the form being filed.

If your client (personal or business entity taxpayer) has any other credits to claim, on Schedule P (100, 540, 540NR), the tax software should add the amounts from column (b) for those credits and bring the total forward to the applicable line of the form being filed.

## Filing Electronically With the FTB

FTB will offer Direct Deposit of Refunds for your clients who electronically file their 1997 California personal income tax return. In addition, your non-resident clients may now file their Form 540NR, Nonresident or Part-Year Resident Income Tax Return (and supporting schedules) electronically through the California Electronic Filing Program (ELF). **Reminder:** FTB's ELF Program accepts both refund and balance due returns.

Interested tax professionals must meet the following guidelines in order to participate. The prospective participant must: 1) already be participating in the Internal Revenue Service (IRS) Electronic Filing Program; 2) pass a suitability test similar to the IRS; and 3) comply with all the rules and procedures set forth by the FTB.

If you have questions regarding FTB's ELF Program, please call the ELF Help Desk at (916) 845-0353. ELF staff are available Monday through Friday from 8:00 a.m. to 5:00 p.m., Pacific time.

## Filing of Business Entity Returns (Forms 100, 100S, 541, 565 and 568)

To help ensure the accurate and timely processing of your clients' business entity returns that require a Schedule K-1 (100S, 541, 565 or 568), use software that produces FTB-approved schedules. Make sure the substitute forms you use meet FTB's requirements. Specifically, Schedule K-1s (565) filed with incomplete information may cause FTB to contact the partnership for more information or to return the Schedule K-1s to the partnership. Either of these circumstances may subject the partnership to penalties.

**Reminder**, do not file:

- K-1 data on microfiche;
- Federal K-1 schedules;
- Data base print out information; or
- Abbreviated schedules.

### Compliance with Partnership Filing Requirements

Please verify the following information on your clients' partnership return to ensure accurate and timely processing.

- Schedule K-1 (565) has been attached for each person identified on Form 565, Side 2, Question J.
- The Schedule K-1 (565) contains the partner's correct name, address and identifying number.
- Question A through Question I are completed on Side 2 of Schedule K-1 (565).
- The appropriate entity type box (Schedule K-1 (565), Question B) is checked for each partner.
- The attached Schedule K-1s reconcile to the Form 565, Schedule K.
- The partner's percentage (Schedule K-1 (565), Question D) includes decimals (i.e., 33.5). Do not print fractions.
- Substitute computer-generated Schedule K-1s must be approved by the FTB.

**Note:** When you use a computer software product, please read the software provider's user manual to make sure you have the necessary hardware and printer fonts to produce FTB-approved forms. To ease processing, all printing must be courier, standard OCR-A font or standard print font with a minimum 10 pitch (pica spacing).

### Substitute Schedule K-1 (565) Filing Requirements

As a professional preparer, you may choose to develop your clients' Schedule K-1 (565) in either a paper or electronic format. You must follow the same substitute forms review and approval requirements used by tax software developers, transfer agents and others who develop substitute Schedule K-1 (565) in a paper or electronic format.

- If you choose to develop substitute Schedule K-1 (565) in the paper format, you must complete and return to FTB, form FTB 1096, Agreement to Comply With FTB Pub. 1098. FTB Pub. 1098, Guidelines for the Development and Use of Substitute, Scannable and Reproduced Tax Forms includes the information you will need to develop an FTB-approved Schedule K-1 (565). It also contains the procedures for submitting your substitute Schedule K-1 (565) for review and approval. To get a copy of form FTB 1096 and FTB Pub. 1098, phone the Substitute Forms Program Administrator at (916) 845-3553.
- If you choose to develop substitute Schedule K-1 (565) in the electronic format (on diskette or magnetic tape), you must submit a test file to ensure process compatibility. To get FTB Pub. 1062, Guide for K-1 (565) Filing by Diskette or Magnetic Media, phone the Substitute Forms Program Administrator at (916) 845-3553. You must also complete and return to FTB, form FTB 1096, Agreement to Comply with FTB Pub. 1098.
- The FTB has implemented an EDI (electronic data interchange) pilot using national standards. The EDI pilot will use a VAN (Value Added Network) called TaxConnect to collect, store and forward the electronic K-1 data to FTB. For more information on Schedule K-1 EDI filing, phone the Substitute Forms Program Administrator at (916) 845-3553.

**Note:** Substitute Schedule K-1 (565) may be either a one-sided or two-sided format. The one-sided format requires only tax data lines (line 1 through line 22 and tables) that are applicable to the partner to print. The two-sided format will print all data lines. Both require approval from the FTB.

**Note:** Common trust funds and Investment clubs use Form 565, Partnership Return of Income to report their filing information. To help ensure accurate processing, common trust funds are required to use the principal business activity (PBA) code 6747. Investment clubs are required to use PBA code 6746. For further information, see the instructions for federal Form 1065, U.S. Partnership Return of Income.

## FTB's Tax Practitioner Services

The Practitioners Support Section (formerly called the Practitioner Hotline) is dedicated to helping CPAs, enrolled agents, attorneys and other tax practitioners with questions on tax law, forms, California reporting requirements and account resolution matters.

The Practitioner's Support Section is staffed year round, Monday through Friday, from 8:00 a.m. to 5:00 p.m., and from January 15, through April 15, from 7:00 a.m. to 8:00 p.m., Pacific time. The telephone number is (916) 845-7057. If you call, be ready to provide pertinent client information such as social security number, latest notice received or facts relating to the inquiry. Agents can respond to questions on both personal income tax and bank and corporation tax law.

The Electronic Correspondence Section can receive incoming correspondence 24 hours a day, seven days a week. The FAX number is (916) 845-6377. When you fax your transmission, be sure your cover sheet includes your business letterhead, FAX number and daytime telephone number. Generally, your correspondence will be answered in less than 10 working days. To help ensure a quick response, it is recommended that you keep your fax machine turned on at all times.

## FTB Taxpayer Signature and Authentication Policy

FTB's policy is to ensure proper authentication of the information provided to us by taxpayers. The level of authentication needed on specific documents depends on several factors, including how FTB uses the information. To help you determine whether or not FTB will accept photocopies or facsimiles of a taxpayer's signature(s), FTB has categorized the level of signature authentication required into three groups. The category and its number (c1, c2, or c3) will print after the form number in the bottom margin on each form. The three categories are:

- |                 |                                                                                                       |
|-----------------|-------------------------------------------------------------------------------------------------------|
| Category 1 (c1) | Original authentication required; facsimiles acceptable only if original is subsequently provided.    |
| Category 2 (c2) | Copy of signature is sufficient proof that original was signed; photocopy or facsimile is acceptable. |
| Category 3 (c3) | No authentication required.                                                                           |

## Where To Get Income Tax Forms

**By Internet** – If you have Internet access, you may download, view and print 1994, 1995, 1996 and 1997 California income tax forms and publications. Our Internet address is: <http://www.ftb.ca.gov>

### The Correct Use of Overlays

If you use a dot matrix printer, your software provider's product may require the use of an overlay. If you must use an overlay to produce FTB-approved form(s), it is critical that you use the overlay correctly. Misuse may delay your client's refund. Please use the following guidelines when you use an overlay:

- Make sure the glass on the photocopier you use is free from any obstructions. (e.g., smudges, smears and dust).
- Make sure the overlay you use is also free from any obstructions.
- Use the grid marks (small box(es) or other distinguishing symbol) to ensure correct placement of your clients' entity information and scan-band data. **Note:** The location of the grid marks may differ on each software provider's product.
- Upon completion, make sure that your clients' return is clear and straight on the paper. If not, make another copy.

# 1997 Scannable Forms 540 and 540A Assembly Guidelines

Staple entire return together in upper left-hand corner

California Resident  
Income Tax Return 1997 **540**

DO NOT ATTACH LABELS

Step 1 Name Address

Step 2

Step 3

Step 4

Step 5

Staple Check or Money Order and Form 540-V Here

Staple Form(s) W-2, W-2C, and 1099-R Here

"SCANBAND" Mark with IR-100

Step 2

Step 3

Step 4

Step 5

Form 540 (1997) - Single

Staple entire return together in upper left-hand corner

California Resident  
Income Tax Return 1997 **540A**

DO NOT ATTACH LABELS

Step 1 Name Address

Step 2

Step 3

Step 4

Step 5

Staple Check or Money Order and Form 540-V Here

Staple Form(s) W-2, W-2C, and 1099-R Here

"SCANBAND" Mark with IR-100

Step 2

Step 3

Step 4

Step 5

Form 540A (1997) - Single

## Tax Practitioner Tips for Computer Preparing, Assembling, and Mailing Scannable Forms 540 and 540A

Form	Scannable Form 540	Scannable Form 540A
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts <b>must</b> print in the scanband and <b>must</b> be whole dollars without decimal points or other punctuation. Monetary amounts in the conventional part of the form must include decimal points or a vertical rule (penny line).	Same as Scannable Form 540.
Additional Credit Lines 28, 29, and 30	Name or acronym of the credit, code number, and amount will print on the applicable lines in the conventional part of the form. See example on page 4.	Additional credits may not be claimed on Form 540A.
FTB-Supplied Label	<b>Do not</b> apply the FTB-supplied label to the return. FTB's IADC system captures only the information that the software prints on the return. It will not read the information on the FTB-supplied label.	Same as Scannable Form 540.
Making Corrections	<b>Do not</b> make corrections on the form. <b>Do not</b> modify the name, address, or tax data information. If there is an error, print a new return.	Same as Scannable Form 540.
Submit Original Returns	<b>Submit original (hardcopy) returns. Do not</b> submit photocopied returns. Return should be single-sided, not two sided. Returns prepared with overlays are considered originals.	Same as Scannable Form 540.
Attaching Federal Forms and California Supporting Forms	Form 540 may require attachments. Federal forms and California supporting forms may be stapled to the back of Side 2 of Form 540. <b>Note:</b> FTB accepts federal Form 1040PC as a federal tax return.	Never attach federal tax return.
Attaching Wage Statements	<b>Staple</b> "state" copy of Forms W-2, W-2G and 1099-R to the front of <b>Side 1</b> in the area below the words "Step 4, Taxable Income."	Same as Scannable Form 540.
Attaching Check or Money Order and Form 540-V	<b>Staple</b> check or money order and Form 540-V to the front of <b>Side 1</b> in the area below the words "Step 3, Exemptions." (Place check or money order on top.)	Same as Scannable Form 540.
Assembling Return	<b>Staple</b> Side 1 to Side 2 and any attachments in the upper left-hand corner.	Same as Scannable Form 540.
Where to Mail the Return	REFUND OR NO AMOUNT DUE: IMAGE PROCESSING FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0009  AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001	Same as Scannable Form 540.

## Tax Practitioner Tips for Computer Preparing, Assembling, and Mailing Forms 540EZ, 540NR and 540X

Form	Form 540EZ	Form 540NR	Form 540X
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts may include decimal points.	Monetary amounts may include decimal point or a vertical rule (penny line).	Same as Form 540NR.
Additional Credits	Additional credits may not be claimed on Form 540EZ.	Name or acronym of the credit, code number, and amount will print on the applicable lines of the form.	Not applicable.
FTB-Supplied Label	You may apply the FTB-supplied label to the return. However, it may not be necessary because your software product should print this information.	Same as Form 540EZ.	Same as Form 540EZ.
Making Corrections	If the name and address printed on the return need correcting, draw a line in ink across the incorrect information and clearly write the correct information.	Same as Form 540EZ.	Same as Form 540EZ.
Submit Original Returns	Submit original or photocopied returns. However, the signature(s) of the taxpayer(s) must be original.	Same as Form 540EZ.	Same as Form 540EZ.
Attaching Federal Forms and California Supporting Forms	Never attach federal tax return.	<b>Always</b> attach federal tax return. <b>Note:</b> FTB accepts federal Form 1040PC as a federal tax return.	Attach all supporting forms and schedules for items changed. Include federal forms and schedules if you made a change to your federal return. Include name and SSN for taxpayer (and taxpayer's spouse, if any,) on all attachments. Include complete copies of the Federal Audit Report(s) if you are reporting changes made by the Internal Revenue Service.
Where to Mail the Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0000  AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001	Same as Form 540EZ.	Same as Form 540EZ.