



# California

Forms & Instructions

# 109

# 1998

Exempt Organization Business  
Income Tax Booklet

Members of the Franchise Tax Board

Kathleen Connell, Chair  
Dean Andal, Member  
Craig L. Brown, Member

**This booklet contains two copies of:**

**Form 109**, California Exempt Organization Business  
Income Tax Return, Page 5 and Page 9

**Do you need help? (800) 338-0505**



**F.A.S.T**

Most of your questions can be answered by reading the instructions in this booklet. If you need additional help, use our F.A.S.T. (Fast Answers about State Taxes) automated toll-free phone service available 24 hours a day. Or, if you have Internet access, our website address is <http://www.ftb.ca.gov>

If you cannot get the answer you need, call our general toll-free phone service listed on page 16.

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**State of California  
Franchise Tax Board**

# Instructions for Form 109

## Exempt Organization Business Income Tax Return

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 1998, and to the California Revenue and Taxation Code (R&TC).

### General Information

In general, California tax law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal tax law. California has not conformed to the changes made to the IRC by the federal Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (Public Law 105-206) and the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277).

Effective January 1, 1998, California has conformed to the following federal provisions:

- Exempt organizations can be shareholders of S corporations;
- Expansion of the look-through rules for interest, annuities, royalties and rents derived by subsidiaries of tax-exempt organizations;
- Clarification of rules relating to the employee stock ownership plans of S corporations;
- For taxable or income years beginning on or after January 1, 1998, IRC Section 1042 relating to employee stock ownership plans or certain cooperatives, is modified to provide that the term "domestic corporation" shall mean instead "domestic C corporation";
- IRC Section 1042 relating to sales of stock to employee stock ownership plans or certain cooperatives applies to taxable years beginning on or after January 1, 1995; and
- Effective for income years beginning January 1, 1998 or later, IRAs established in accordance with R&TC Section 23712 to fund higher education costs, are exempt from taxation. They are not required to file form FTB 3500, Exemption Application. However, if unrelated business income in excess of \$1,000 is received, Form 109 must be filed.

IRC Section 1042(g) relating to application to sales of stock in agricultural refiners and processors to eligible farm cooperatives shall not apply.

### A Purpose

A tax-exempt organization that regularly carries on a trade or business that is not substantially related to its exempt purpose may be required to pay tax on the unrelated trade or business income that results from such activity. Use Form 109 to figure the tax on the unrelated business income of the organization.

Filing Form 109 does not replace the requirement to file Form 199, California Exempt Organization Annual Information Return. Because state and federal laws are generally the same in this area, you should get federal Form 990-T, Exempt Organization Business Income Tax Return and instructions for detailed information.

### B Who Must File

Every organization exempt under R&TC Sections 17631, 23701a through 23701z or 23712 must file Form 109 if the gross income from an unrelated trade or business is more than \$1,000. See General Information P for the definition of an unrelated trade or business.

#### Exceptions

A tax-exempt organization is not required to file Form 109 if:

- It is formed to carry out a function of the state;
- It is carrying out that function; and
- It is controlled by the state.

Exempt homeowners' associations and exempt political organizations that have a taxable income over \$100 must file Form 100, California Corporation Franchise or Income Tax Return.

### C Accounting Period

File Form 109 for taxable or income years beginning in 1998. Fill in the taxable or income year information including the month, day and year in the spaces provided at the top of Side 1.

To change an accounting period, file federal Form 1128, Application to Adopt, Change or Retain a Tax Year, with the IRS, then file a copy of the federal approval with Form 109 in the year the change is effective.

### D Accounting Method

Taxable income must be computed in accordance with the method of accounting regularly used by the organization in maintaining its books and records. The method must clearly reflect taxable income.

To change an accounting method, file federal Form 3115, Application for Change in Accounting Method, with the IRS, then file a copy of the federal approval with Form 109 in the year the change is effective.

**Note:** The amounts on Form 109 and accompanying schedules should be rounded off to the nearest whole dollar.

### E Mailing Addresses

Mail returns that include a payment to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0701

Mail refund returns or returns without a payment to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0700

**Note:** If the organization is filing more than one return, use separate envelopes and checks to make sure that the returns and payments are processed correctly.

### F When to File

Generally, Form 109 is due on or before the 15th day of the 5th month following the close of the income year. An employees' trust defined in IRC Section 401(a) and an IRA must file Form 109 by the 15th day of the 4th month after the end of the income year.

#### U.S. Post Office

Official U.S. Post Office postmarks are considered primary evidence of the date of filing of income tax documents and payments. Postage meter dates are not considered proof of filing on the date shown.

#### Private Delivery Services

California conforms to federal law regarding the use of certain designated private delivery services to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. See the federal instructions for Form 990-T, Exempt Organization Business Income Tax Return, for a list of designated delivery services. If a private delivery service is used, address the return to:

FRANCHISE TAX BOARD  
SACRAMENTO CA 95827

**Caution:** Private delivery services cannot deliver items to PO boxes. If using one of these services to mail any item to the FTB, **DO NOT** use an FTB PO box.

### G Extension of Time to File Return

If Form 109 cannot be filed by the due date, the exempt organization has an additional seven months

to file without filing a written request for extension, unless the organization is suspended as of the original due date. However, to avoid late payment penalties, 100% of the tax liability must be paid by the original due date of the return.

If an extension of time is needed, and an unpaid tax liability is owed, get form FTB 3539, Payment Voucher for Automatic Extension for Corporations and Exempt Organizations.

If the return is not filed by the extended due date, a delinquent filing penalty is charged from the original due date of the return.

### H Signature

#### Corporations and Associations

A corporate officer such as the president, vice president, treasurer, assistant treasurer, chief accounting officer or trustee must sign the return. In the case of an association, a similarly authorized person must sign the return.

#### Trusts

The individual fiduciary or authorized officer of the trust receiving or having custody or control and management of the income of the trust must sign the return. If two or more individuals act jointly as fiduciaries, the return may be signed by either of them.

**Note:** A receiver, trustee or assignee must sign any return that must be filed on behalf of the organization.

### I Name and Address

Use the preaddressed label if one was provided. If any information on the label is incorrect, draw a single line in ink through it and enter the correct information.

If you did not receive a preaddressed label, copy the information exactly as shown on your exemption letter.

**Note:** To allow processing of this form, you must enter a California corporation number or federal employer identification number (FEIN) in the boxes provided.

### J Tax Rates

#### Corporations and Associations

The tax rate imposed on the unrelated business income of an incorporated exempt organization or association treated as a corporation is 8.84%.

The corporate tax rate is 8.84%. The alternative minimum tax (AMT) rate is 6.65% for income years beginning on or after January 1, 1997 for an incorporated exempt organization or association treated as a corporation.

Any organization determined to be exempt from income tax by FTB does not owe the minimum franchise tax.

#### Trusts

R&TC Section 23731(b) provides for taxation of trusts at the personal income tax rates imposed by R&TC Section 17041(e). See the Tax Rate Schedule on page 4.

### K Payment of Tax

The tax due (total tax minus amounts previously paid) must be paid in full when Form 109 is filed, but not later than the due date of the return without regard to extensions. Any credit payment should be claimed on the return and considered in computing the tax due with the return. Get instructions for Form 100-ES, Corporation Estimated Tax, for information regarding how and when to pay estimated tax. Trusts completing Form 100-ES must use the Tax Rate Schedule for Trusts from page 4 to figure the correct amount of tax.

## Electronic Funds Transfer (EFT)

Organizations that meet certain requirements must remit all of their payments through EFT rather than by paper checks to avoid penalties. Once an organization remits an estimated tax payment or extension payment in excess of \$20,000 or has a total tax liability in excess of \$80,000 in any income year beginning on or after January 1, 1995, the FTB will notify the organization of the requirement to make all future payments by EFT. Those that wish to participate on a voluntary basis may do so. For more information, call (916) 845-4025.

## L Penalties and Interest

### Late Filing of Return

Any organization that fails to file a return on or before the extended due date may be assessed a penalty. The penalty cannot exceed 25% of the unpaid tax.

### Late Payment of Tax

Any organization that fails to pay the total tax shown on the return by the original due date is assessed a penalty of 5% of the unpaid tax, plus 0.5% for each month, or part of a month (not to exceed 40 months), that the tax remains unpaid. This penalty cannot exceed 25% of the unpaid tax.

**Note:** If an organization is subject to both the penalty for failure to file a timely return and the penalty for failure to pay the total tax by the due date, a combination of the two penalties may be assessed, but the total will not exceed 25% of the unpaid tax.

### Underpayment of Estimated Tax

Any corporation, unincorporated association or trust that fails to pay or underpays an installment of estimated tax is assessed a penalty. The penalty is computed as a percentage of the underpayment for the underpayment period. Use form FTB 5806, Underpayment of Estimated Tax by Corporations, to determine both the amount of underpayment and the amount of penalty.

**Note:** If the organization uses Exception B, tax on annualized income, or Exception C, tax on annualized seasonal income, to compute or eliminate tax penalty for any of the four installments, form FTB 5806 must be attached to the front of the return.

### EFT

If the organization must pay its tax liability using electronic funds transfer (EFT), all payments must be remitted by EFT to avoid penalties. The EFT penalty is 10% of the amount not paid by EFT. For more information, see General Information K.

### Interest

Interest is due and payable on any tax due that is not paid by the original due date of the return. An extension of time to file a return does not stop interest from accruing.

## M Net Operating Loss Deduction

California allows a net operating loss deduction, which may be claimed on Side 1, line 4 or line 12. Get form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations, or form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts, for additional information.

Organizations operating within an enterprise zone get form FTB 3805Z, Enterprise Zone Business Booklet.

Organizations operating within the Los Angeles Revitalization Zone, get form FTB 3806, Los Angeles Revitalization Zone Booklet.

Organizations operating with a Local Agency Military Base Recovery Area, get form FTB 3807, Local Agency Military Base Recovery Area Booklet.

Organizations operating within a Targeted Tax Area, get form FTB 3809, Targeted Tax Area Booklet.

## N Alternative Minimum Tax

California law is generally the same as federal law relating to AMT. Trusts subject to AMT must file Schedule P (541), Alternative Minimum Tax and Credit Limitations — Fiduciaries. Corporations and unincorporated associations subject to AMT must file Schedule P (100), Alternative Minimum Tax and Credit Limitations — Corporations.

## O Income to Be Reported

### Corporations and Associations

Report all income from an unrelated trade or business whether derived from sources within or outside California.

Apportion business income attributable to sources both within and outside California. See the instructions for Side 1, line 2 and the Apportionment Formula Worksheet on page 4.

### Trusts

Report all income from an unrelated trade or business derived from sources within California. If income is derived from outside California and one or more trustees are nonresidents, report the percentage of income that is applicable to the total number of resident trustees.

### At-Risk Provisions

For the rules limiting a loss to the amount at-risk for certain trade or business and production of income activities, get federal Form 6198, At-Risk Limitations.

### Passive Activity Loss Limitation

For California purposes, the passive loss rules of IRC Section 469 (except for Section 469(c)(7)) apply to closely held corporations, S corporations, personal service corporations and trusts. Organizations subject to passive loss rules must complete form FTB 3801, Passive Activity Loss Limitations, or form FTB 3802, Corporate Passive Activity Loss and Credit Limitations, to figure their allowable passive activity loss.

An organization subject to the passive activity loss limitations may also be required to adjust credits attributable to passive activities on form FTB 3801-CR, Passive Activity Credit Limitations or form FTB 3802. If a passive activity is also subject to the at-risk rules of IRC Section 465, the at-risk rules apply before the passive loss rules apply.

## P Unrelated Trade or Business

Unrelated trade or business is any regularly carried on trade or business that is not substantially related to the organization's exempt purpose or function, or to exercising or performing any purpose or function described in R&TC Section 23701. An unrelated trade or business does not include:

- An activity where substantially all the work in carrying on the trade or business is performed by volunteers (without compensation);
- An activity that is carried on by a Section 23701d organization primarily for the convenience of its members, students, patients, officers or employees;
- An activity that is carried on by a local association of employees described in Section 23701f, organized before May 27, 1969, such as selling work-related clothes, equipment and items normally sold through vending machines, snack bars, etc., for the convenience of its members at their usual workplace; or
- The sale of merchandise that was donated to the organization.

For additional information, see IRC Section 513.

### Unrelated Business Taxable Income

Unrelated business taxable income is the gross income derived from any regularly carried on unrelated trade or business less the deductions that are directly connected with the carrying on of the unrelated trade or business.

In the case of an organization that regularly conducts two or more unrelated business activities, unrelated business taxable income is the sum of gross income from all such unrelated business activi-

ties, less the sum of the deductions allowed with respect to all such unrelated business activities.

Expenses, depreciation and similar items that arise from conducting the exempt function are not deductible in computing unrelated business taxable income. However, expenses directly connected with unrelated business income are deductible (see Specific Line Instructions for Side 2, Part I and Part II, line 20, for the exception concerning contributions).

For additional information, see IRC Section 512.

## Q Exclusions

Items excluded from unrelated business taxable income are:

1. Dividends, interest, annuities and deductions directly connected with such income. However, unrelated debt-financed income and income derived from controlled organizations is taxable, whether or not the activities that produced such income represent a regularly carried on trade or business.
2. Royalties (including overriding royalties) and deductions directly connected with such income. Mineral royalties are excluded whether measured by production or by gross or taxable income from the mineral property. However, where the organization owns a working interest in a mineral property and is not relieved of its share of the development costs by the terms of any agreement with an operator, income received from the working interest cannot be excluded.

**Note:** Debt-financed royalty income is taxable whether or not the organization owns a working interest in the property.

3. Rents from real property (including elevators and escalators) and rents from personal property leased with such real property and deductions directly connected with such rents.

Rents attributable to personal property must be an incidental amount of the total rents received or accrued under the lease determined at the time when the property is first subject to use by the lessee. Rents attributable to personal property generally are not an incidental amount of the total rents if the rents attributable to personal property exceed 10% of the total rents from all the property leased. See federal Income Tax Regulation Section 1.512(b)-1(c)(3)(iii) regarding multiple leases. However, the exclusion will not apply if such rents are derived from a controlled organization or the property leased is debt-financed property.

If the rents are derived from the leasing of debt-financed property to a controlled organization, the taxation of rents is first considered under the controlling organization rules. Only the untaxed portion of rents is subject to the unrelated debt-financed income rules.

4. Gains or losses from the sale, exchange or other disposition of property, except:
  - a. Stock in trade or other property that would be includable in inventory if on hand at the close of the taxable year;
  - b. Property held primarily for sale to customers in the ordinary course of the trade or business, or real property and all gains or losses from the forfeiture of good-faith deposits (that are consistent with established business practice) for the purchase, sale or lease of real property in connection with the organization's investment activities as described in IRC Section 512. The cutting of lumber is considered a sale or exchange of such timber and results in unrelated business taxable income. (See Specific Line Instructions for Side 2, Part I and Part II, lines 4a, 4b and 4c, for treatment of capital gains or ordinary losses); and
  - c. Certain gains on debt-financed and depreciable property.
5. The income and deductions resulting from:

- a. Organizations performing research for the government;
  - b. A college, university or hospital performing research for any person; and
  - c. Organizations operating primarily for fundamental research.
6. Certain investment income for pension funds. These include:
- a. The gains or losses on the lapse or termination of securities options (IRC Section 512(b)(5));
  - b. Loan commitment fees (IRC Section 512(b)(1)); and
  - c. The gains from the sale, exchange or disposition of real property and mortgages acquired from financial institutions in conservatorship or receivership (IRC Section 512(b)(16)).
7. Annual dues not exceeding \$100 paid to an agricultural or horticultural organization described in IRC Section 512(d).

**Exception**

The exclusion rules described above do not apply to social and recreational clubs (R&TC Section 23701g), voluntary employees' beneficiary associations (R&TC Section 23701i) and supplemental unemployment compensation benefits trusts (R&TC Section 23701n).

California law is the same as federal law for organizations described in IRC Section 501(c)(7) or 501(c)(9).

**Controlled organization** means either a:

- Stock corporation – the ownership of stock possessing at least 80% of the total combined voting

power of all classes of stock entitled to vote and at least 80% of the total number of shares of all other classes of stock of the corporation; or

- Nonstock organization – an organization of which at least 80% of the directors or trustees of such organization are either representative of or are directly or indirectly controlled by an exempt organization.

**R Exempt Function Income**

Exempt function income is:

- a. The amount derived from dues, fees, charges or similar amounts of gross income from members;
- b. The amount (other than gross income derived from any unrelated trade or business that is regularly carried on) set aside for religious, charitable, scientific, literary or educational purposes or for the prevention of cruelty to children or animals; and
- c. In the case of an organization described in R&TC Section 23701i, the amount set aside for the payment of life, sick, accident or other benefits.

**S Information Returns**

Organizations engaged in an unrelated trade or business may be required to file a federal information return with the IRS and the FTB to report certain payments. Refer to the Instructions for federal Form 990-T, Other Forms You May Need To File, for further information.

There are severe penalties for failure to file information returns or include correct payee identification numbers on the returns. Detailed filing instructions

are available on California Form 592, Nonresident Withholding Annual Return.

Salaries, wages or other compensation for personal services are reported on federal Form W-2 and California Form DE-7. For more information regarding information reporting requirements for wages and other compensation, contact the Employment Development Department.

A reporting requirement exists for interest paid on municipal bonds issued by a state other than California, or a municipality other than a California municipality and that are held by California taxpayers. Entities paying interest to California taxpayers on these types of bonds are required to report interest payments aggregating \$10 or more paid after January 1, 1998. Information returns are due June 1, 1999. For more information get form FTB 4800, Federal Tax-Exempt Non-California Bond Interest and Interest Dividend Payment.

**T Federal Form 990-T**

Refer to the Instructions for federal Form 990-T, Schedule E for further information regarding:

- 1. Debt-financed property;
- 2. Allocation rules for debt-financed property;
- 3. Acquisition indebtedness;
- 4. Average acquisition indebtedness;
- 5. Average adjusted basis; and
- 6. Adjusted basis of property.

For the special rules for holding companies (R&TC Sections 23701h and 23701x and IRC Sections 501(c)(2) and 501(c)(25)), see federal Form 990-T, General Instructions for Consolidated Returns.

**1998 Tax Rate Schedule for Trusts**

IF THE TAXABLE INCOME IS . . .		COMPUTED TAX IS . . .			of the amount over—	
over—	but not over—					
\$ 0	\$ 5,131	\$ 0	+	1.0%	\$ 0	
5,131	12,161	51.31	+	2.0%	5,131	
12,161	19,193	191.91	+	4.0%	12,161	
19,193	26,644	473.19	+	6.0%	19,193	
26,644	33,673	920.25	+	8.0%	26,644	
33,673	and over	1,482.57	+	9.3%	33,673	

**Specific Line Instructions**

**Side 1**

**Line 2 – Apportionment Formula**

Apportion business income of corporations and associations attributable to sources within and outside California is apportioned. Use the Apportionment Formula Worksheet to determine the apportionment percentage. Retain the worksheet in your files.

**Instructions for Apportionment Formula Worksheet —**

**Line 1** – Property factor — Owned property is valued at its original cost. Rented property is valued at eight times its net annual rental.

**Line 6** – Average apportionment percentage — Divide the total percentage on line 5 by the number of factors that have amounts in column (a). The sales factor must be counted as two factors. Organizations that have all factors would have a denominator of four (property, payroll and twice the sales factor). However, do not include those factors with a zero in the totals of both column (a) and column (b).

**Note:** Specific Line Instructions are continued on page 13.

**Apportionment Formula Worksheet**

Use only for unrelated trade or business amounts	(a) Total within and outside California	(b) Total within California	(c) Percent within California (b) ÷ (a)
<b>1. Property factor:</b> Use the average yearly value of owned and rented real and tangible personal property used in the business. See instructions . . . . .			
<b>2. Payroll factor:</b> Wages, and other compensation of employees . . . . .			
<b>3. Sales factor:</b> Gross sales and/or receipts less returns and allowances . . . . .			
<b>4.</b> Multiply line 3, column (c) by 2 . . . . .			
<b>5. Total percentage:</b> Add the percentages in column (c) line 1, line 2 and line 4 . . . . .			
<b>6. Average apportionment percentage:</b> Divide line 5 by 4 and enter the result here and on Form 109, Side 1, line 2. See instructions . . . . .			

YEAR 1998 California Exempt Organization Business Income Tax Return

FORM 109

For calendar year 1998 or fiscal year beginning month \_\_\_\_\_ day \_\_\_\_\_ year 1998, and ending month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_

California corporation or organization number \_\_\_\_\_ FEIN \_\_\_\_\_

Corporation/organization name \_\_\_\_\_

Address \_\_\_\_\_

City, town, or post office \_\_\_\_\_

**A** Is this organization claiming any enterprise zone, Los Angeles Revitalization Zone (LARZ), Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA) \_\_\_\_\_

or Manufacturing Enhancement Area (MEA) tax benefits?  Yes  No

**B** Final Return?  Dissolved  Surrendered (Withdrawn)  Merged/Reorganized

If a box is checked, enter effective date  \_\_\_\_\_

**C** Nature of trade or business \_\_\_\_\_

**D** Accounting method used \_\_\_\_\_

**E** Is this organization a non-exempt charitable trust as described in IRC Section 4947(a)(1)?  Yes  No

**F** Is this an education IRA within the meaning of R&TC Section 23712?  Yes  No

**G** Is the organization currently under audit  Yes  No

**Organizations Taxable as Corporations**

<b>Attach Check or Money Order</b>	1 Unrelated business taxable income from Side 2, Part II, line 30. . . . .	●	1		
	2 Multiply line 1 by average apportionment percentage _____% from the Apportionment Formula Worksheet, line 6. See instructions. . . . .	●	2		
	3 Enterprise zone, LAMBRA or LARZ losses . . . . .	●	3		
	4 Net operating loss deduction from form FTB 3805Q . . . . .	●	4		
	5 Add line 3 and line 4 . . . . .	●	5		
	6 Net unrelated business taxable income. Subtract line 5 from the lesser of line 1 or line 2 . . . . .	●	6		
	7 Tax. _____% x line 6. See General Information J . . . . .	●	7		
	8 Tax credits from Schedule B, line 7, or Schedule P (100). See Schedule B instructions . . . . .	●	8		
	9 Balance. Subtract line 8 from line 7. If line 8 is greater than line 7, enter -0- . . . . .	●	9		

**Organizations Taxable as Trusts**

<b>Tax Computation</b>	10 Unrelated business taxable income from Side 2, Part II, line 30. . . . .	●	10		
	11 Enterprise zone, LAMBRA or LARZ losses . . . . .	●	11		
	12 Net operating loss deduction from form FTB 3805V . . . . .	●	12		
	13 Add line 11 and line 12 . . . . .	●	13		
	14 Net unrelated business taxable income. Subtract line 13 from line 10 . . . . .	●	14		
	15 Tax on amount on line 14. See General Information J . . . . .	●	15		
	16 Tax credits from Schedule B, line 7, or Schedule P (541). See Schedule B instructions . . . . .	●	16		
17 Balance. Subtract line 16 from line 15. If line 16 is greater than line 15, enter -0- . . . . .	●	17			

<b>Total Tax</b>	18 Tax from line 9 or line 17 . . . . .	■	18		
	19 Alternative minimum tax. See General Information N . . . . .	■	19		
	20 Total tax. Add line 18 and line 19 . . . . .	■	20		

<b>Payments</b>	21 Overpayment from a prior year allowed as a credit. . . . .	■	21		
	22 1998 estimated tax payments . . . . .	■	22		
	23 Amount paid with automatic extension vouchers, FTB 3539 (corporations and exempt organizations) or FTB 3563 (fiduciaries) . . . . .	■	23		
	24 Total payments and credits. Add line 21 through line 23 . . . . .	■	24		

<b>Tax Due or Overpayment</b>	25 <b>Tax due.</b> Subtract line 24 from line 20. Pay entire amount with return. See instructions . . . . .	■	25		
	26 <b>Overpayment.</b> Subtract line 20 from line 24. See instructions . . . . .	■	26		
	27 Enter amount of line 26 to be applied to 1999 estimated tax . . . . .	■	27		

28 **Refund.** Enter amount of line 26 to be refunded. Subtract line 27 from line 26. . . . . ■ 28

29 Penalties and interest. See General Information L . . . . .    
 Check if estimate penalty computed using Exception B or C and attach form FTB 5806.

30 **Total amount due.** Add line 25 and line 29. Pay with return . . . . . 30

Person to contact for additional information: \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

**Please Sign Here** 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 \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_ Daytime telephone \_\_\_\_\_

**Paid Preparer's Use Only** Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's SSN/FEIN \_\_\_\_\_  
 Firm's name (or yours, if self-employed) and address \_\_\_\_\_ FEIN \_\_\_\_\_ Daytime telephone ( ) \_\_\_\_\_

**Unrelated Business Taxable Income**

**Part I Unrelated Trade or Business Income**

1 a Gross receipts or gross sales _____ b Less returns and allowances _____ Balance . . . . .	1c		
2 Cost of goods sold and/or operations from Schedule A, line 7 . . . . .	2		
3 Gross profit. Subtract line 2 from line 1c. . . . .	3		
4 a Capital gain net income. See Specific Line Instructions – Trusts attach Schedule D (541). . . . .	4a		
b Net gain (loss) from Part II, Schedule D-1 . . . . .	4b		
c Capital loss deduction for trusts . . . . .	4c		
5 Income (or loss) from partnerships. See specific line instructions. Attach Schedule K-1 (565) or similar schedule . . . . .	5		
6 Rental income from Schedule C . . . . .	6		
7 Unrelated debt-financed income from Schedule D. . . . .	7		
8 Investment income of an R&TC Section 23701g, 23701i, or 23701n organization from Schedule E . . . . .	8		
9 Annuities, interest, rents and royalties of controlled organizations from Schedule F . . . . .	9		
10 Exploited exempt activity income from Schedule G . . . . .	10		
11 Advertising income from Schedule H, Part III, Column A. . . . .	11		
12 Other income. Attach schedule . . . . .	12		
13 Total unrelated trade or business income. Add line 3 through line 12 . . . . .	13		

**Part II Deductions Not Taken Elsewhere** (Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors and trustees from Schedule I . . . . .	14		
15 Salaries and wages . . . . .	15		
16 Repairs . . . . .	16		
17 Bad debts. . . . .	17		
18 Interest. Attach schedule . . . . .	18		
19 Taxes. Attach schedule . . . . .	19		
20 Contributions. See instructions and attach schedule . . . . .	20		
21 a Depreciation (Corporations and Associations – Schedule J) (Trusts – form FTB 3885F) . . . . .	21a		
b Less: depreciation claimed on Schedule A . . . . .	21b		
22 Depletion. Attach schedule . . . . .	22		
23 a Contributions to deferred compensation plans . . . . .	23a		
b Employee benefit programs. See instructions . . . . .	23b		
24 Other deductions. Attach schedule . . . . .	24		
25 Total deductions. Add line 14 through line 24 . . . . .	25		
26 Unrelated business taxable income before allowable excess advertising costs. Subtract line 25 from line 13. . . . .	26		
27 Excess advertising costs from Schedule H, Part III, Column B . . . . .	27		
28 Unrelated business taxable income before specific deduction. Subtract line 27 from line 26 . . . . .	28		
29 Specific deduction. See instructions . . . . .	29		
30 Unrelated business taxable income. Subtract line 29 from line 28. If less than -0-, enter -0- . . . . .	30		

**Caution:** No business expense deduction will be allowed to a taxpayer for expenses incurred at 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.

**Schedule A Cost of Goods Sold and/or Operations** Method of inventory valuation (specify) \_\_\_\_\_

1 Inventory at beginning of year . . . . .	1		
2 Purchases. . . . .	2		
3 Cost of labor . . . . .	3		
4 a Additional IRC Section 263A costs. Attach schedule . . . . .	4a		
b Other costs. Attach schedule . . . . .	4b		
5 Total. Add line 1 through line 4b . . . . .	5		
6 Inventory at end of year. . . . .	6		
7 Cost of goods sold and/or operations. Subtract line 6 from line 5. Enter here and on Part I, line 2. . . . .	7		

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to this organization?  Yes  No

**Schedule B Tax Credits** Do not complete if you must file Schedule P (100 or 541).

1 Enter credit name _____ code no. _____ ●	1		
2 Enter credit name _____ code no. _____ ●	2		
3 Enter credit name _____ code no. _____ ●	3		
4 Enter credit name _____ code no. _____ ●	4		
5 Enter credit name _____ code no. _____ ●	5		
6 Enter credit name _____ code no. _____ ●	6		
7 Total. Add line 1 through line 6. Enter here and on Side 1, line 8, for corporations and associations, or line 16 for trusts . . . . . ●	7		

**Schedule C Rental Income from Real Property and Personal Property Leased with Real Property**

**Note:** For rental income from debt-financed property, use Schedule D, R&TC Section 23701g, Section 23701i and Section 23701n organizations. See instructions for exceptions.

1 Description of property		2 Rent received or accrued	3 Percentage of rent attributable to personal property	
			%	
			%	
			%	

  

4 Complete if any item in column 3 is more than 50%, or for any item if the rent is determined on the basis of profit or income		5 Complete if any item in column 3 is more than 10% but not more than 50%		
(a) Deductions directly connected (attach schedule)	(b) Income includible (column 2 less column 4(a))	(a) Gross income reportable (column 2 × column 3)	(b) Deductions directly connected with personal property (attach schedule)	(c) Net income includible (column 5(a) less column 5(b))

Add columns 4(b) and 5(c). Enter here and on Side 2, Part I, line 6

**Schedule D Unrelated Debt-Financed Income**

1 Description of debt-financed property			2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
				(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)

  

4 Amount of average acquisition indebtedness on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Debt basis percentage (column 4 ÷ column 5)	7 Gross income reportable (column 2 × column 6)	8 Allocable deductions (total of columns 3(a) and 3(b) × column 6)	9 Net income (or loss) includible (column 7 less column 8)
		%			
		%			
		%			

Total. Enter here and on Side 2, Part I, line 7

**Schedule E Investment Income of an R&TC Section 23701g, 23701i or 23701n Organization**

1 Description	2 Amount	3 Deductions directly connected (attach schedule)	4 Net investment income (column 2 less column 3)	5 Set-asides (attach schedule)	6 Balance of investment income (column 4 less column 5)

Total. Enter here and on Side 2, Part I, line 8

Enter gross income from members (dues, fees, charges or similar amounts)

**Schedule F Income (Annuities, Interest, Rents and Royalties) From Controlled Organizations**

1 Name and address of controlled organizations		2 Gross income from controlled organizations	3 Deductions directly connected with column 2 income (attach schedule)	4 Exempt controlled organizations		
				(a) Unrelated business taxable income	(b) Taxable income computed as though not exempt under Sec. 23701, or the amount in col. (a), whichever is greater	(c) Percentage (column (a) ÷ column (b))
						%
						%
						%

  

5 Nonexempt controlled organizations			6 Gross income reportable (column 2 × column 4(c) or column 5(c))	7 Allowable deductions (column 3 × column 4(c) or column 5(c))	8 Net income includible (column 6 less column 7)
(a) Excess taxable income	(b) Taxable income or amount in column (a), whichever is greater	(c) Percentage (col. (a) ÷ col. (b))			
		%			
		%			
		%			

Total. Enter here and on Side 2, Part I, line 9

**Schedule G Exploited Exempt Activity Income, other than Advertising Income**

1 Description of exploited activity (attach schedule if more than one unrelated activity is exploiting the same exempt activity)	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income from unrelated trade or business (col. 2 less col. 3)	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expense (col. 6 less col. 5 but not more than col. 4)	8 Net income includible (col. 4 less col. 7 but not less than zero)

Total. Enter here and on Side 2, Part I, line 10



YEAR 1998 California Exempt Organization Business Income Tax Return

FORM 109

For calendar year 1998 or fiscal year beginning month \_\_\_\_\_ day \_\_\_\_\_ year 1998, and ending month \_\_\_\_\_ day \_\_\_\_\_ year \_\_\_\_\_

California corporation or organization number \_\_\_\_\_ FEIN \_\_\_\_\_

Corporation/organization name \_\_\_\_\_

Address \_\_\_\_\_

City, town, or post office \_\_\_\_\_

**A** Is this organization claiming any enterprise zone, Los Angeles Revitalization Zone (LARZ), Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA) \_\_\_\_\_

or Manufacturing Enhancement Area (MEA) tax benefits?  Yes  No

**B** Final Return?  Dissolved  Surrendered (Withdrawn)  Merged/Reorganized

If a box is checked, enter effective date  \_\_\_\_\_

**C** Nature of trade or business \_\_\_\_\_

**D** Accounting method used \_\_\_\_\_

**E** Is this organization a non-exempt charitable trust as described in IRC Section 4947(a)(1)?  Yes  No

**F** Is this an education IRA within the meaning of R&TC Section 23712?  Yes  No

**G** Is the organization currently under audit  Yes  No

**Organizations Taxable as Corporations**

<b>Attach Check or Money Order</b>	1 Unrelated business taxable income from Side 2, Part II, line 30. . . . .	●	1		
	2 Multiply line 1 by average apportionment percentage _____% from the Apportionment Formula Worksheet, line 6. See instructions. . . . .	●	2		
	3 Enterprise zone, LAMBRA or LARZ losses . . . . .	●	3		
	4 Net operating loss deduction from form FTB 3805Q . . . . .	●	4		
	5 Add line 3 and line 4 . . . . .	●	5		
	6 Net unrelated business taxable income. Subtract line 5 from the lesser of line 1 or line 2. . . . .	●	6		
	7 Tax. _____% x line 6. See General Information J . . . . .	●	7		
	8 Tax credits from Schedule B, line 7, or Schedule P (100). See Schedule B instructions . . . . .	●	8		
	9 Balance. Subtract line 8 from line 7. If line 8 is greater than line 7, enter -0- . . . . .	●	9		

**Organizations Taxable as Trusts**

<b>Tax Computation</b>	10 Unrelated business taxable income from Side 2, Part II, line 30. . . . .	●	10		
	11 Enterprise zone, LAMBRA or LARZ losses . . . . .	●	11		
	12 Net operating loss deduction from form FTB 3805V . . . . .	●	12		
	13 Add line 11 and line 12 . . . . .	●	13		
	14 Net unrelated business taxable income. Subtract line 13 from line 10 . . . . .	●	14		
	15 Tax on amount on line 14. See General Information J . . . . .	●	15		
	16 Tax credits from Schedule B, line 7, or Schedule P (541). See Schedule B instructions . . . . .	●	16		
17 Balance. Subtract line 16 from line 15. If line 16 is greater than line 15, enter -0- . . . . .	●	17			

<b>Total Tax</b>	18 Tax from line 9 or line 17 . . . . .	■	18		
	19 Alternative minimum tax. See General Information N . . . . .	■	19		
	20 Total tax. Add line 18 and line 19 . . . . .	■	20		

<b>Payments</b>	21 Overpayment from a prior year allowed as a credit. . . . .	■	21		
	22 1998 estimated tax payments . . . . .	■	22		
	23 Amount paid with automatic extension vouchers, FTB 3539 (corporations and exempt organizations) or FTB 3563 (fiduciaries) . . . . .	■	23		
	24 Total payments and credits. Add line 21 through line 23 . . . . .	■	24		

<b>Tax Due or Overpayment</b>	25 <b>Tax due.</b> Subtract line 24 from line 20. Pay entire amount with return. See instructions . . . . .	■	25		
	26 <b>Overpayment.</b> Subtract line 20 from line 24. See instructions . . . . .	■	26		
	27 Enter amount of line 26 to be applied to 1999 estimated tax . . . . .	■	27		

28 **Refund.** Enter amount of line 26 to be refunded. Subtract line 27 from line 26. . . . . ■ 28

29 Penalties and interest. See General Information L . . . . .    
 Check if estimate penalty computed using Exception B or C and attach form FTB 5806.

30 **Total amount due.** Add line 25 and line 29. Pay with return . . . . . 30

Person to contact for additional information: \_\_\_\_\_ Telephone ( ) \_\_\_\_\_

**Please Sign Here** 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 \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_ Daytime telephone \_\_\_\_\_

**Paid Preparer's Use Only** Preparer's signature \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed  Preparer's SSN/FEIN \_\_\_\_\_

Firm's name (or yours, if self-employed) and address \_\_\_\_\_ Daytime telephone ( ) \_\_\_\_\_

**Unrelated Business Taxable Income**

**Part I Unrelated Trade or Business Income**

1 a Gross receipts or gross sales _____ b Less returns and allowances _____ Balance . . . . .	1c		
2 Cost of goods sold and/or operations from Schedule A, line 7 . . . . .	2		
3 Gross profit. Subtract line 2 from line 1c. . . . .	3		
4 a Capital gain net income. See Specific Line Instructions – Trusts attach Schedule D (541). . . . .	4a		
b Net gain (loss) from Part II, Schedule D-1 . . . . .	4b		
c Capital loss deduction for trusts . . . . .	4c		
5 Income (or loss) from partnerships. See specific line instructions. Attach Schedule K-1 (565) or similar schedule . . . . .	5		
6 Rental income from Schedule C . . . . .	6		
7 Unrelated debt-financed income from Schedule D. . . . .	7		
8 Investment income of an R&TC Section 23701g, 23701i, or 23701n organization from Schedule E . . . . .	8		
9 Annuities, interest, rents and royalties of controlled organizations from Schedule F . . . . .	9		
10 Exploited exempt activity income from Schedule G . . . . .	10		
11 Advertising income from Schedule H, Part III, Column A. . . . .	11		
12 Other income. Attach schedule . . . . .	12		
13 Total unrelated trade or business income. Add line 3 through line 12 . . . . .	13		

**Part II Deductions Not Taken Elsewhere** (Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors and trustees from Schedule I . . . . .	14		
15 Salaries and wages . . . . .	15		
16 Repairs . . . . .	16		
17 Bad debts. . . . .	17		
18 Interest. Attach schedule . . . . .	18		
19 Taxes. Attach schedule . . . . .	19		
20 Contributions. See instructions and attach schedule . . . . .	20		
21 a Depreciation (Corporations and Associations – Schedule J) (Trusts – form FTB 3885F) . . . . .	21a		
b Less: depreciation claimed on Schedule A . . . . .	21b		
22 Depletion. Attach schedule . . . . .	22		
23 a Contributions to deferred compensation plans . . . . .	23a		
b Employee benefit programs. See instructions . . . . .	23b		
24 Other deductions. Attach schedule . . . . .	24		
25 Total deductions. Add line 14 through line 24 . . . . .	25		
26 Unrelated business taxable income before allowable excess advertising costs. Subtract line 25 from line 13. . . . .	26		
27 Excess advertising costs from Schedule H, Part III, Column B . . . . .	27		
28 Unrelated business taxable income before specific deduction. Subtract line 27 from line 26 . . . . .	28		
29 Specific deduction. See instructions . . . . .	29		
30 Unrelated business taxable income. Subtract line 29 from line 28. If less than -0-, enter -0- . . . . .	30		

**Caution:** No business expense deduction will be allowed to a taxpayer for expenses incurred at 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.

**Schedule A Cost of Goods Sold and/or Operations** Method of inventory valuation (specify) \_\_\_\_\_

1 Inventory at beginning of year . . . . .	1		
2 Purchases. . . . .	2		
3 Cost of labor . . . . .	3		
4 a Additional IRC Section 263A costs. Attach schedule . . . . .	4a		
b Other costs. Attach schedule . . . . .	4b		
5 Total. Add line 1 through line 4b . . . . .	5		
6 Inventory at end of year. . . . .	6		
7 Cost of goods sold and/or operations. Subtract line 6 from line 5. Enter here and on Part I, line 2. . . . .	7		

Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to this organization?  Yes  No

**Schedule B Tax Credits** Do not complete if you must file Schedule P (100 or 541).

1 Enter credit name _____ code no. _____ ●	1		
2 Enter credit name _____ code no. _____ ●	2		
3 Enter credit name _____ code no. _____ ●	3		
4 Enter credit name _____ code no. _____ ●	4		
5 Enter credit name _____ code no. _____ ●	5		
6 Enter credit name _____ code no. _____ ●	6		
7 Total. Add line 1 through line 6. Enter here and on Side 1, line 8, for corporations and associations, or line 16 for trusts . . . . . ●	7		

**Schedule C Rental Income from Real Property and Personal Property Leased with Real Property**

**Note:** For rental income from debt-financed property, use Schedule D, R&TC Section 23701g, Section 23701i and Section 23701n organizations. See instructions for exceptions.

1 Description of property		2 Rent received or accrued	3 Percentage of rent attributable to personal property	
			%	
			%	
			%	

  

4 Complete if any item in column 3 is more than 50%, or for any item if the rent is determined on the basis of profit or income		5 Complete if any item in column 3 is more than 10% but not more than 50%		
(a) Deductions directly connected (attach schedule)	(b) Income includible (column 2 less column 4(a))	(a) Gross income reportable (column 2 × column 3)	(b) Deductions directly connected with personal property (attach schedule)	(c) Net income includible (column 5(a) less column 5(b))

Add columns 4(b) and 5(c). Enter here and on Side 2, Part I, line 6

**Schedule D Unrelated Debt-Financed Income**

1 Description of debt-financed property		2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)

  

4 Amount of average acquisition indebtedness on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Debt basis percentage (column 4 ÷ column 5)	7 Gross income reportable (column 2 × column 6)	8 Allocable deductions (total of columns 3(a) and 3(b) × column 6)	9 Net income (or loss) includible (column 7 less column 8)
		%			
		%			
		%			

Total. Enter here and on Side 2, Part I, line 7

**Schedule E Investment Income of an R&TC Section 23701g, 23701i or 23701n Organization**

1 Description	2 Amount	3 Deductions directly connected (attach schedule)	4 Net investment income (column 2 less column 3)	5 Set-asides (attach schedule)	6 Balance of investment income (column 4 less column 5)

Total. Enter here and on Side 2, Part I, line 8

Enter gross income from members (dues, fees, charges or similar amounts)

**Schedule F Income (Annuities, Interest, Rents and Royalties) From Controlled Organizations**

1 Name and address of controlled organizations		2 Gross income from controlled organizations	3 Deductions directly connected with column 2 income (attach schedule)	4 Exempt controlled organizations		
				(a) Unrelated business taxable income	(b) Taxable income computed as though not exempt under Sec. 23701, or the amount in col. (a), whichever is greater	(c) Percentage (column (a) ÷ column (b))
						%
						%
						%

  

5 Nonexempt controlled organizations			6 Gross income reportable (column 2 × column 4(c) or column 5(c))	7 Allowable deductions (column 3 × column 4(c) or column 5(c))	8 Net income includible (column 6 less column 7)
(a) Excess taxable income	(b) Taxable income or amount in column (a), whichever is greater	(c) Percentage (col. (a) ÷ col. (b))			
		%			
		%			
		%			

Total. Enter here and on Side 2, Part I, line 9

**Schedule G Exploited Exempt Activity Income, other than Advertising Income**

1 Description of exploited activity (attach schedule if more than one unrelated activity is exploiting the same exempt activity)	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income from unrelated trade or business (col. 2 less col. 3)	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expense (col. 6 less col. 5 but not more than col. 4)	8 Net income includible (col. 4 less col. 7 but not less than zero)

Total. Enter here and on Side 2, Part I, line 10

**Schedule H Advertising Income and Excess Advertising Costs**

**Part I Income from Periodicals Reported on a Consolidated Basis**

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising income or excess advertising costs. If column 2 is greater than column 3, complete columns 5, 6 and 7. If column 3 is greater than column 2, enter the excess in Part III, Column B(b). Do not complete columns 5, 6 and 7.	5 Circulation income	6 Readership costs	7 If column 5 is greater than column 6, enter the income shown in column 4, in Part III, Column A(b). If column 6 is greater than column 5, subtract the sum of column 6 and column 3 from the sum of column 5 and column 2. Enter amount in Part III, Column A(b).
<b>Totals</b> . . . . .						

**Part II Income from Periodicals Reported on a Separate Basis**

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising income or excess advertising costs	5 Circulation income	6 Readership costs	7 If column 5 is greater than column 6, enter the income shown in column 4, in Part III, Column A(b). If column 6 is greater than column 5, subtract the sum of column 6 and column 3 from the sum of column 5 and column 2. Enter amount in Part III, Column A(b).

**Part III Column A — Net Advertising Income**

**Part III Column B — Excess Advertising Costs**

(a) Enter "consolidated periodical" and/or names of non-consolidated periodicals	(b) Enter total amount from Part I, column 4 or 7, and amounts listed in Part II, cols. 4 and 7	(a) Enter "consolidated periodical" and/or names of non-consolidated periodicals	(b) Enter total amount from Part I, column 4, and amounts listed in Part II, column 4

Enter total here and on Side 2, Part I, line 11

Enter total here and on Side 2, Part II, line 27

**Schedule I Compensation of Officers, Directors, and Trustees**

1 Name of Officer	2 Social Security Number	3 Title	4 Percent of time devoted to business	5 Compensation attributable to unrelated business	6 Expense account allowances
			%		
			%		
			%		
			%		

Total. Enter here and on Side 2, Part II, line 14

**Schedule J Depreciation (Corporations and Associations only. Trusts use form FTB 3885F.)**

1 Group and guideline class or description of property	2 Date acquired	3 Cost or other basis	4 Depreciation allowed or allowable in prior years	5 Method of computing depreciation	6 Life or rate	7 Depreciation for this year
1 Total additional first-year depreciation (do not include in items below)						
2 Other depreciation:						
Buildings						
Furniture and fixtures						
Transportation equipment						
Machinery and other equipment						
Other (specify) _____						
3 Other depreciation						
4 Total						
5 Amount of depreciation claimed elsewhere on return						
6 Balance. Subtract line 5 from line 4. Enter here and on Side 2, Part II, line 21a						

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

1 Interest computation under the look-back method for completed long-term contracts. Attach form FTB 3834	●	1	
2 Interest on tax attributable to installment: a Sales of certain timeshares or residential lots	●	2a	
b Method for non-dealer installment obligations	●	2b	
3 IRC Section 197(f)(9)(B)(ii) election to recognize gain on the disposition of intangibles	●	3	
4 Credit recapture. Credit name _____	●	4	
5 Total. Combine the amounts on line 1 through line 4. See instructions	●	5	

**Line 25 and Line 26 – Tax Due/Overpayment**

Add to the amount of tax due or overpayment, as appropriate, the amount from Schedule K, line 5. See Schedule K Instructions for more information.

**Line 29 – Penalties and Interest**

Complete and attach form FTB 5806 only if Exception B, tax on annual income, or Exception C, tax on annualized seasonal income, is used in computing the penalty.

**Line 30** – Corporations that are required to pay by EFT, must remit the amount due by EFT. See General Information K.

**Side 2****Part I and Part II – Unrelated Business Taxable Income****Line 1 – Gross Receipts or Sales**

Enter the gross income from any unrelated trade or business regularly carried on that involves the sale of goods or performance of services. However, if the activity is a type includible in Schedule C through Schedule H, report it on the appropriate schedule and corresponding line of Part I instead of on line 1. For example, an exempt social club would report its restaurant and bar receipts from nonmembers on line 1 but would report its investment income on Schedule E and on Part I, line 8.

**Line 4(a), Line 4(b) and Line 4(c) – Net gain or loss from the sale of capital assets and ordinary gains and losses****Corporations and Associations**

California law requires recognition of capital gains and losses for corporations and associations. R&TC Section 24990 places these gains and losses into long-term and short-term categories. California has conformed to the federal law that limits the deduction of capital losses to the amount of capital gains and allows excess losses to be carried forward for five years. However, California does not allow loss carrybacks or the carryover of losses incurred in income years beginning prior to January 1, 1990.

The rules relating to debt-financed property do not apply to an R&TC Section 23701g or 23701i organization, and Schedule D should be completed without regard to those rules. However, see IRC Section 512(a)(3) for nonrecognition of gain in certain cases.

**Trusts**

The computation of the **net capital gain** income reported on Schedule D(541), should be entered on line 4(a). Attach a copy of that schedule to Form 109.

The computation of **ordinary gains and losses** reported on Schedule D-1, should be entered on line 4(b). Attach a copy of that schedule to Form 109.

If a trust has a **net capital loss**, it is subject to the limitations in Schedule D (541). Enter on line 4(c) the loss figured on Schedule D (541).

**Line 5 – Income (or Loss) from Partnerships**

If the organization is a partner in a partnership carrying on an unrelated trade or business, enter the organization's share (whether or not distributed) of the partnership gross income and deductions from the unrelated trade or business. See federal Form 990-T, Specific Instructions for Part I, line 5, for information regarding the treatment of income from publicly traded partnerships.

**Line 14 through Line 25 – Deductions not Taken Elsewhere**

Enter only the expenses for each item directly connected with unrelated trade or business activities and contribution deductions that may be deducted from related business income.

**Caution:** No deduction is allowed for expenses incurred at or payments made to a club that restricts membership or the use of its services or facilities on

the basis of age, sex, religion, color, ancestry or national origin.

No expense reported on Schedule A or Schedule C through Schedule H is included in Part II, other than excess advertising costs entered on line 27. For example, officers' compensation allocable to advertising income is reported on Schedule H only and is not entered on Part II, line 14.

Where the facilities or personnel are used both to carry on the exempt function and to conduct unrelated trade or business activities, cost of goods sold, depreciation and similar expenses attributable to such facilities or personnel (e.g., overhead) must be allocated between the two uses on a reasonable basis. Attach a schedule showing the allocation of the expenses between the two uses.

**Line 20 – Contributions**

Attach a schedule showing the name of each organization and the amount paid. If a contribution is made in property other than money, state the kind of property contributed and the method used to determine its fair market value.

If a charitable contribution deduction is allowed by reason of a sale of property to a charitable organization, the adjusted basis for determining the gain from the sale is an amount that is in the same ratio to the adjusted basis as the amount realized is to the fair market value of the property. See IRC Section 1011(b).

**Corporations and Associations**

Enter charitable contributions or gifts actually paid within the income year to or for the use of charitable and governmental organizations described in R&TC Section 24359.

The amount claimed cannot exceed 10% of the unrelated business taxable income computed without regard to this deduction.

This deduction is allowed whether or not directly connected with the carrying on of a trade or business. A declaration, signed by an officer or other authorized person, must be attached to the return stating that the resolution authorizing the contribution was adopted by the board of directors or other governing body.

**Trusts**

Enter charitable contributions or gifts actually paid within the income year to or for the use of charitable and governmental organizations described in IRC Section 170. See the instructions for federal Form 990-T for limitations on amounts of contributions you may claim.

**Line 21a and Line 21b – Depreciation****Corporations and Associations**

California law and federal law are the same regarding the computation of depreciation under the income forecast method and the amortization of reforestation expenses over seven years.

California law is generally the same as federal law with the exceptions noted below:

1. California has not adopted the federal Modified Accelerated Cost Recovery System (MACRS).
2. California prohibits the use of the 20% ADR ranges. Only the mid-range asset guideline period is allowed.
3. California allows the special additional first-year depreciation. (R&TC 24356, not IRC 179.)

Complete Schedule J and enter the amount on line 21a. Enter any depreciation claimed on Schedule A on line 21b.

**Trusts**

In 1987, California changed the rules for depreciation by conforming to the federal MACRS. The California MACRS applies to assets placed in service on or after January 1, 1987.

Complete form FTB 3885F, Depreciation and Amortization – Fiduciaries, to figure the difference between state and federal depreciation. Enter the total from form FTB 3885F, line 5, on Form 109,

Part II, line 21a, and attach form FTB 3885F to Form 109.

**Line 22 – Depletion**

California law is the same as federal law.

If a deduction is claimed for timber, attach an explanatory statement.

**Line 23(b) – Employee Benefit Programs**

Enter the amount of your contributions to employee benefit programs that are not an incidental part of a deferred compensation plan included on line 23(a). Contributions to employee benefit programs that are reported on this line include contributions to insurance, health and welfare programs.

**Line 29 – Specific Deduction**

The law provides for a specific deduction of \$1,000 from unrelated business income. Only one specific deduction of \$1,000 is allowed regardless of the number of unrelated businesses. However, a diocese, province of a religious order or convention or association of churches is allowed one specific deduction for each parish, individual church district or other local unit that regularly conducts an unrelated trade or business. This applies only to such units that are not separate legal entities, but are components of a larger entity (diocese, province, convention, association, etc.). Each specific deduction is equal to the lesser of: (a) \$1,000; or (b) the gross income from any unrelated trade or business regularly carried on by the local unit.

**Schedule B – Tax Credits**

A variety of credits are available to exempt organizations to reduce tax on unrelated business income. However, the amount of some credits may be limited. Corporations and trusts must complete Schedule P (100 or 541), Alternative Minimum Tax and Credit Limitations, to compute this limitation. Generally, if the organization completed federal Form 4626 or 8656, Alternative Minimum Tax, it must also complete Schedule P (100 or 541).

Certain credits are not subject to the tentative minimum tax or the AMT Limitations. See Schedule P (100 or 541) for more information.

To figure credits, use the appropriate form or schedule as indicated on the credit chart on page 14. Then complete either Side 2, Schedule B, or Schedule P (100 or 541), whichever is appropriate. Transfer the credits from Side 2, Schedule B, line 7, or from Schedule P (100 or 541) to:

- For corporations, Side 1, line 8; or
- For trusts, Side 1, line 16.

Attach the credit form, schedule or statement and Schedule P (100 or 541), if applicable, to Form 109.

**Note:** If the organization claims a credit carryover for an expired credit, use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit, unless the organization is required to complete Schedule P. In that case, enter the amount of the credit on Schedule P (100 or 541), Section B or Section C and do not attach form FTB 3540.

If the organization claims a credit with carryover provisions and the amount of the credit available this year exceeds the tax, the organization may carry over any excess credit to future years until the credit is used or until the carryover period expires, whichever occurs first.

**CREDIT CHART**

Credit Name	Code	Description
Community Development Financial Institution Deposits — obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, Suite 1460, Sacramento CA 95814	209	20% of each qualified deposit made to a community development financial institution
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: Cost of establishing a child care program or constructing a child care facility
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Farmworker Housing Constructions – Farmworker Housing – Loan Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814	207 208	50% of new construction or rehabilitation costs for farmworker housing 50% of qualified costs paid or recurred to construct or rehabilitate qualified farmworkers housing. Banks and financial corporations: 50% of foregone interest income on qualified farmworker housing loans.
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRA
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
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals
Other State Tax – Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California (trusts only)
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 1998
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Rice Straw – obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street Room 409, Sacramento, CA 95814	206	\$15 per ton of purchased rice straw grown in California
Salmon & Steelhead Trout Habitat Restoration – obtain certification from: Department of Fish and Game, c/o FISH-Timber Tax Credits Program, PO Box 944209, Sacramento CA 95244-2090	200	The lesser of 10% of qualified costs or other amount determined by the Department of Fish and Game
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses

**Repealed Credits:** 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 (100 or 541), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.

Agricultural Products	175	Energy Conservation	182	Residential Rental & Farm Sales (trusts only)	186
Commercial Solar Electric System	196	Orphan Drug	185	Ridesharing	171
Commercial Solar Energy	181	Los Angeles Revitalization Zone (LARZ)		Solar Energy	180
Employee Ridesharing	194	Hiring & Sales or Use Tax	159	Solar Pump	179
Employer Ridesharing: Large employer	191	Low-Emission Vehicles	160	Water Conservation	178
Small employer	192	Political Contributions (trusts only)	184	Young Infant	161
Transit passes	193	Recycling Equipment	174		

## Side 3

### Schedule C — Rental Income

**Important Note:** For rental income from debt-financed property, see Schedule D instructions. All organizations except those qualified under R&TC Sections 23701g, 23701i and 23701n must enter net rental income from Schedule C on Side 2, Part I, line 6.

Organizations qualified under R&TC Sections 23701g, 23701i and 23701n must include gross rents on Side 2, Part I, line 6 (other than income that is determined to be nonexempt function income) and applicable expenses on Side 2, Part II, line 14 through line 24.

Except in the case of an R&TC Section 23701g, 23701i or 23701n organization, only the following rents are taxable:

1. Rents from personal property leased with real property, if the rents attributable to the personal property are more than 10% but not more than 50% of the total received or accrued under the lease. In such a case, rents attributable to the real property are not taxable except as specified in General Information and in 2 below.
2. All rents from real property and personal property, if:
  - a. More than 50% of the total rents received or accrued under the lease are attributable to personal property; or
  - b. The determination of the amount of the rents depends in whole or in part on the income or profits derived by any person from the property leased, other than an amount based on a fixed percentage or fixed percentages of receipts or sales.

See IRC Section 512(b)(3) requiring a redetermination of the percentage of rent attributable to personal property if:

1. There is an increase of 100% or more by reason of the placing of additional or substitute personal property in service; or
2. There is a modification of the lease by which there is a change in the rent charged.

### Schedule D — Unrelated Debt-Financed Income

For taxable or income years beginning on or after January 1, 1990, California has conformed to federal law relating to the treatment of certain partnership allocations for property acquired by the partnership and partnership interests acquired after October 13, 1987.

Debt-financed property is any property held to produce income if at any time during the tax year there was acquisition indebtedness.

To complete Schedule D, see the instructions for federal Form 990-T, Schedule E. Use California amounts where there are California and federal differences.

### Schedule E — Investment Income of an R&TC Section 23701g, 23701i or 23701n Organization

Report all income from investments in securities and other similar investment income from nonmembers. Do not include interest received on obligations of the federal government and on obligations of the state of California and its political subdivisions.

Investment income includes all income from debt-financed property whether or not such income is

subject to taxation under R&TC Section 23735. However, an R&TC Section 23701g, 23701i or 23701n organization may set aside income to the extent that it would not be taxable on such income if it were an organization subject to the rules contained in IRC Section 512(a)(1). If income is set aside, attach a schedule showing the computations.

Income and deductions, other than in connection with investment income, are reported in Part I and Part II. For example, nonmember income of an R&TC Section 23701g organization from the use of the club's facilities by the public must be reported on Side 2, Part I, line 1, line 2 and line 3, and the deductions (directly connected) in Part II, line 14 through line 24. (Organizations described in R&TC Section 23701g, see federal Rev. Proc. 71-17 for certain rules relating to nonmember income.)

### Schedule F — Income (Annuities, Interest, Rents and Royalties) From Controlled Organizations

Controlling organizations: See General Information Q.

Enter the total annuities, interest, rents and royalties derived from each controlled organization during the year in Schedule F, column 2. Enter the total deductions directly connected with this income for each controlled organization in column 3.

#### a. Exempt Controlled Organizations

If the controlled organization is exempt from taxation under R&TC Section 23701, the controlling organization must take into account a percentage of the interest, annuities, royalties and rents. Compute this percentage by figuring the ratio of the unrelated business taxable income of the controlled organization to the greater of:

1. The taxable income of the controlled organization (computed as though it was not exempt from taxation under R&TC Section 23701); or
2. The unrelated business income of the controlled organization.

Determine both 1 and 2 without regard to any amount paid directly or indirectly to the controlling organization.

#### b. Nonexempt Controlled Organizations

If the controlled organization is not exempt from taxation under R&TC Section 23701, the controlling organization must take into account a percentage of the interest, annuities, royalties and rents computed by figuring the ratio of the "excess taxable income" (defined below) of the controlled organization to the greater of:

1. The taxable income of the controlled organization; or
2. The excess taxable income of the controlled organization.

Determine both 1 and 2 without regard to any amount paid directly or indirectly to the controlling organization.

"Excess taxable income" means the portion of the controlled organization's taxable income that exceeds the amount of taxable income that, if derived directly by the controlling organization, would not be unrelated business taxable income.

### Schedule G — Exploited Exempt Activity Income, Other than Advertising Income

Generally, California law is the same as federal law.

## Side 4

### Schedule H — Advertising Income and Excess Advertising Costs

Generally, California law is the same as federal law.

### Schedule K — Add-On Taxes or Recapture of Tax

If you are required to include installment payments of add-on taxes from:

- Interest computed under the look-back method for completed long-term contracts;
- Interest on tax attributable to installment sales of certain property or use of the installment method for non-dealer installment obligations;
- IRC Section 197(f)(9)(B)(ii) election to recognize gain on the disposition of an IRC Section 197 intangible; or
- Credit amounts to recapture;

then complete Schedule K.

Enter the amount of tax due or overpayment from Schedule K, line 5, on Form 109, line 25 or line 26, as appropriate.

#### Long-term contracts

If the organization must compute interest under the look-back method for completed long-term contracts, complete and attach form FTB 3834, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. Include the amount of interest the organization owes or the amount of interest to be credited or refunded on Schedule K, line 1.

#### Interest on tax attributable to payments received on installment sales of certain timeshares and residential lots under IRC Section 453.

If the organization elected to pay interest on the amount of tax attributable to payments received on installment obligations arising from the disposition of certain timeshares and residential lots under IRC Section 453, it must include the interest on Schedule K, line 2a. For the applicable interest rates, get FTB Pub. 1138A, Bank and Corporation Billing Information — Interest Rates. Attach a schedule showing the computation. See R&TC Sections 17560(d) and 24667(e).

#### Interest on tax deferred under the installment method for certain non-dealer installment obligations

If an obligation arising from the disposition of property to which IRC Section 453A applies is outstanding at the close of the year, the organization must include the interest due under IRC Section 453A on Schedule K, line 2b. For the applicable interest rate, get FTB Pub. 1138A, Bank and Corporation Billing Information. Attach a Schedule showing the computation. See R&TC Sections 17560(e) and 24667(f).

#### Credit recapture

Complete Schedule K, line 4, if the organization completed the credit recapture portion of:

- FTB 3501, Employer Child Care Program/Contribution Credit;
- FTB 3535, Manufacturers' Investment Credit;
- FTB 3805Z, Hiring Credit — Enterprise Zone; or
- FTB 3806, Hiring Credit — Los Angeles Revitalization Zone; or
- FTB 3806, Sales or Use Tax — Los Angeles Revitalization Zone; or
- FTB 3807, Hiring Credit — Local Agency Military Base Recovery Area; or
- FTB 3807, Sales or Use Tax Credit — Local Agency Military Base Recovery Area;

# How to Get California Tax Information

(Keep this page for future use.)

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

Call Fast Answers about State Taxes, the F.A.S.T. toll-free phone service you can use to:

- Get recorded answers to many of your questions about California taxes; and
- Order current year California tax forms.

F.A.S.T. is available in English and Spanish to callers with touch-tone 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 Bank and Corporation forms F.A.S.T. is available from 6 a.m. until 6 p.m., Monday through Friday, except state holidays. All times are Pacific Standard Time (P.S.T.).

### How To Use F.A.S.T.

Have paper and pencil handy to take notes.

Call from within the  
United States . . . . . (800) 338-0505

Call from outside the  
United States . . . . . (916) 845-6600  
(not toll-free)

Follow the recorded instructions and enter the three-digit code when instructed to do so.

### To Order Forms

Refer to Where to Get Income Tax Forms on this page.

### To Get Information

If you need an answer to any of the following questions, call (800) 338-0505, select general tax information, follow the recorded instructions and enter the three-digit code when instructed to do so.

### Code – Prefiling Assistance

- 715 – If my actual tax is less than the minimum franchise tax, what figure do I put on line 23 of Form 100?
- 717 – What are the current tax rates for corporations?
- 718 – How do I get an extension of time to file?
- 722 – When do I have to file a short-period return?
- 734 – Is my corporation subject to franchise tax or income tax?

### S corporations

- 704 – Is an S corporation subject to the minimum franchise tax?
- 705 – Are S corporations required to file estimate payments?
- 706 – What forms do S corporations file?
- 707 – The tax for my S corporation is less than the minimum franchise tax. What figure do I put on line 22 of Form 100S?
- 708 – Where do S corporations make the state tax adjustment on Schedule K-1 (100S)?

### Exempt Organizations

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

### Minimum Tax and Estimate Tax

- 711 – Can I claim my prepayment tax as a credit or estimate payment on my return?
- 712 – What is the minimum franchise tax?
- 714 – My corporation is not doing business; does it have to pay the minimum franchise tax?
- 716 – When are my estimate payments due?

### Billings and Miscellaneous Notices

- 723 – I received a bill for \$250. What is this for?
- 728 – Why was my corporation suspended?
- 729 – Why is my subsidiary getting a request for a return when we file a combined report?

### Tax Clearance

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

### Miscellaneous

- 700 – Whom do I need to contact to start a business?
- 701 – I need a state ID number for my business. Whom do I contact?
- 702 – Can you send me an employer's tax guide?
- 703 – How do I incorporate?
- 719 – How do I properly identify my corporation when dealing with the Franchise Tax Board?
- 720 – How do I change my corporation name?
- 721 – How do I change my accounting period?
- 737 – Where do I send my payment?
- 738 – What is electronic funds transfer?
- 739 – How do I get a copy of my state corporate tax return?
- 740 – What requirements do I have to report municipal bond interest paid by a state other than California?

## Letters

We can serve you by phone if you call us for information to complete your California 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 your letter includes the California corporation number or FEIN, your daytime and evening telephone numbers and a copy of the notice. Send your letter to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0540

We will respond to your letter within six to eight weeks. In some cases we may need to call you for additional information.

## 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. To order FTB Pub. 4058, see Where to Get Income Tax Forms.

## Where to Get Income Tax Forms

**By Internet** – If you have Internet access, you may download, view and print 1994 through 1998 California tax forms and publications. Our Internet address is: <http://www.ftb.ca.gov>

**By phone** – Use F.A.S.T. to order 1998 California tax forms. For prior year tax forms, call our toll-free number listed under "General Toll-Free Phone Service".

## California Corporate Tax Forms and Publications

- 817 – California Corporation Tax Forms and Instructions. This booklet contains:  
Form 100, California Corporation Franchise or Income Tax Return
- 814 – Form 109, Exempt Organization Business Income Tax Return
- 815 – Form 199, Exempt Organization Return
- 800 – FTB Pub. 1028, Guidelines for Homeowners' Associations
- 820 – FTB Pub. 1068, Exempt Organizations Requirements for Filing Returns and Paying Filing Fees
- 801 – FTB Pub. 1075, Exempt Organizations — Guide for Political Organizations
- 802 – FTB 3500, Exemption Application
- 832 – FTB 3555A, Request for Tax Clearance Certificate – Exempt Organizations
- 804 – Form 3557, Application for Certificate of Revivor

We will send you two copies of each tax form and one copy of each set of instructions. Please allow two weeks to receive your order. If you live outside of California, allow three weeks to receive your order.

**In person** – Most libraries, post offices and banks provide free California personal income 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.

**By mail** – Write to:

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

## General Toll-Free Phone Service

**Between January 4 – April 15, 1999**, our general toll-free phone service is available:

- Monday – Friday, 6 a.m. until midnight; and
- Saturday, 8 a.m. until 5 p.m.

**After April 15, 1999**, our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.

The best times to call are before 10 a.m. and after 6 p.m.

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

For hearing impaired with TDD . . . (800) 822-6268  
For federal tax questions,  
call the IRS at . . . . . (800) 829-1040

### Asistencia Bilingüe en Español

Para obtener servicios en Español y asistencia para completar su declaración de impuestos/formularios, llame al número teléfono (anotado arriba) que le corresponde.

