

California S Corporation Franchise or Income Tax Return

For calendar year 1998 or fiscal year beginning month day year 1998, and ending month day year. California corporation number Federal employer identification number Corporation name Address City State ZIP Code A Final return? B Did this S corporation have a change in control or ownership, or acquire ownership or control of any other legal entity this year? C Principal business activity code. D Does return include Qualified Subchapter S Subsidiaries

Table with 5 columns: Description, Line Number, Amount, and two empty columns. Rows include State Adjustments (1-15) and Calif. Net Income (16-21).

Table with 5 columns: Description, Line Number, Amount, and two empty columns. Rows include Taxes (22-33) and Payments (34-37).

Table with 5 columns: Description, Line Number, Amount, and two empty columns. Rows include Amount Due or Refund (38-40).

Table with 5 columns: Description, Line Number, Amount, and two empty columns. Rows include Amount Due or Refund (41-43).

Table with 5 columns: Description, Line Number, Amount, and two empty columns. Rows include Amount Due or Refund (41-43).

Table with 5 columns: Description, Line Number, Amount, and two empty columns. Rows include Amount Due or Refund (41-43).

**Schedule F Computation of Trade or Business Income.** See General Information I.

Income	1 a) Gross receipts or sales _____ b) Less returns and allowances _____ Balance	1c	
	2 Cost of goods sold	2	
	3 Gross profit. Subtract line 2 from line 1c	3	
	4 Net gain (loss)	4	
	5 Other income (loss). Attach schedule	5	
	6 Total income (loss). Combine line 3 through line 5.	6	
Deductions	7 Compensation of officers. Attach schedule. See instructions	7	
	8 Salaries and wages	8	
	9 Repairs	9	
	10 Bad debts	10	
	11 Rents	11	
	12 Taxes	12	
	13 Interest	13	
	14 a) Depreciation _____ b) Less depreciation reported elsewhere on return _____ Balance	14	
	15 Depletion	15	
	16 Advertising	16	
	17 Pension, profit-sharing, etc. plans	17	
	18 Employee benefit programs	18	
	19 a) Total travel and entertainment _____ b) Deductible amount	19b	
	20 Other deductions. Attach schedule.	20	
	21 Total deductions. Add line 7 through line 20	21	
	22 Ordinary income (loss) from trade or business. Subtract line 21 from line 6. Enter here and on Side 1, line 1	22	

**Schedule V Cost of Goods Sold**

1 Inventory at beginning of year		5 Other costs. Attach schedule	
2 Purchases		6 Total. Add line 1 through line 5.	
3 Cost of labor		7 Inventory at end of year.	
4 Other IRC Sec. 263A costs. Attach schedule		8 Cost of goods sold. Subtract line 7 from line 6.	

Was there any substantial change in the manner of determining quantities, costs or valuations between opening and closing inventory? . . .  Yes  No  
 If "Yes," attach an explanation. Enter California seller's permit number, if any  Method of inventory valuation \_\_\_\_\_  
 Check if the LIFO inventory method was adopted this income year for any goods. If checked, attach federal Form 970 . . . . .   
 If the LIFO inventory method was used for this income year, enter the amount of closing inventory computed under LIFO. . . . .   
 Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the corporation? . . . . .  Yes  No

**Schedule J Add-On Taxes or Recapture of Tax Credits.** See instructions.

1 LIFO recapture due to S corporation election (IRC Sec. 1363(d) deferral: \$ _____)		1	
2 Interest computed under the look-back method for completed long-term contracts (attach FTB 3834)		2	
3 Interest on tax attributable to installment: a) Sales of certain timeshares and residential lots		3a	
	b) Method for nondealer installment obligations	3b	
4 IRC Section 197(f)(9)(B)(ii) election		4	
5 Credit recapture name: _____		5	
6 Combine line 1 through line 5. Revise the amount on Side 1, line 38 or line 39, whichever applies, by this amount. Write "Schedule J" to the left of line 38 or line 39		6	

<b>E</b> Check here if the corporation does not need tax forms mailed next year <input type="checkbox"/>	<b>K</b> Effective date of California S election: ● _____
<b>F</b> Date incorporated: _____ ● Where: State <input type="checkbox"/> Country _____	<b>L</b> Accounting method: ● (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other
<b>G</b> Maximum number of shareholders in the corporation at any time during the year: ● _____	<b>M</b> Location of principal accounting records: _____
<b>H</b> Date business began in California or date income was first derived from California sources: ● _____	<b>N</b> "Doing business as" name: ● _____
<b>I</b> Is the corporation under audit by the IRS or has it been audited in a prior year? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>O</b> Have all required information returns (e.g., federal Form 1099, 8300, etc.) been filed with the Franchise Tax Board? . . . . . <input type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>J</b> Effective date of federal S election: ● _____	<b>P</b> Is this corporation apportioning income to California using Schedule R? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No
	<b>Q</b> During the income year, were gross receipts (less returns and allowances) of this corporation more than \$1 million? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No

<b>Please Sign Here</b>	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. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Signature of officer	Title	Date	Telephone ( )
<b>Paid Preparer's Use Only</b>	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN/FEIN
	Firm's name (or yours, if self-employed) and address	Telephone ( )		FEIN

**Schedule K S Corporation Shareholders' Shares of Income, Deductions, Credits, etc.**

	(a) Pro rata share items	(b) Amount from federal Schedule K (1120S)	(c) California adjustment	(d) Total amount using California law. Combine (b) and (c) where applicable
Income (Loss)	1 Ordinary income (loss) from trade or business activities . . . . .			●
	2 Net income (loss) from rental real estate activities . . . . .			●
	3 a Gross income from other rental activities. . . . .			
	b Expenses from other rental activities. Attach schedule . . . . .			
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a			●
	4 Portfolio income (loss):			
	a Interest . . . . .			●
	b Dividends . . . . .			●
	c Royalties . . . . .			●
	d Net short-term capital gain (loss). Attach Schedule D (100S) . . . . .			●
	e Net long-term capital gain (loss). Attach Schedule D (100S) . . . . .			●
	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 Section 17267.2, Section 17266, Section 17268 and Section 17267.6 and IRC Section 179 and R&TC Section 17201). Attach Schedule B (100S) . . . . .			
	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, line 4b, line 4c and line 4f . . . . . (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 . . . . .			●
Adjustments and Tax Preference Items	14 a Depreciation adjustment on property placed in service after 12/31/86. . . . .			
	b Adjusted gain or loss. See instructions . . . . .			
	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: <input type="checkbox"/> Paid <input type="checkbox"/> 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 property distributions (including cash) other than dividend distributions reported on line 22 below . . . . .			●
	21 Other items and amounts not included in line 1 through line 20 above that are required to be reported separately to shareholders. Attach schedule . .			●
	22 Total dividend distributions paid from accumulated earnings and profits . . .			●
	23 Income (loss) (required only if Schedule M-1 must be completed). Combine line 1, line 2 and line 3c through line 6. From the result, subtract the sum of line 7 through line 11a and line 16a . . . . .			

Schedule L Balance Sheets	Beginning of income year		End of income year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash				
2 a Trade notes and accounts receivable				
b Less allowance for bad debts	( )		( )	
3 Inventories				●
4 Federal and state government obligations				
5 Other current assets. Attach schedule(s)				
6 Loans to shareholders. Attach schedule(s)				●
7 Mortgage and real estate loans				
8 Other investments. Attach schedule(s)				●
9 a Buildings and other fixed depreciable assets				
b Less accumulated depreciation	( )		( )	●
10 a Depletable assets				
b Less accumulated depletion	( )		( )	
11 Land (net of any amortization)				●
12 a Intangible assets (amortizable only)				
b Less accumulated amortization	( )		( )	
13 Other assets. Attach schedule(s)				
14 Total assets		●		●
<b>Liabilities and shareholders' equity</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities. Attach schedule(s)				
18 Loans from shareholders. Attach schedule(s)				●
19 Mortgages, notes, bonds payable in 1 year or more				●
20 Other liabilities. Attach schedule(s)				
21 Capital stock		●		●
22 Paid-in or capital surplus		●		●
23 Retained earnings		●		●
24 Adjustments to shareholders' equity. Attach schedule(s)				
25 Less cost of treasury stock		( )		( )
26 Total liabilities and shareholders' equity				

**Schedule M - 1 Reconciliation of income (loss) per books with income (loss) per return** Do not complete this schedule if the amount on Schedule L, line 14, column (d), is less than \$25,000.

1 Net income per books		5 Income recorded on books this year not included on Schedule K, line 1 through line 6 (itemize)	
2 Income included on Schedule K, line 1 through line 6, not recorded on books this year (itemize)	●	a Tax-exempt interest \$	●
3 Expenses recorded on books this year not included on Schedule K, line 1 through line 11a and line 16a (itemize)		6 Deductions included on Sch. K lines 1 through 11a and line 16a, not charged against book income this year (itemize)	
a Depreciation \$		a Depreciation \$	
b State taxes \$		b State tax refunds \$	
c Travel and entertainment \$		7 Total. Add line 5 and line 6	●
4 Total. Add line 1 through line 3	●	8 Income (loss) (Sch. K, line 23, col. d). Line 4 less line 7	

**Schedule M - 2 CA accumulated adjustments account, other adjustments account, and other retained earnings** See instructions.

Important: Use California figures and federal procedures.	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Other retained earnings (see instructions)
1 Balance at beginning of year			●
2 Ordinary income from Form 100S, Side 1, line 1			
3 Other additions			
4 Loss from Form 100S, Side 1, line 1	( )		
5 Other reductions	( )	( )	
6 Combine line 1 through line 5			
7 Distributions other than dividend distributions			●
8 Balance at end of year. Subtract line 7 from line 6			●
9 Retained earnings at end of year. Add line 8, column (a) through column (c)			●
● <input type="checkbox"/> If the corp. has C corp. E&P at the end of the income year, check the box and enter the amount. See instructions			●