



California

Forms & Instructions

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2001

Los Angeles Revitalization Zone

Business Booklet

This booklet contains:

Form FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD

Instructions for Los Angeles Revitalization Zone Businesses

— Form FTB 3806

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).

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What's New

Forms

For the 2001 tax year, a new form is available for nonresidents and part-year residents: Short Form 540NR, California Nonresident or Part-year Resident Income Tax Return. The Short Form 540NR is for nonresident and part-year taxpayers who have limited income sources and deductions. The Long Form 540NR name has been changed to Form 540NR, California Nonresident or Part-year Resident Income Tax Return. References to the Form 540NR in this booklet mean the Long Form 540NR.

General Information

California statutes require the Franchise Tax Board (FTB) to provide information to the California Legislature and the California Technology, Trade and Commerce Agency (TTCA) regarding the number of businesses using the economic development area (EDA) tax incentives, types of EDA tax incentives being used, and the EDAs in which the businesses are claiming the tax incentives.

Complete items A through G on form FTB 3806, Side 1, Los Angeles Revitalization Zone Deduction and Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement.

For purposes of this booklet, the term "pass-through entity" refers to an S corporation, an estate or trust, a partnership, and a limited

liability company (LLC) classified as a partnership.

Federal/State Conformity

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 1998. However, there are continuing differences between California and federal law. California has not conformed to most of the changes made to the IRC by the federal Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206) and the Ticket to Work and Work Incentives Improvement Act of 1999 (Public Law 106-170). California has not conformed to any of the changes made by the Tax and Trade Relief Extension Act of 1998 (Public Law 105-277), the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36), the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (Public Law 106-519), the Consolidated Appropriations Act of 2001 (Public Law 106-554), and the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16).

Codes for Principal Business Activity

The codes for principal business activity (PBA) are based on the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget, 1997 Edition. Accordingly, the PBA and NAICS codes are used for purposes of business classification.

A The Former Los Angeles Revitalization Zone

The Los Angeles Revitalization Zone (LARZ) was established to aid economic development in areas that suffered damage during the civil unrest that occurred in the County of Los Angeles during April and May 1992. The LARZ became operative on May 1, 1992, and applied to businesses with taxable years beginning on or after January 1, 1992.

The following tax incentives were provided for businesses operating within the LARZ:

- General hiring credit;
- Construction hiring credit;
- Sales or use tax credit;
- Business expense deduction;
- Net interest deduction; and
- Net operating loss (NOL) deduction.

The LARZ expired on December 1, 1998.

Accordingly, references in this booklet to the "former LARZ" are interpreted as "the boundaries of the LARZ as it existed on November 30, 1998."

Note: Effective January 1, 1996, the geographic area of the LARZ was re-determined by the TTCA to eliminate some previously qualified addresses. The benefits incurred in the LARZ prior to the downsizing were

allowed to be carried forward as if the LARZ were not downsized.

Businesses operating within the former LARZ do not need to receive prior approval to take advantage of the special tax incentives.

B Purpose

Claiming Deduction and Credit Carryovers Use this booklet to determine the following deduction and credit carryovers that the business may claim for operating or investing in a trade or business within the former LARZ:

- General hiring credit carryover;
- Construction hiring credit carryover;
- Sales or use tax credit carryover; and
- NOL deduction.

Complete the worksheets in this booklet for the NOL deduction or credit carryover for which the business is eligible. Then enter the NOL deduction and credit carryovers on form FTB 3806.

Recapture

Use this booklet to report the following recapture amounts:

- General hiring credit recapture; and
- Construction hiring credit recapture.

Complete the worksheets in this booklet for the recapture amounts and enter these amounts on form FTB 3806.

Note: There are no worksheets II and III. The worksheets were eliminated because sales or use tax credit and business expense deduction have expired.

C How to Claim Deductions and Credit Carryovers

To claim any LARZ NOL deduction or credit carryover, the business **must attach** a completed form FTB 3806 to its California tax return.

Attach a separate form FTB 3806 for each business you operate or invest in that is located within the former LARZ

- For corporations that operate a business in a LARZ, complete all the Worksheets except for Worksheet IV, Section B.
- For sole proprietors that operate a business in a LARZ, complete all the worksheets.
- For trust, estate, partnerships and LLCs that are classified as partnerships that operate in a LARZ, complete Worksheet I, Worksheet IV, Section A, and form FTB 3806, Side 1.
- Individual investors receiving pass-through LARZ credits, complete Worksheet IV, Section B, Worksheet V, Worksheet VI, and form FTB 3806, Side 1. All other investors complete Worksheet IV, Section A, Worksheet V, Worksheet VI, and form FTB 3806, Side 1.

To assist with the processing of the tax return, indicate that the business operates or invests within the former LARZ by doing the following:

- Form 540 filers:** Claim LARZ tax incentives on Form 540, lines 14 and 28, as applicable.
- Form 540NR filers:** Claim LARZ tax incentives on Form 540NR, lines 14 and 37, as applicable.
- Form 100 filers:** Claim LARZ tax incentives on Form 100, line 15, line 21, and line 25 through line 27, as applicable.
- Form 100S filers:** Claim LARZ tax incentives on Form 100S, line 12, line 19, and line 23 through line 25, as applicable.
- Form 100W filers:** Claim LARZ tax incentives on Form 100W, line 15, line 21, and line 25 through line 27, as applicable.
- Form 109 filers:** Check the "Yes" box for the EZ, LARZ, LAMBRA, MEA, or TTA question G on the top of Form 109, Side 1.

Note: Be sure to keep all completed worksheets and supporting documents for your records.

D Geographic Boundaries

The geographic boundaries of the former LARZ are used to determine whether tax incentives are available to a business in a particular location. The communities within the former LARZ are:

- Compton
- Hawthorne
- Huntington Park
- Inglewood
- Lawndale
- Long Beach
- Los Angeles
- Lynwood
- Pomona
- Signal Hill
- Unincorporated LA County

Information about the geographic boundaries of the former LARZ is available from:

Enterprise Zone Programs
California Technology, Trade and
Commerce Agency
801 K Street Suite 1700
Sacramento CA 95814

Telephone: (916) 324-8211

Fax: (916) 322-7214

Website: www.commerce.ca.gov

If your business is located both within and outside the former LARZ, see Part IV, Doing Business Totally Within or Within and Outside the Former Los Angeles Revitalization Zone, for information on how to apportion business income.

E Forms Table

The titles of forms referred to in this booklet are:

Form 100	California Corporation Franchise or Income Tax Return
Form 100S	California S Corporation Franchise or Income Tax Return
Form 100W	California Corporation Franchise or Income Tax Return – Water’s-Edge Filers
Form 109	California Exempt Organization Business Income Tax Return
Form 540	California Resident Income Tax Return
Form 540NR	California Nonresident or Part-Year Resident Income Tax Return
Form 541	California Fiduciary Income Tax Return
Form 565	Partnership Return of Income
Form 568	Limited Liability Company Return of Income
Schedule CA (540)	California Adjustments — Residents
Schedule CA (540NR)	California Adjustments — Nonresidents or Part-Year Residents
Schedule P	Alternative Minimum Tax and Credit Limitations
Schedule R	Apportionment and Allocation of Income
FTB Pub. 1061	Guidelines for Corporations Filing a Combined Report S Corporation Tax Credit
Schedule C (100S)	Shareholder’s Share of Income, Deductions, Credits, etc.
Schedule K-1 (100S)	Beneficiary’s Share of Income, Deductions, Credits, etc.
Schedule K-1 (541)	Partner’s Share of Income, Deductions, Credits, etc.
Schedule K-1 (565)	Member’s Share of Income, Deductions, Credits, etc.
Schedule K-1 (568)	Member’s Share of Income, Deductions, Credits, etc.

Part I Hiring Credits

No new LARZ construction or general hiring credits may be generated in taxable years beginning on or after January 1, 1998.

However, LARZ construction and general hiring credit carryovers may still be claimed for 15 years from the year the credit was generated. See Part VI, Computation of Credit Carryover Limitations, for information on how to claim construction and general hiring credit carryovers.

Recapture of the Construction Hiring Credit and General Hiring Credit

The employer must recapture (add back to the tax liability) the amount of credit attributable to an employee’s wages if the employer terminates the employee at any time during the longer of:

- The first 270 days of employment (whether or not consecutive); or
- 90 days of employment plus 270 calendar days.

A “day of employment” means any day for which the employee receives wage compensation (including a paid sick day, holiday, or vacation day).

The employer must add to the current year’s tax the recaptured amount of credit claimed in the year of termination and all prior years in which the credit was claimed for the terminated employee.

Note: The credit recapture does not apply if the termination of employment was:

- Voluntary on the part of the employee;
- In response to misconduct of the employee as determined by the applicable employment compensation provisions;
- Caused by the employee becoming disabled (unless the employee was able to return to work and the employer did not offer to reemploy the individual);
- Carried out so that other qualified individuals could be hired, creating a net increase in the number of qualified employees and their hours worked;

Worksheet I Recapture of the Construction Hiring Credit and General Hiring Credit — Los Angeles Revitalization Zone

	(a) Terminated employee’s name	(b) Construction hiring credit recapture amount	(c) General hiring credit recapture amount
1			
2	Total amount of credit recapture. Add the amounts in column (b) and column (c). See instructions . . .	2	

- Due to a contractual agreement (applies only to the LARZ construction hiring credit); or
- Caused by a substantial reduction in the trade or business operations of the employer.

Instructions for Worksheet I — Recapture of the Construction Hiring Credit and General Hiring Credit

Line 1, column (a) – Enter the name of the terminated employee(s). Attach additional schedule(s) if necessary.

Line 1, column (b) and column (c) – Enter the amount of credit recapture for each employee. If the construction hiring credit was claimed, enter the amount in column (b). If the general hiring credit was claimed, enter the amount in column (c).

Line 2 – Enter the total from line 2, column (b) on form FTB 3806, Side 1, line 4. Enter the total from line 2, column (c) on form FTB 3806, Side 1, line 5.

Also, include the amount of hiring credit recapture on your California tax return or schedule as follows:

- Form 100, Schedule J, line 5;
- Form 100S, Schedule J, line 5 and Schedule K-1 (100S), line 23;
- Form 100W, Schedule J, line 5;
- Form 109, Schedule K, line 4;
- Form 540, line 36;
- Form 540NR, line 45;
- Form 541, line 21b and Schedule K-1 (541), line 11e;
- Form 565, Schedule K, line 22 and Schedule K-1 (565), line 22; or
- Form 568, Schedule K, line 22 and Schedule K-1 (568), line 22.

Indicate that you included the hiring credit recapture on your tax return by writing “FTB 3806” in the space provided on the schedule or form.

Partnerships and limited liability companies (LLCs) classified as partnerships must identify the recapture amounts for their partners and members on Schedule K-1 (565 or 568).

S corporations and their shareholders must recapture the portion of the credit that they previously claimed, based on the terminated employee's wages. S corporations must also identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Schedule J.

Part II Sales or Use Tax Credit

No new LARZ sales or use tax credits may be generated in taxable years beginning on or after January 1, 1998.

However, LARZ sales or use tax credit carryovers may still be claimed for 15 years from the year the LARZ credit was generated.

See Part VI, Computation of Credit Carryover Limitations, for information on how to claim sales or use tax credit carryovers.

Note: There is no Worksheet II.

Part III Business Expense Deduction

The LARZ business expense deduction cannot be claimed by taxpayers with taxable years beginning on or after January 1, 1998.

Note: There is no Worksheet III.

Part IV Doing Business Totally Within or Within and Outside the Former Los Angeles Revitalization Zone

The LARZ credit and NOL carryovers are limited to the tax on business income attributable to operations within the former LARZ. If the business is located totally within or within and outside of the former LARZ, the portion of total business operations that are attributable to the former LARZ must be determined.

Business Income vs. Nonbusiness Income

Only business income is apportioned to the former LARZ to determine the incentive limitation. LARZ credit and NOL carryovers are limited to tax on business income attributable to the operations within the former LARZ.

Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income. Get Title 18 Cal. Code Reg. Section 25120 for further references and examples of nonbusiness income.

For an individual, business income includes but is not limited to California business income or loss from Schedules C, D, D-1 (or federal Form 4797, Sales of Business Property, if you did not have to file a Schedule D-1), E, and F, as well as wages. Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040 Schedule A as itemized deductions.

In essence, all income which arises from the conduct of trade or business operations of a taxpayer is business income.

Note: If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of the loss that was carried back in your current year business income for the former LARZ.

Pass-through entities must report to their shareholders, beneficiaries, partners, and members:

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the former LARZ; and
2. The distributive (or pro-rata for S corporations) share of the business capital gains apportioned to the former LARZ included in item 1.

These items should be reported using the appropriate California schedules listed below:

- Schedule K-1 (100S), line 23;
- Schedule K-1 (541), line 11e;
- Schedule K-1 (565), line 22; or
- Schedule K-1 (568), line 22.

Form 540 and Form 540NR filers, refer to Worksheet IV, Section B to compute business income apportioned to the LARZ.

For business entities, including sole proprietors, use Worksheet IV, Section A to compute business income apportioned to the LARZ.

Apportionment

Business income is apportioned to the former LARZ by multiplying the total California business income of the taxpayer by a fraction, the numerator which is the property factor plus the payroll factor, and the denominator which is two.

Property Factor

Property is defined as the average value of all real and tangible personal property owned or rented by the business and used during the taxable year to produce business income.

Note: Property is included in the factor if it was available for use during the taxable year.

Property owned by the business is valued at its original cost. **Original cost** is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements and partial dispositions because of sale or exchange. Allowance for depreciation is not considered.

Rented property is valued at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total rent paid for the property, less aggregate annual subrental rates paid by subtenants.

The **numerator** of the property factor is the average value of the taxpayer's real and tangible personal property owned or rented by the business and used within the former LARZ during the taxable year to produce LARZ business income (column (b)).

The **denominator** of the property factor is the total average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year within California (column (a)).

Payroll Factor

Payroll is defined as the total amount paid to the business's employees for compensation for the production of business income during the taxable year.

Compensation means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

Compensation Within the Former LARZ

Compensation is considered to be within the former LARZ if any one of the following tests are met:

1. The employee's services are performed within the geographical boundaries of the former LARZ; or
2. The employee's services are performed within and outside the former LARZ, but the services performed outside the former LARZ are incidental to the employee's service within the former LARZ.

Incidental means any temporary or transitory service performed in connection with an isolated transaction.

3. If the employee's services are performed both within and outside the former LARZ, the employee's compensation will be attributed to the former LARZ if:
 - A. The employee's base of operations is within the former LARZ; or
 - B. There is no base of operations in any other part of the state in which some part of the service is performed, but the place from which the service is directed or controlled is within the former LARZ; or
 - C. The base of operations or the place from which the service is directed or controlled is not in any other part of the state in which some part of the service is performed but the employee's residence is within the LARZ.

Base of operations is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

The **numerator** of the payroll factor is the taxpayer's total compensation paid to employees for working within the former LARZ during the taxable year (column (b)).

The **denominator** of the payroll factor is the taxpayer's total compensation paid to employees working in California (column (a)).

Corporations which file a combined report

Business income for each corporation doing business in the former LARZ will be its business income apportioned to California (See FTB Pub. 1061 for further information on combined reports and entity income apportionment). The former LARZ property and payroll factors used in the determination of former LARZ income includes only the taxpayer's California amounts in the denominator.

Example – Computation of LARZ income assigned to each entity operating within the former LARZ:

Parent Corporation A has two subsidiaries, B and C. Corporations A and B operate within the LARZ. The combined group operates within and outside California and apportions its income to California using Schedule R. Assume the combined group's business income apportioned to California was \$1,000,000 and Corporation A and B's share of California business income is \$228,000 and \$250,000 respectively. Corporation A and B's separate LARZ and separate California property and payroll factor amounts are shown on this page.

Assume the business income apportioned to the LARZ was determined as follows:

	A	B
Property Factor		
LARZ property	\$1,000,000	\$ 800,000
California property	\$1,000,000	\$1,200,000
Apportionment %	100%	66.66%
Payroll Factor		
LARZ payroll	\$800,000	\$ 800,000
California payroll	\$800,000	\$1,000,000
Apportionment %	100%	80%
Average Apport. % (Property + Payroll Factors) ²	100%	73.33%
Apportioned Business Income	\$228,000	\$250,000
LARZ INCOME	\$228,000	\$183,333

Instructions for Worksheet IV — Los Angeles Revitalization Zone

Section A – Income Apportionment

Note: If the business operates only within the former LARZ, you do not have to complete this worksheet. Enter 100% (1.00) on line 4.

Use Worksheet IV, Section A, Income Apportionment, to determine the amount of business income apportioned to the former LARZ. The business income apportioned to the former LARZ determines the amount of LARZ credit and NOL carryovers that can be used.

Only California source business income is apportioned to the former LARZ. A taxpayer's business income apportioned to the former

LARZ is its California apportioned business income multiplied by the specific LARZ apportionment percentage.

The LARZ property and payroll factors used in the determination of apportionable business income include only the taxpayer's California amounts in the denominator.

Worksheet IV Los Angeles Revitalization Zone

Section A Income Apportionment

Use Worksheet IV, Section A if your business has net income from sources within and outside the former LARZ.

	(a) Total within California	(b) Total within the former LARZ	(c) Percentage within the former LARZ (column (b) ÷ column (a))
PROPERTY FACTOR			
1 Average yearly value of owned real and tangible personal property used in the business (at original cost). See instructions for more information. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions for more information			
Total property values			
PAYROLL FACTOR			
2 Employees' wages, salaries, commissions, and other compensation related to business income included in the return.			
Total payroll			
3 Total percentage (add the percentages in column (c)) ..			
4 Average apportionment percentage (1/2 of line 3). Enter here and on form FTB 3806, Side 1, line 3			

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the former LARZ.

Note: Those factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer has no payroll within and outside the former LARZ, then the average apportionment percentage would be computed by dividing line 3 by one (instead of by two as normally instructed.)

Section B – Income or Loss

Form 540 and Form 540NR filers, use Worksheet IV, Section B to determine the amount to enter on:

- Worksheet V, line 1, and line 6; and
- Worksheet VI, Part I, line 1, and line 3.

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the former LARZ.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income," since only business income may be apportioned to the former LARZ. See Part IV for a complete discussion of business and nonbusiness income.

Business income or loss reported on federal Form 1040 Schedules C, C-EZ, E, and F, and other schedules are reported on line 6 through line 9. Line 11 and line 12 report business gains or losses reported on Schedule D and Schedule D-1. All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA (540 or 540NR).

Part I Individual Income and Expense Items

Wages: Taxpayers with wages from a company located within and outside the former LARZ must determine the LARZ wage income by entering the percentage of their time (during the period for which the wages entered on line 1 were earned) that they worked within the former LARZ. This percentage must be determined based on their record of time and events such as a travel log or entries in a daily planner.

Part II Pass-Through Income or Loss

Multiple Pass-Through Entities: If you are a shareholder, partner, or member in multiple pass-through entities with businesses located within and outside the former LARZ from which you received LARZ incentives, see the example below for computing business income in the former LARZ.

Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565 or 568)	Entity's LARZ apportionment percentage	LARZ apportioned income
ABC, Inc.	\$40,000	80%	\$32,000
A, B & C	30,000	10%	3,000
ABC, LLC	10,000	50%	5,000
Total			\$40,000

Part III Taxpayer's Trade or Business

Business Income: Use business income or loss from federal Form 1040 Schedules C, C-EZ, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also include business capital gains and losses from Schedule D and business gains and losses from Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)).

Income Computation

To compute Worksheet V, form FTB 3806, Side 1, and Worksheet VI, you must complete Worksheet IV, Section B. The instructions below refer to Worksheet IV, Section B.

Located Entirely Within Former LARZ

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, or F, or another schedule, is entirely within the former LARZ, enter the income or loss from this activity in column (a), and enter 1.00 in column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)) was attributed to an asset used in an activity conducted entirely within the former LARZ, enter the gain or loss reported in column (a), and enter 1.00 in column (b).

Located Entirely Within California

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, or F, or another schedule, is entirely within California, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section B, column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section B, column (b).

Located Within and Outside of Former LARZ and California

Line 6 – Line 9: If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, or F, or another schedule, is within and outside the former LARZ and California, get Schedule R and complete line 1 through line 13b. Enter the amount from Schedule R, line 13b on column (a) of this worksheet. (For corporations which file a combined report, see Instructions Part IV). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the

percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section B, column (b).

Note: When computing Schedule R, disregard any reference to Form 100, Form 100W, Form 100S, Form 100X, Form 565, or Form 568. Also disregard any reference to Schedule R-3, Schedule R-4, or Schedule R-5, and skip line 11.

Nonresidents that have an apportioning business that operates within the former LARZ should have already computed Schedule R and can use those amounts when that schedule is referenced. Residents that have an apportioning business will not have completed a Schedule R for California income tax purposes since they are taxed on income from all sources. However, in order for residents to determine their California source business income for purposes of the LARZ calculation, they must also complete a Schedule R.

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 (as adjusted on Schedule CA (540 or 540NR)) was attributed to an asset used in an activity conducted within and outside the former LARZ and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, line 5 and enter the result in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section B, column (b).

Line 14 – If the result on the Income or Loss Worksheet IV, Section B, line 14, column (c) is a **negative** amount, you do not have income attributable to the former LARZ and you cannot claim any LARZ credit or NOL carryovers this year.

If the result on the Income or Loss Worksheet, line 14, column (c) is a **positive** amount and:

- You have LARZ NOL carryovers, enter the amount on Worksheet V, line 1 and line 6 (skip line 2 through line 5). Also enter the amount from the Income or Loss Worksheet, line 14, column (c) on Worksheet VI, Part I, line 1 and line 3 (skip line 2) if you have LARZ credit carryovers; or
- You do not have LARZ NOL carryovers but you do have LARZ credit carryovers, enter the amount on Worksheet VI, Part I, line 1 and line 3 (skip line 2).

Worksheet IV Los Angeles Revitalization Zone

Section B Income or Loss

Part I Individual Income and Expense Items. See instructions.

	(a) Amount	(b) % of time providing services in the former LARZ	(c) Apportioned amount (a) x (b)
1 Wages			
2 Employee business expenses			
3 Subtotal: Enter the total of line 1, column (c) and line 2, column (c) on this line			

Part II Pass-Through Income or Loss. See instructions.

(a) Name of entity	(b) Distributive or pro-rata share of business income or loss apportioned to the former LARZ from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses
4	
5 Subtotal: Enter the total of line 4, column (b), on this line	

Part III Taxpayer's Trade or Business. See instructions.

	(a) California business income or loss	(b) Apportionment % for the former LARZ	(c) Apportioned income or loss (a) x (b)
6 Schedule C or C-EZ			
7 Schedule E (Rentals)			
8 Schedule F			
9 Other			
10 Subtotal: Enter the total of line 6 through line 9, column (c) on this line			
	(a) California business gain or loss	(b) Apportionment % for the former LARZ	(c) Apportioned gain or loss (a) x (b)
11 Schedule D			
12 Schedule D-1			
13 Subtotal: Enter the total of line 11, column (c) and line 12, column (c) on this line			
14 Total: Enter the total of line 3, line 10, and line 13, column (c) and line 5, column (b) on this line			

Part V Net Operating Loss (NOL)

No new LARZ NOLs may be generated in taxable years beginning on or after January 1, 1998.

LARZ NOL carryovers may still be claimed for 15 years from the year the LARZ NOL was generated.

Note: Financial institutions using bad debt reserve methods may carry over the loss for a maximum of five taxable years.

Limitation

A LARZ NOL deduction can offset only business income attributable to operations within the former LARZ.

Alternative Minimum Tax

Taxpayers claiming a LARZ NOL deduction must determine their NOL for alternative minimum tax (AMT) purposes. Use Schedule P (100, 100W, 540, 540NR, or 541) to compute the LARZ NOL for AMT purposes.

S Corporations

LARZ NOLs incurred prior to becoming an S corporation may not be used against S corporation income. See IRC Section 1371(b).

However, an S corporation is allowed to deduct a LARZ NOL carryover incurred after the "S" election is made. An S corporation may use the NOL carryover as a deduction against income subject to the 1.5% entity-level tax (3.5% for financial institutions).

Also, the LARZ NOL carryover of an S corporation may be different than the LARZ NOL carryover(s) of its shareholder(s).

Taxpayers Operating Within and Outside the Former LARZ

Unlike the NOL treatment on a federal consolidated return, a loss carryover for one member included in a combined report may not be applied to the intrastate apportioned income of another member included in a combined report.

For water's-edge purposes, each corporation's NOL carryover is limited to the amount determined by recomputing the income and factors of the original worldwide combined reporting group as if the water's-edge election had been in force for the year of the loss. The NOL carryover may not be increased as a result of the recomputation.

Instructions for Worksheet V — Net Operating Loss (NOL) Carryover and Carryover Limitations

Use this worksheet to compute the LARZ NOL deduction for corporations, individuals, and exempt trusts. The LARZ NOL deduction is used to reduce current year income from the former LARZ.

Line 1 – See Part IV for a discussion of business and nonbusiness income.

Note to Form 540 and Form 540NR filers:

Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040, Schedule A as itemized deductions.

Exception: If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of the loss that was carried back in your current year business income for the former LARZ.

Line 2 – In modifying your income, deduct your capital losses only up to your capital gains. Enter any net capital losses included in line 1 as a positive number.

Line 3 – Corporations must reduce income by the disaster loss deduction and the deduction for excess net passive income.

Line 6 – This is your modified taxable income (MTI). Reduce this amount by your LARZ NOL deduction. The LARZ NOL deduction may not be larger than your MTI. If your MTI is a loss in the current year or if it limits the amount of NOL you may use this year, you must carry over the NOL to future years.

Line 7 – Enter the amount from line 6. If this amount is zero or negative, transfer the amount(s) from line 8 through line 14, column (b) to column (e). Go to line 15.

Line 8 through Line 14 – Enter the amounts as positive numbers.

In column (c), enter the smaller of the amount in column (b) or the amount in column (d) from the previous line.

In column (d), enter the result of subtracting column (c) from the balance on the previous line in column (d).

In column (e), enter the result of subtracting the amount in column (c) from the amount in column (b), as applicable.

Example:

(b) Carry-over from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) LARZ NOL carryover
		\$5,000	
\$ 500	\$ 500	4,500	\$ 0
6,000	4,500	0	1,500

Line 15 – Enter the totals from column (b), column (c), and column (e) on form FTB 3806, Side 1, line 2a, line 2b, and line 2c, respectively.

Your LARZ NOL deduction for 2001 is the amount on line 15, column (c). Enter this amount on your California tax return or schedule as follows:

- Form 100, line 21;
- Form 100S, line 19;
- Form 100W, line 21;
- Form 109, line 3 or line 11;
- Schedule CA (540), line 21e, column B; or
- Schedule CA (540NR), line 21e, column B.

Your LARZ NOL carryover(s) to 2002 is the amount in column (e).

Worksheet V Net Operating Loss (NOL) Carryover and Carryover Limitations — Los Angeles Revitalization Zone

<p>1 Enter the amount from Form 100, line 18; Form 100W, line 18; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1 or line 10. Form 540 and Form 540NR filers, enter the total from Worksheet IV, Section B, line 14, column (c) on line 1 and line 6 (skip line 2 through line 5). See instructions. Note: Corporations which file a combined report, enter the taxpayer's business income assigned to California (see instructions Part IV)</p>	1		
<p>2 a Form 100, Form 100S, Form 100W, and Form 109 filers: Enter any nonbusiness income included in line 1 as a negative number. Form 540 and Form 540NR filers leave blank</p>	2a		
<p>b Form 100, Form 100S, Form 100W, and Form 109 filers: Enter any nonbusiness losses included in line 1 as a positive number. Form 540 and Form 540NR filers leave blank</p>	2b		
<p>c Combine line 2a and line 2b</p>	2c		
<p>3 Form 100 and Form 100W filers: Enter the amount from Form 100, line 22. Form 100W filers: Enter the amount from Form 100W, line 22. Form 100S filers: Enter the total of the amounts from Form 100S, line 17 and line 20. Enter this amount as a negative number. Form 540, Form 540NR, and Form 109 filers: Enter -0-.</p>	3		
<p>4 Combine line 1, line 2c, and line 3</p>	4		
<p>5 Enter the average apportionment percentage from Worksheet IV, Section A, line 4</p>	5		
<p>6 Modified taxable income. Multiply line 4 by line 5</p>		6	

	(a) Description	(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) LARZ NOL carryover
7	Modified taxable income from line 6				
8	LARZ NOL carryover beginning in 1992				
9	LARZ NOL carryover beginning in 1993				
10	LARZ NOL carryover beginning in 1994				
11	LARZ NOL carryover beginning in 1995				
12	LARZ NOL carryover beginning in 1996				
13	LARZ NOL carryover beginning in 1997				
14	LARZ NOL carryover beginning in 1998				
15	Total the amounts in column (b), column (c), and column (e). See instructions				

Part VI Computation of Credit Carryover Limitations

No new LARZ credits may be generated in taxable years beginning on or after January 1, 1998. However, LARZ credit carryovers may still be claimed for 15 years from the year the credit was generated.

Credit Carryover Limitations

The amount of credit carryover you can claim on your California tax return is limited by the amount of tax attributable to the business income generated within the former LARZ. Use Worksheet VI on form FTB 3806, Side 2 to compute this limitation.

Credit carryovers you are otherwise eligible to claim may be limited. Do not apply credit carryovers against the minimum franchise tax (corporations and S corporations), annual tax (partnerships, LLCs classified as partnerships, and QSub), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the net passive income tax (S corporations).

Carryover

If the amount of credit carryover available this year exceeds your tax, you may carry over any excess credit to future years. The maximum carryover period is 15 years. Apply the carryover to the earliest taxable or income year(s) possible. In no event can the credit carryover be carried back and applied against a prior year's tax. Even though the LARZ has expired, the tax must continue to be computed on income as if the LARZ were still in existence.

For S corporations, the amount of credit carryover that is in excess of the 1.5% entity-level tax (3.5% for financial S corporations) in the current year may be carried forward and used in future years to offset the 1.5% entity-level tax (3.5% for financial S corporations). See the instructions for Worksheet VI, Part III for more information.

Credit Code Number

You must use credit code number **159** to claim the LARZ hiring and sales or use tax credit carryovers on your tax return. Using the incorrect code number may cause a delay in allowing the credit.

Instructions for Worksheet VI — Computation of Credit Carryover Limitations

Note: Worksheet VI is on Side 2 of form FTB 3806.

Partnerships and LLCs classified as partnerships

Do not complete Worksheet VI. The partners and members of these types of entities should complete Worksheet VI in order to determine the amount of LARZ credit carryovers that they may claim on their California tax return. S corporations and their shareholders must each complete Worksheet VI.

Reporting Requirements of S Corporations, Estates, Trusts, Partnerships, and LLCs Classified as Partnerships

- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, loss, and deductions apportioned to the former LARZ; and
- Separately state the distributive or pro-rata share of any business capital gains and losses apportioned to the former LARZ included in the amount above.

S corporations: Complete Part I and Part III of this worksheet if your entity-level tax before credits is more than the minimum franchise tax.

Corporations and S corporations subject to the minimum tax only

Complete only Part IV of this worksheet.

All others: Complete Part I and Part II of this worksheet.

Part I

Note: For filers with LARZ NOL carryovers:

- Complete Worksheet V first if you have a LARZ NOL carryover(s).
- Then complete Worksheet VI if you have any LARZ credit carryovers.

If you do not have any LARZ NOL carryovers:

- **Individuals:** Go to Worksheet IV, Section B. Follow the instructions there. Enter the amount from Worksheet IV, Section B, line 14, column (c) on Worksheet VI, Part I, line 1, and line 3 (skip line 2).
- **Corporations:** Follow the instructions for line 1 below.

Line 1 – See page 4 for a definition of business income. Enter all business income.

Line 2 – If your business is located entirely within the former LARZ, enter 1.

Specifically, this percentage is the apportionment percentage computed by the entity using Worksheet IV, Section A, and represents the percentage of the entity's business attributable to the former LARZ.

Line 6a – Compute the tax as if the taxable income generated within the former LARZ represented all of your taxable income.

Individuals: Use the tax table or tax rate schedule in your tax booklet for your filing status.

Exempt organizations: Use the applicable tax rate in your tax booklet.

Corporations and S corporations: Use the applicable tax rate.

Example (Determination of LARZ Income for Shareholders, Partners, or Members of Pass-Through Entities)

John Anderson is vice president of ABC, Inc., an S corporation that has two locations: one within the former LARZ and one outside the former LARZ. Eighty percent (80%) of the S corporation's business is attributable to the former LARZ.

Note: This percentage was determined by ABC, Inc. using Worksheet IV, Section A,

Income Apportionment Worksheet, when ABC's California S corporation return (Form 100S) was prepared.

John divides his time equally (50/50) between the two offices of ABC, Inc. Jackie Anderson (John's spouse) works for ABC, Inc. at its office located within the former LARZ.

John and Jackie Anderson have the following 2001 items of California income and expense:

John's salary from ABC, Inc. \$100,000
Jackie's salary from ABC, Inc. 75,000
Interest on savings account 1,000
Dividends 3,000
Schedule K-1 (100S) from ABC, Inc.:

Ordinary income 40,000
John's unreimbursed employee expenses from federal Schedule A . (2,000)

The Andersons' income generated within the former LARZ (total amount to be reported on line 3) is computed as follows:

John's LARZ (\$100,000 x 50%) \$50,000
Jackie's LARZ salary (\$75,000 x 100%) 75,000
Pass-through ordinary income from ABC, Inc. (\$40,000 x 80%) 32,000
John's unreimbursed employee business expenses (2,000 x 50%) (1,000)
Total LARZ income (Worksheet VI, Part I, line 3) \$156,000

Note: The standard deduction and personal or dependency exemptions are not included in the computation of LARZ income since they are not related to trade or business activities.

John and Jackie Anderson must compute the tax (to be entered on Worksheet VI, Part I, line 6a) on the total LARZ income of \$156,000 (as if it represents all of their income). Using the tax rate schedule in their tax booklet for filing status married filing joint, the 2001 tax amount on \$156,000 is \$10,813.

Line 6b – Corporations and S corporations: If the amount on line 6b is the minimum franchise tax (\$800), you cannot use your LARZ credit carryovers this year. You should complete Part IV of the worksheet to figure the amount to carry over.

Part II

Use Part II if you are a corporation, individual, estate, or trust. Corporations that are subject to paying only the minimum franchise tax, go to Part IV.

Line 8A, column (c) – Enter the amount from line 7. This is the amount of limitation based on the tax on business income generated within the former LARZ.

Line 8A, column (d) – Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount in column (c) or the amount on line 8B, column (b).

Line 8B, column (b) – Enter the amount of the total prior year carryover of the credit. This is the amount of credit carryover that was

previously figured on Worksheet VI, Part II, line 8B, column (e) of the prior year return.

Line 8B, column (c) – Compare the amount of line 8A, column (c) and line 8A, column (d). Enter the smaller amount.

Line 8B, column (e) – Subtract the amount of column (c) from the amount of column (b). Enter the result in column (e). This is the amount of credit carryover that can be carried over to future years.

Note: This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LARZ business income.

Line 9A, column (c) – Subtract the amount of line 8B, column (c) from the amount of line 8A, column (c). If the result is zero, your remaining credit carryovers are limited and must be carried over to future years. In this case, enter the amounts from line 9B, column (b) and line 10B, column (b) on line 9B and 10B, column (e).

Line 9A, column (d) – Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount in column (c) or the amount on line 9B, column (b).

Line 9B, column (b) – Enter the amount of the total prior year carryover of the credit. This is the amount of credit carryover that was previously figured on Worksheet VI, Part II, line 9B, column (e) of the prior year return.

Line 9B, column (c) – Compare the amount of line 9A, column (c) and line 9A, column (d). Enter the smaller amount.

Line 9B, column (e) – Subtract the amount of column (c) from the amount of column (b). Enter the result in column (e). This is the amount of credit carryover that can be carried over to future years.

Note: This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LARZ income.

Line 10A, column (c) – Subtract the amount of line 9B, column (c) from the amount of line 9A, column (c). If the result is zero, your remaining credit carryover is limited and must be carried over to future years. In this case, enter the amount from line 10B, column (b) in column (e).

Line 10A, column (d) – Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the

amount in column (c) or the amount on line 10B, column (b).

Line 10B, column (b) – Enter the amount of total prior year carryover of the credit. This is the amount of credit carryover that was previously figured on Worksheet VI, Part II, line 10B, column (e) of the prior year return.

Line 10B, column (c) – Compare the amount of line 10A, column (c) and line 10A, column (d). Enter the smaller amount.

Line 10B, column (e) – Subtract the amount of column (c) from the amount of column (b). Enter the result in column (e). This is the amount of credit carryover that can be carried over to future years.

Note: This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LARZ income.

Example: Part II

Assume the ABC Business has \$8,000 of tax. The business has a credit limitation of \$7,000 computed on Worksheet VI, line 7. The business has a construction hiring credit carryover of \$5,000, general hiring credit carryover of \$800, and sales or use tax credit carryover of \$9,000.

Worksheet VI, Part II would be computed as follows:

Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts

	(a) Credit name	(b) Total prior year credit carryover	(c) Limitation based on LARZ business income	(d) Used on Schedule P (can never be greater than col. (b) or col. (c))	(e) Carryover (col. (b) minus col. (c))
8 Construction hiring	A		7,000	5,000	
	B	5,000	5,000		-0-
9 General hiring	A		2,000	800	
	B	800	800		-0-
10 Sales or use tax	A		1,200	1,200	
	B	9,000	1,200		7,800

Part III

Use Part III only if you are an S corporation.

You may need to adjust your federal Form 1040 Schedule C to reflect the LARZ tax limitation (Part I, line 7) on your credits after completing this worksheet.

Line 11 through Line 13, column (b) – Enter the amount of the total prior year credit carryover on line 11, column (b); line 12, column (b); and line 13, column (b), as applicable. These are the amounts of credit carryovers that were previously figured on Worksheet VI, Part III, line 11, line 12, and line 13, column (d) of the prior year return, as applicable.

Line 11 through Line 13, column (c) – Enter the amount of credit carryover that was used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for

financial S corporations) in column (c) for line 11, line 12, and line 13, as applicable. Enter these amounts on form FTB 3806, Side 1, line 1a, line 1b, and line 1c, as applicable.

Line 11 through Line 13, column (d) – Subtract the amounts in column (c) for each line from the amounts in column (b) for each line. These are the amounts of credit carryovers that can be carried over to future years and used by the S corporation.

Part IV

Use Part IV if you are a corporation or S corporation subject to paying only the minimum franchise tax.

Line 14 through Line 16, column (b) – Enter the amount of the total prior year carryover of the credit in column (b) for line 14, line 15, and line 16, as applicable. These are the

amounts of credit carryovers that were previously figured on Worksheet VI, Part IV, line 14, line 15, and line 16, column (c) of the prior year return, as applicable.

Line 14 through Line 16, column (c) – Enter the amount in column (b) for line 14, line 15, and line 16 in this column for line 14, line 15, and line 16, as applicable.

Instructions for Items A through G

- For corporations, estates, trusts, partnerships, and LLCs classified as partnerships, exempt organizations, and sole proprietors who operate businesses in LARZ, complete items A through G.
- Investors of pass-through entities, complete items A through D. See page 17.

FTB 3806

Codes for Principal Business Activity

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System published by the United States Office of Management and Budget, 1997 Edition.

Agriculture, Forestry, Fishing and Hunting

Code	
Crop Production	
11110	Oilseed & Grain Farming
11120	Vegetable & Melon Farming (including potatoes & yams)
11130	Fruit & Tree Nut Farming
11140	Greenhouse, Nursery, & Floriculture Production
11190	Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet, & all other crop farming)
Animal Production	
11211	Beef Cattle Ranching & Farming
11212	Cattle Feedlots
11210	Dairy Cattle & Milk Production
11220	Hog & Pig Farming
11230	Poultry & Egg Production
11240	Sheep & Goat Farming
11250	Animal Aquaculture (including shellfish & finfish farms & hatcheries)
11290	Other Animal Production
Forestry and Logging	
11310	Timber Tract Operations
11320	Forest Nurseries & Gathering of Forest Products
11330	Logging
Fishing, Hunting and Trapping	
11410	Fishing
11420	Hunting & Trapping
Support Activities for Agriculture and Forestry	
11510	Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating)
11520	Support Activities for Animal Production
11530	Support Activities for Forestry

Code	
Mining	
21110	Oil & Gas Extraction
21210	Coal Mining
21220	Metal Ore Mining
21230	Stone Mining & Quarrying
21230	Sand, Gravel, Clay, & Ceramic & Refractory
Minerals Mining & Quarrying	
21230	Other Nonmetallic Mineral Mining & Quarrying
21310	Support Activities for Mining

Code	
Utilities	
22100	Electric Power Generation, Transmission, & Distribution
22120	Natural Gas Distribution
22130	Water, Sewage, & Other Systems

Construction

Code	
Building, Developing, and General Contracting	
23310	Land Subdivision & Land Development
23320	Residential Building Construction
23330	Nonresidential Building Construction
Heavy Construction	
23410	Highway, Street, Bridge, & Tunnel Construction
23490	Other Heavy Construction
Special Trade Contractors	
23510	Plumbing, Heating, & Air-Conditioning Contractors
23520	Painting & Wall Covering Contractors
23530	Electrical Contractors
23540	Masonry, Drywall, Insulation, & Tile Contractors
23550	Carpentry & Floor Contractors
23560	Roofing, Siding, & Sheet Metal Contractors
23570	Concrete Contractors
23580	Water Well Drilling Contractors
23590	Other Special Trade Contractors

Manufacturing

Code	
Food Manufacturing	
31110	Animal Food Mfg
31120	Grain & Oilseed Milling
31130	Sugar & Confectionery Product Mfg
31140	Fruit & Vegetable Preserving & Specialty Food Mfg
31150	Dairy Product Mfg
31160	Animal Slaughtering and Processing
31170	Seafood Product Preparation & Packaging
31180	Bakeries & Tortilla Mfg
31190	Other Food Mfg (including coffee, tea, flavorings, & seasonings)
Beverage and Tobacco Product Manufacturing	
31210	Soft Drink & Ice Mfg
31210	Breweries
31210	Wineries
31210	Distilleries
31220	Tobacco Manufacturing
Textile Mills and Textile Product Mills	
31300	Textile Mills
31400	Textile Product Mills
Apparel Manufacturing	
31510	Apparel Knitting Mills
31520	Cut & Sew Apparel Contractors
31520	Men's & Boys' Cut & Sew Apparel Mfg

Code	
315230	Women's & Girls' Cut & Sew Apparel Mfg
315290	Other Cut & Sew Apparel Mfg
315990	Apparel Accessories & Other Apparel Mfg
Leather and Allied Product Manufacturing	
316110	Leather & Hide Tanning & Finishing
316210	Footwear Mfg (including rubber & plastics)
316990	Other Leather & Allied Product Mfg
Wood Product Manufacturing	
321110	Sawmills & Wood Preservation
321210	Veneer, Plywood, & Engineered Wood Product Mfg
321900	Other Wood Product Mfg
Paper Manufacturing	
322100	Pulp, Paper, & Paperboard Mills
322200	Converted Paper Product Mfg
Printing and Related Support Activities	
323100	Printing & Related Support Activities
Petroleum and Coal Products Manufacturing	
324110	Petroleum Refineries (including integrated)
324120	Asphalt Paving, Roofing, & Saturated Materials Mfg
324190	Other Petroleum & Coal Products Mfg
Chemical Manufacturing	
325100	Basic Chemical Mfg
325200	Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg
325300	Pesticide, Fertilizer, & Other Agricultural Chemical Mfg
325410	Pharmaceutical & Medicine Mfg
325500	Paint, Coating, & Adhesive Mfg
325600	Soap, Cleaning Compound, & Toilet Preparation Mfg
325900	Other Chemical Product & Preparation Mfg
Plastics and Rubber Products Manufacturing	
326100	Plastics Product Mfg
326200	Rubber Product Mfg
Nonmetallic Mineral Product Manufacturing	
327100	Clay Product & Refractory Mfg
327210	Glass & Glass Product Mfg
327300	Cement & Concrete Product Mfg
327400	Lime & Gypsum Product Mfg
327900	Other Nonmetallic Mineral Product Mfg
Primary Metal Manufacturing	
331110	Iron & Steel Mills & Ferroalloy Mfg
331200	Steel Product Mfg from Purchased Steel
331310	Alumina & Aluminum Production & Processing
331400	Nonferrous Metal (except Aluminum) Production & Processing
331500	Foundries
Fabricated Metal Product Manufacturing	
332110	Forging & Stamping
332210	Cutlery & Handtool Mfg
332300	Architectural & Structural Metals Mfg
332400	Boiler, Tank, & Shipping Container Mfg
332510	Hardware Mfg
332610	Spring & Wire Product Mfg
332700	Machine Shops; Turned Product; & Screw, Nut, & Bolt Mfg
332810	Coating, Engraving, Heat Treating, & Allied Activities

Code	
332900	Other Fabricated Metal Product Mfg
Machinery Manufacturing	
333100	Agriculture, Construction, & Mining Machinery Mfg
333200	Industrial Machinery Mfg
333310	Commercial & Service Industry Machinery Mfg
333410	Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg
333510	Metalworking Machinery Mfg
333610	Engine, Turbine, & Power Transmission Equipment Mfg
333900	Other General Purpose Machinery Mfg
Computer and Electronic Product Manufacturing	
334110	Computer & Peripheral Equipment Mfg
334200	Communications Equipment Mfg
334310	Audio & Video Equipment Mfg
334410	Semiconductor & Other Electronic Component Mfg
334500	Navigational, Measuring, Electromedical, & Control Instruments Mfg
334610	Manufacturing & Reproducing Magnetic & Optical Media
Electrical Equipment, Appliance, and Component Manufacturing	
335100	Electric Lighting Equipment Mfg
335200	Household Appliance Mfg
335310	Electrical Equipment Mfg
335900	Other Electrical Equipment & Component Mfg
Transportation Equipment Manufacturing	
336100	Motor Vehicle Mfg
336210	Motor Vehicle Body & Trailer Mfg
336300	Motor Vehicle Parts Mfg
336410	Aerospace Product & Parts Mfg
336510	Railroad Rolling Stock Mfg
336610	Ship & Boat Building
336990	Other Transportation Equipment Mfg
Furniture and Related Product Manufacturing	
337000	Furniture & Related Product Manufacturing
Miscellaneous Manufacturing	
339110	Medical Equipment & Supplies Mfg
339900	Other Miscellaneous Manufacturing
Wholesale Trade	
Wholesale Trade, Durable Goods	
421100	Motor Vehicle & Motor Vehicle Parts & Supplies Wholesalers
421200	Furniture & Home Furnishing Wholesalers
421300	Lumber & Other Construction Materials Wholesalers
421400	Professional & Commercial Equipment & Supplies Wholesalers
421500	Metal & Mineral (except Petroleum) Wholesalers
421600	Electrical Goods Wholesalers
421700	Hardware, & Plumbing & Heating Equipment & Supplies Wholesalers
421800	Machinery, Equipment, & Supplies Wholesalers
421910	Sporting & Recreational Goods & Supplies Wholesalers
421920	Toy & Hobby Goods & Supplies Wholesalers
421930	Recyclable Material Wholesalers
421940	Jewelry, Watch, Precious Stone, & Precious Metal Wholesalers
421990	Other Miscellaneous Durable Goods Wholesalers

Code	
Wholesale Trade, Nondurable Goods	
422100	Paper & Paper Product Wholesalers
422210	Drugs & Druggists' Sundries Wholesalers
422300	Apparel, Piece Goods, & Notions Wholesalers
422400	Grocery & Related Product Wholesalers
422500	Farm Product Raw Material Wholesalers
422600	Chemical & Allied Products Wholesalers
422700	Petroleum & Petroleum Products Wholesalers
422800	Beer, Wine, & Distilled Alcoholic Beverage Wholesalers
422910	Farm Supplies Wholesalers
422920	Book, Periodical, & Newspaper Wholesalers
422930	Flower, Nursery Stock, & Florists' Supplies Wholesalers
422940	Tobacco & Tobacco Product Wholesalers
422950	Paint, Varnish, & Supplies Wholesalers
422990	Other Miscellaneous Nondurable Goods Wholesalers

Retail Trade

Motor Vehicle and Parts Dealers	
441110	New Car Dealers
441120	Used Car Dealers
441210	Recreational Vehicle Dealers
441221	Motorcycle Dealers
441222	Boat Dealers
441229	All Other Motor Vehicle Dealers
441300	Automotive Parts, Accessories, & Tire Stores

Furniture and Home Furnishings Stores	
442110	Furniture Stores
442210	Floor Covering Stores
442291	Window Treatment Stores
442299	All Other Home Furnishings Stores

Electronics and Appliance Stores	
443111	Household Appliance Stores
443112	Radio, Television, & Other Electronics Stores
443120	Computer & Software Stores
443130	Camera & Photographic Supplies Stores

Building Material and Garden Equipment and Supplies Dealers	
444110	Home Centers
444120	Paint & Wallpaper Stores
444130	Hardware Stores
444190	Other Building Material Dealers
444200	Lawn & Garden Equipment & Supplies Stores

Food and Beverage Stores	
445110	Supermarkets and Other Grocery (except Convenience) Stores
445120	Convenience Stores
445210	Meat Markets
445220	Fish & Seafood Markets
445230	Fruit & Vegetable Markets
445291	Baked Goods Stores
445292	Confectionery & Nut Stores
445299	All Other Specialty Food Stores
445310	Beer, Wine, & Liquor Stores

Health and Personal Care Stores	
446110	Pharmacies & Drug Stores
446120	Cosmetics, Beauty Supplies, & Perfume Stores
446130	Optical Goods Stores
446190	Other Health & Personal Care Stores

Gasoline Stations	
447100	Gasoline Stations (including convenience stores with gas)

Code	
Clothing and Clothing Accessories Stores	
448110	Men's Clothing Stores
448120	Women's Clothing Stores
448130	Children's & Infants' Clothing Stores
448140	Family Clothing Stores
448150	Clothing Accessories Stores
448190	Other Clothing Stores
448210	Shoe Stores
448310	Jewelry Stores
448320	Luggage & Leather Goods Stores

Sporting Goods, Hobby, Book, and Music Stores	
451110	Sporting Goods Stores
451120	Hobby, Toy, & Game Stores
451130	Sewing, Needlework, & Piece Goods Stores
451140	Musical Instrument & Supplies Stores
451211	Book Stores
451212	News Dealers & Newsstands
451220	Prerecorded Tape, Compact Disc, & Record Stores

General Merchandise Stores	
452110	Department stores
452900	Other General Merchandise Stores

Miscellaneous Store Retailers	
453110	Florists
453210	Office Supplies & Stationery Stores
453220	Gift, Novelty, & Souvenir Stores
453310	Used Merchandise Stores
453910	Pet & Pet Supplies Stores
453920	Art Dealers
453930	Manufactured (Mobile) Home Dealers
453990	All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops)

Nonstore Retailers	
454110	Electronic Shopping & Mail-Order Houses
454210	Vending Machine Operators
454311	Heating Oil Dealers
454312	Liquefied Petroleum Gas (Bottled Gas) Dealers
454319	Other Fuel Dealers
454390	Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)

Transportation and Warehousing

Air, Rail, and Water Transportation	
481000	Air Transportation
482110	Rail Transportation
483000	Water Transportation

Truck Transportation	
484110	General Freight Trucking, Local
484120	General Freight Trucking, Long-distance
484200	Specialized Freight Trucking

Transit and Ground Passenger Transportation	
485110	Urban Transit Systems
485210	Interurban & Rural Bus Transportation
485310	Taxi Service
485320	Limousine Service
485410	School & Employee Bus Transportation
485510	Charter Bus Industry
485990	Other Transit & Ground Passenger Transportation

Pipeline Transportation	
486000	Pipeline Transportation

Scenic & Sightseeing Transportation	
487000	Scenic & Sightseeing Transportation

Code	
Support Activities for Transportation	
488100	Support Activities for Air Transportation
488210	Support Activities for Rail Transportation
488300	Support Activities for Water Transportation
488410	Motor Vehicle Towing
488490	Other Support Activities for Road Transportation
488510	Freight Transportation Arrangement
488990	Other Support Activities for Transportation

Couriers and Messengers	
492110	Couriers
492210	Local Messengers & Local Delivery

Warehousing and Storage	
493100	Warehousing & Storage (except lessors of miniwarehouses & self-storage units)

Information

Publishing Industries	
511110	Newspaper Publishers
511120	Periodical Publishers
511130	Book Publishers
511140	Database & Directory Publishers
511190	Other Publishers
512100	Software Publishers

Motion Picture and Sound Recording Industries	
512100	Motion Picture & Video Industries (except video rental)
512200	Sound Recording Industries

Broadcasting and Telecommunications	
513100	Radio & Television Broadcasting
513200	Cable Networks & Program Distribution
513300	Telecommunications (including paging, cellular, satellite, & other telecommunications)

Information Services and Data Processing Services	
514100	Information Services (including news syndicates, libraries, & on-line information services)
514210	Data Processing Services

Finance and Insurance

Depository Credit Intermediation	
522110	Commercial Banking
522120	Savings Institutions
522130	Credit Unions
522190	Other Depository Credit Intermediation

Nondepository Credit Intermediation	
522210	Credit Card Issuing
522220	Sales Financing
522291	Consumer Lending
522292	Real Estate Credit (including mortgage bankers & originators)
522293	International Trade Financing
522294	Secondary Market Financing
522298	All Other Nondepository Credit Intermediation

Activities Related to Credit Intermediation	
522300	Activities Related to Credit Intermediation (including loan brokers)

Securities, Commodity Contracts, and Other Financial Investments and Related Activities	
523110	Investment Banking & Securities Dealing
523120	Securities Brokerage
523130	Commodity Contracts Dealing
523140	Commodity Contracts Brokerage

Code	
523210	Securities & Commodity Exchanges
523900	Other Financial Investment Activities (including portfolio management & investment advice)

Insurance Carriers and Related Activities

524140	Direct Life, Health, & Medical Insurance & Reinsurance Carriers
524150	Direct Insurance & Reinsurance (except Life, Health, & Medical) Carriers
524210	Insurance Agencies & Brokerages
524290	Other Insurance Related Activities

Funds, Trusts, and Other Financial Vehicles

525100	Insurance & Employee Benefit Funds
525910	Open-End Investment Funds (Form 1120-RIC)
525920	Trusts, Estates, & Agency Accounts
525930	Real Estate Investment Trusts (Form 1120-REIT)
525990	Other Financial Vehicles

Real Estate and Rental and Leasing

Real Estate	
531110	Lessors of Residential Buildings & Dwellings
531120	Lessors of Nonresidential Buildings (except Miniwarehouses)
531130	Lessors of Miniwarehouses & Self-Storage Units
531190	Lessors of Other Real Estate Property
531210	Offices of Real Estate Agents & Brokers
531310	Real Estate Property Managers
531320	Offices of Real Estate Appraisers
531390	Other Activities Related to Real Estate

Rental and Leasing Services	
532100	Automotive Equipment Rental & Leasing
532210	Consumer Electronics & Appliances Rental
532220	Formal Wear & Costume Rental
532230	Video Tape & Disc Rental
532290	Other Consumer Goods Rental
532310	General Rental Centers
532400	Commercial & Industrial Machinery & Equipment Rental & Leasing
Lessors of Nonfinancial Intangible Assets (except copyrighted works)	
533110	Lessors of Nonfinancial Intangible Assets (except copyrighted works)

Professional, Scientific, and Technical Services

Legal Services	
541110	Offices of Lawyers
541190	Other Legal Services
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	
541211	Offices of Certified Public Accountants
541213	Tax Preparation Services
541214	Payroll Services
541219	Other Accounting Services

Architectural, Engineering, and Related Services	
541310	Architectural Services
541320	Landscape Architecture Services
541330	Engineering Services
541340	Drafting Services
541350	Building Inspection Services

Code
 541360 Geophysical Surveying & Mapping Services
 541370 Surveying & Mapping (except Geophysical) Services
 541380 Testing Laboratories
Specialized Design Services
 541400 Specialized Design Services (including interior, industrial, graphic, & fashion design)
Computer Systems Design and Related Services
 541511 Custom Computer Programming Services
 541512 Computer Systems Design Services
 541513 Computer Facilities Management Services
 541519 Other Computer Related Services
Other Professional, Scientific, and Technical Services
 541600 Management, Scientific, & Technical Consulting Services
 541700 Scientific Research & Development Services
 541800 Advertising & Related Services
 541910 Marketing Research & Public Opinion Polling
 541920 Photographic Services
 541930 Translation & Interpretation Services
 541940 Veterinary Services
 541990 All Other Professional, Scientific, & Technical Services

Management of Companies (Holding Companies)
 551111 Offices of Bank Holding Companies
 551112 Offices of Other Holding Companies

Administrative and Support and Waste Management and Remediation Services
Administrative and Support Services
 561110 Office Administrative Services
 561210 Facilities Support Services
 561300 Employment Services
 561410 Document Preparation Services
 561420 Telephone Call Centers
 561430 Business Service Centers (including private mail centers & copy shops)
 561440 Collection Agencies
 561450 Credit Bureaus
 561490 Other Business Support Services (including repossession services, court reporting, & stenotype services)

Code
 561500 Travel Arrangement & Reservation Services
 561600 Investigation & Security Services
 561710 Exterminating & Pest Control Services
 561720 Janitorial Services
 561730 Landscaping Services
 561740 Carpet & Upholstery Cleaning Services
 561790 Other Services to Buildings & Dwellings
 561900 Other Support Services (including packaging & labeling services, & convention & trade show organizers)
Waste Management and Remediation Services
 562000 Waste Management & Remediation Services

Educational Services
 611000 Educational Services (including schools, colleges, & universities)

Health Care and Social Assistance
Offices of Physicians and Dentists
 621111 Offices of Physicians (except mental health specialists)
 621112 Offices of Physicians, Mental Health Specialists
 621210 Offices of Dentists
Offices of Other Health Practitioners
 621310 Offices of Chiropractors
 621320 Offices of Optometrists
 621330 Offices of Mental Health Practitioners (except Physicians)
 621340 Offices of Physical, Occupational & Speech Therapists, & Audiologists
 621391 Offices of Podiatrists
 621399 Offices of All Other Miscellaneous Health Practitioners
Outpatient Care Centers
 621410 Family Planning Centers
 621420 Outpatient Mental Health & Substance Abuse Centers
 621491 HMO Medical Centers
 621492 Kidney Dialysis Centers
 621493 Freestanding Ambulatory Surgical & Emergency Centers
 621498 All Other Outpatient Care Centers
Medical and Diagnostic Laboratories
 621510 Medical & Diagnostic Laboratories
Home Health Care Services
 621610 Home Health Care Services

Code
Other Ambulatory Health Care Services
 621900 Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)
Hospitals
 622000 Hospitals
Nursing and Residential Care Facilities
 623000 Nursing & Residential Care Facilities
Social Assistance
 624100 Individual & Family Services
 624200 Community Food & Housing, & Emergency & Other Relief Services
 624310 Vocational Rehabilitation Services
 624410 Child Day Care Services

Arts, Entertainment, and Recreation
Performing Arts, Spectator Sports, and Related Industries
 711100 Performing Arts Companies
 711210 Spectator Sports (including sports clubs & racetracks)
 711300 Promoters of Performing Arts, Sports, & Similar Events
 711410 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures
 711510 Independent Artists, Writers, & Performers
Museums, Historical Sites, and Similar Institutions
 712100 Museums, Historical Sites, & Similar Institutions
Amusement, Gambling, and Recreation Industries
 713100 Amusement Parks & Arcades
 713200 Gambling Industries
 713900 Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)

Accommodation and Food Services
Accommodation
 721110 Hotels (except casino hotels) & Motels
 721120 Casino Hotels
 721191 Bed & Breakfast Inns
 721199 All Other Traveler Accommodation
 721210 RV (Recreational Vehicle) Parks & Recreational Camps
 721310 Rooming & Boarding Houses

Code
Food Services and Drinking Places
 722110 Full-Service Restaurants
 722210 Limited-Service Eating Places
 722300 Special Food Services (including food service contractors & caterers)
 722410 Drinking Places (Alcoholic Beverages)

Other Services
Repair and Maintenance
 811110 Automotive Mechanical & Electrical Repair & Maintenance
 811120 Automotive Body, Paint, Interior, & Glass Repair
 811190 Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes)
 811210 Electronic & Precision Equipment Repair & Maintenance
 811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance
 811410 Home & Garden Equipment & Appliance Repair & Maintenance
 811420 Reupholstery & Furniture Repair
 811430 Footwear & Leather Goods Repair
 811490 Other Personal & Household Goods Repair & Maintenance
Personal and Laundry Services
 812111 Barber Shops
 812112 Beauty Salons
 812113 Nail Salons
 812190 Other Personal Care Services (including diet & weight reducing centers)
 812210 Funeral Homes & Funeral Services
 812220 Cemeteries & Crematories
 812310 Coin-Operated Laundries & Drycleaners
 812320 Drycleaning & Laundry Services (except Coin-Operated)
 812330 Linen & Uniform Supply
 812910 Pet Care (except Veterinary) Services
 812920 Photofinishing
 812930 Parking Lots & Garages
 812990 All Other Personal Services
Religious, Grantmaking, Civic, Professional, and Similar Organizations
 813000 Religious, Grantmaking, Civic, Professional, & Similar Organizations

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Go to our Website:

www.ftb.ca.gov

Los Angeles Revitalization Zone Deduction and Credit Summary

Attach to your California tax return.

Name(s) as shown on return

Social security or California corporation number

FEIN

Secretary of State file number

A. Check the appropriate box for your entity type:

- Individual Estate Trust C corporation S corporation Partnership Exempt organization Limited liability company Limited liability partnership

B. Enter the name of the Los Angeles Revitalization Zone (LARZ) business:

C. Enter the address (actual location) where the LARZ business is conducted:

D. Enter the name of the community within the former LARZ in which the business and/or investment activity is located. See General Information D, Geographic Boundaries.

E. Principal Business Activity Code number of the LARZ business Enter the six-digit number from the Codes for Principal Business Activity.

F. Gross annual receipts of the business

G. Total asset value of the business

Part I Credit Carryovers Used

1 Hiring and sales or use tax credit carryovers claimed on the current year return:

- a Construction hiring credit carryover from Worksheet VI, line 8A, column (d) or line 11, column (c)
b General hiring credit carryover from Worksheet VI, line 9A, column (d) or line 12, column (c)
c Sales or use tax credit carryover from Worksheet VI, line 10A, column (d) or line 13, column (c)

Add line 1a, line 1b, and line 1c

Note: To figure the amount of credit carryovers to carry over, complete Worksheet VI on Side 2.

Part II Net Operating Loss (NOL) Carryover and Deduction

2 a Enter the LARZ NOL carryover from prior years from Worksheet V, line 15, column (b)

b Enter the total LARZ NOL deduction used in the current year from Worksheet V, line 15, column (c).

Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 21; Form 100W, line 21; Form 100S, line 19; or Form 109, line 3 or line 11

c Enter the LARZ NOL to carry over to future years from Worksheet V, line 15, column (e)

ELECTION: For those taxpayers eligible for an NOL carryover under R&TC Sections 17276.2, 17276.4, 17276.5, 17276.6, 24416.2, 24416.4, 24416.5, or 24416.6, the act of claiming an NOL carryover on this form constitutes the irrevocable election to apply the loss under R&TC Sections 17276.4 or 24416.4, for taxpayers operating a trade or business within the LARZ. If you elect to carry over an NOL under the LARZ provisions, you cannot carry over any other type and amount of NOL from this year.

Part III Portion of Business Attributable to the Former LARZ

3 Enter the average apportionment percentage of your business that is in the former LARZ from Worksheet IV, Section A, line 4. If your operation is wholly within the former LARZ, the average apportionment percentage is 100% (1.00)

Part IV Recapture of Deduction and Credits

4 Recapture of construction hiring credit from Worksheet I, line 2, column (b)

5 Recapture of general hiring credit from Worksheet I, line 2, column (c)

Worksheet VI Computation of Credit Carryover Limitations — Los Angeles Revitalization Zone

Part I Computation of Limitations. See instructions.

1 Trade or business income. Individuals: Enter the amount from Worksheet IV, Section B, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Note: Corporations which file a combined report, enter the taxpayer's business income apportioned to California (see instructions Part IV)	1	
2 Corporations: Enter the average apportionment percentage from Worksheet IV, Section A, line 4. See instructions	2	
3 Multiply line 1 by line 2	3	
4 Enter the LARZ NOL deductions from Worksheet V, line 15, column (c)	4	
5 LARZ taxable income. Subtract line 4 from line 3	5	
6 a Compute the amount of tax due using the amount on line 5. See instructions ..	6a	
b Enter the amount of tax from Form 540, line 24; Form 540NR, line 27; Form 541, line 21; Form 100, line 24; Form 100W, line 24; Form 100S, line 22; or Form 109, line 7 or line 15. Corporations, combined groups, and S corporations, see instructions	6b	
7 Enter the smaller of line 6a or line 6b. This is the limitation based on the LARZ income. Go to Part II, Part III, or Part IV. See instructions	7	

Part II Limitation of Credit Carryovers for Corporations, Individuals, Estates, and Trusts. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Limitation based on LARZ business income	(d) Used on Schedule P (can never be greater than col. (b) or col. (c))	(e) Carryover (col. (b) minus col. (c))
8 Construction hiring	A			
	B			
9 General hiring	A			
	B			
10 Sales or use tax	A			
	B			

Part III Limitation of Credit Carryovers for S Corporations Only. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Credit carryover used this year by S corporation	(d) Carryover (col. (b) minus col. (c))
11 Construction hiring			
12 General hiring			
13 Sales or use tax			

Part IV Limitation of Credit Carryovers for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Carryover (enter amount from col. (b))
14 Construction hiring		
15 General hiring		
16 Sales or use tax		

Los Angeles Revitalization Zone Deduction and Credit Summary

Attach to your California tax return.

Name(s) as shown on return

Social security or California corporation number

FEIN

Secretary of State file number

A. Check the appropriate box for your entity type:

- Individual, Estate, Trust, C corporation, S corporation, Partnership, Exempt organization, Limited liability company, Limited liability partnership

B. Enter the name of the Los Angeles Revitalization Zone (LARZ) business:

C. Enter the address (actual location) where the LARZ business is conducted:

D. Enter the name of the community within the former LARZ in which the business and/or investment activity is located. See General Information D, Geographic Boundaries.

E. Principal Business Activity Code number of the LARZ business. Enter the six-digit number from the Codes for Principal Business Activity.

F. Gross annual receipts of the business

G. Total asset value of the business

Part I Credit Carryovers Used

1 Hiring and sales or use tax credit carryovers claimed on the current year return:

- a Construction hiring credit carryover from Worksheet VI, line 8A, column (d) or line 11, column (c)
b General hiring credit carryover from Worksheet VI, line 9A, column (d) or line 12, column (c)
c Sales or use tax credit carryover from Worksheet VI, line 10A, column (d) or line 13, column (c)

Add line 1a, line 1b, and line 1c

Note: To figure the amount of credit carryovers to carry over, complete Worksheet VI on Side 2.

Part II Net Operating Loss (NOL) Carryover and Deduction

2 a Enter the LARZ NOL carryover from prior years from Worksheet V, line 15, column (b)

b Enter the total LARZ NOL deduction used in the current year from Worksheet V, line 15, column (c).

Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 21; Form 100W, line 21; Form 100S, line 19; or Form 109, line 3 or line 11

c Enter the LARZ NOL to carry over to future years from Worksheet V, line 15, column (e)

ELECTION: For those taxpayers eligible for an NOL carryover under R&TC Sections 17276.2, 17276.4, 17276.5, 17276.6, 24416.2, 24416.4, 24416.5, or 24416.6, the act of claiming an NOL carryover on this form constitutes the irrevocable election to apply the loss under R&TC Sections 17276.4 or 24416.4, for taxpayers operating a trade or business within the LARZ. If you elect to carry over an NOL under the LARZ provisions, you cannot carry over any other type and amount of NOL from this year.

Part III Portion of Business Attributable to the Former LARZ

3 Enter the average apportionment percentage of your business that is in the former LARZ from Worksheet IV, Section A, line 4. If your operation is wholly within the former LARZ, the average apportionment percentage is 100% (1.00)

Part IV Recapture of Deduction and Credits

4 Recapture of construction hiring credit from Worksheet I, line 2, column (b)

5 Recapture of general hiring credit from Worksheet I, line 2, column (c)

Worksheet VI Computation of Credit Carryover Limitations — Los Angeles Revitalization Zone

Part I Computation of Limitations. See instructions.

1 Trade or business income. Individuals: Enter the amount from Worksheet IV, Section B, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Note: Corporations which file a combined report, enter the taxpayer's business income apportioned to California (see instructions Part IV)		1	
2 Corporations: Enter the average apportionment percentage from Worksheet IV, Section A, line 4. See instructions		2	
3 Multiply line 1 by line 2		3	
4 Enter the LARZ NOL deductions from Worksheet V, line 15, column (c)		4	
5 LARZ taxable income. Subtract line 4 from line 3		5	
6 a	Compute the amount of tax due using the amount on line 5. See instructions ..	6a	
b	Enter the amount of tax from Form 540, line 24; Form 540NR, line 27; Form 541, line 21; Form 100, line 24; Form 100W, line 24; Form 100S, line 22; or Form 109, line 7 or line 15. Corporations, combined groups, and S corporations, see instructions	6b	
7 Enter the smaller of line 6a or line 6b. This is the limitation based on the LARZ income. Go to Part II, Part III, or Part IV. See instructions		7	

Part II Limitation of Credit Carryovers for Corporations, Individuals, Estates, and Trusts. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Limitation based on LARZ business income	(d) Used on Schedule P (can never be greater than col. (b) or col. (c))	(e) Carryover (col. (b) minus col. (c))
8 Construction hiring	A			
	B			
9 General hiring	A			
	B			
10 Sales or use tax	A			
	B			

Part III Limitation of Credit Carryovers for S Corporations Only. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Credit carryover used this year by S corporation	(d) Carryover (col. (b) minus col. (c))
11 Construction hiring			
12 General hiring			
13 Sales or use tax			

Part IV Limitation of Credit Carryovers for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

(a) Credit name	(b) Total prior year credit carryover	(c) Carryover (enter amount from col. (b))
14 Construction hiring		
15 General hiring		
16 Sales or use tax		

How to Get California Tax Information

(Keep This Page For Future Use)

Your Rights as a Taxpayer

Our goal at the Franchise Tax Board (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. See "Where to Get Tax Forms and Publications" below.

Where to Get Tax Forms and Publications

By Internet – You can download, view, and print California tax forms and publications. Go to our Website at: www.ftb.ca.gov

Other state agencies' information can be accessed through the State Agency Index located on the California State Website at: www.ca.gov

By phone – To order California tax forms, publications, and the current year federal booklets, call our automated phone service. To order a form:

- Refer to the list in your tax booklet and find the code number for the form you want to order.
- Call (800) 338-0505 and follow the instructions.

Please allow two weeks to receive your order. If you live outside California, please allow three weeks to receive your order.

In person – Many libraries, post offices, and banks provide free California personal income tax booklets during the filing season. Most libraries and some quick print businesses have forms and schedules for you to photocopy (a nominal fee may apply).

Note: 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

Letters

If you write to us, be sure your letter includes your FEIN, Secretary of State file number, California corporation number, or social security number, your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

PROFESSIONAL RESOURCES AND
EDUCATION SECTION MS F-228
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

We will respond to your letter within six weeks. In some cases, we may need to call you for additional information. **Note:** Do not attach correspondence to your tax return unless the correspondence relates to an item on your return.

General Toll-Free Phone Service

Our general toll-free phone service is available:

- Monday – Friday, 7 a.m. until 8 p.m.; and
- Saturdays, 8 a.m. until 5 p.m.

Note: We may modify these hours without notice to meet operational needs.

From within the

United States (800) 852-5711

From outside the

United States (916) 845-6500
(not toll-free)

Assistance for persons with disabilities:

The FTB complies with the Americans with Disabilities Act. Persons with a hearing or speech impairments, call:

From voice phone (800) 735-2922
(California Relay Service)

From TTY/TDD (800) 822-6268
(Direct line to FTB customer service)

For all other assistance or special accommodations, call (800) 852-5711.

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 de teléfono (anotado arriba) que le corresponde.

Economic Development Area Information

Further information about the former LARZ is available from:

FRANCHISE TAX BOARD
Telephone: (916) 845-3464
FAX: (916) 845-6791
Website: www.ftb.ca.gov



Automated Toll-Free Phone Service

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Our automated toll-free phone service is available 24 hours a day, 7 days a week, in English and Spanish to callers with touch-tone telephones. To order business entity form, the automated service is available from 6 a.m. to 8 p.m. Monday through Friday, except state holidays, and Saturdays from 6 a.m. to 4 p.m. You can:

- Order California tax forms and publications and individual current year federal booklets;
- Get current year tax refund information;
- Get balance due and payment information; and
- Hear recorded answers to many of your questions about California taxes.

Have paper and pencil ready to take notes.

Call from within the

United States (800) 338-0505

Call from outside the

United States (916) 845-6600
(not toll-free)

Current Year Personal Income Tax Refund Information

You should wait at least eight weeks after you file your tax return before you call to find out about your refund. You will need your social security number, the numbers in your street address, box number, or route number, and your ZIP Code to use this service. Refund status information is available 24 hours a day, 7 days a week. Call our automated phone service, select personal income tax information, then refund information, and follow the recorded instructions.

Personal Income Tax Balance Due and Payment Information

You should wait at least 45 days from the date you mailed your payment before you call to verify receipt of your payment. You will need your social security number, the numbers in your street address, box number, or route number, and your ZIP Code to use this service. Balance due and payment information is available 24 hours a day, 7 days a week.

Answers To Tax Questions

Recorded answers to your tax questions are available 24 hours a day, 7 days a week. To receive answers to any of the following questions, call our automated phone service, select either personal income tax or business entity tax information, then general information, and enter the three-digit code when instructed to do so.

Personal Income Tax Information

Code Filing Assistance

- 100 – Do I need to file a return?
- 111 – Which form should I use?
- 112 – How do I file electronically and get a fast refund?
- 200 – Where can I pick up a form today?
- 201 – How can I get an extension to file?
- 203 – What is and how do I qualify for the nonrefundable renter's credit?
- 204 – I never received a Form W-2. What do I do?
- 205 – I have no withholding taken out. What do I do?
- 206 – Do I have to attach a copy of my federal return?
- 207 – Should I file my return even though I do not have the money to pay?
- 208 – How do I figure my estimated tax payments?
- 209 – I lived in California for part of the year. Do I have to file a return?
- 210 – I do not live in California. Why do I have to file a return?
- 211 – How do I figure my IRA deduction?
- 212 – How do I claim my disaster related loss?
- 215 – Who qualifies me to use the head of household filing status?
- 216 – I'm due a refund. Do I still need to file a return?
- 217 – I am currently/was in the military. Do I have to file a California return?

- 218 – I'm in the military. Do I have to use the same filing status as federal?
- 219 – I sold my personal residence. How do I report the sale to California?
- 220 – There is no difference in my state and federal depreciation, business income, and capital gain income. What do I do?
- 221 – What is community property?
- 222 – How much can I deduct for vehicle license fees?
- 227 – How do I get a refund of excess SDI?
- 239 – Where can I get help with preparing and filing my income tax return?
- 240 – Does a tax return have to be filed for a deceased taxpayer?

Refunds

- 300 – My spouse has passed away. You sent a refund with both our names on it. What do I do?
- 301 – I got a letter saying you sent my refund to another agency. Why?

Penalties

- 400 – I have an extension of time to file my return. Why did I get a penalty?
- 401 – I filed my return on time. Why did I get a penalty?
- 402 – How can I protest a penalty?
- 403 – What is the estimate penalty rate?

Notices and Bills

- 500 – I received a bill and I cannot pay it in full. What do I do?
- 501 – Why didn't you give me credit for my withholding?
- 502 – You didn't give me credit for my dependent. What do I do?
- 504 – I'm head of my house. Why was I denied head of household filing status?
- 506 – How do I get information about my Form 1099-G?
- 508 – I received a notice that didn't show all payments made. How do I get credit for them?

Tax For Children

- 601 – Can my child take a personal exemption credit when I claim her or him as a dependent on my return?
- 602 – Federal law limits the standard deduction. Is the state law the same?

Miscellaneous

- 610 – Can I pay my taxes with a credit card?
- 611 – What address do I send my payment to?
- 612 – I mailed my return and haven't heard anything. Should I send a copy of my return?
- 613 – I forgot to attach my Form(s) W-2 when I mailed my return. What do I do?
- 614 – I forgot to attach a copy of my federal return. What do I do?
- 615 – How do I get a copy of my state tax return?
- 616 – What should I do if my federal tax return was examined and changed by the IRS?
- 617 – What are the current interest rates?
- 619 – How do I report a change of address?

Business Entity Tax Information

Code Filing Assistance

- 715 – If my actual tax is less than the minimum franchise tax, what figure do I put on line 23 of Form 100 or Form 100W?
 - 717 – What are the tax rates for corporations?
 - 718 – How do I get an extension of time to file?
 - 722 – When does my corporation have to file a short-period return?
 - 734 – Is my corporation subject to a franchise tax or income tax?
- ### S Corporations
- 704 – Is an S corporation subject to a minimum franchise tax?
 - 705 – Are S corporations required to file estimated 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 adjustments for state and federal law differences on Schedule K-1 (100S) and where do nonresident shareholders get their California source income from their Schedule K-1 (100S)?

Exempt Organizations

- 709 – How do I get tax-exempt status?
- 710 – Does an exempt 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

- 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 corporation's estimated 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 filed 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

- 617 – What are the current interest rates?
- 700 – Who do I need to contact to start a business?
- 701 – I need a state ID number for my business. Who 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 obtain information about changing my corporation's name?
- 721 – How does my corporation change its 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 corporation or partnership tax return?
- 740 – What requirements do I have to report municipal bond interest paid by a state other than California?
- 750 – How do I organize or register an LLC?
- 751 – How do I cancel the registration of my LLC?
- 752 – What tax forms do I use to file as an LLC?
- 753 – When is the annual tax payment due?
- 754 – What extension voucher do I use to pay the limited liability company fee and/or member tax?
- 755 – Where does a limited liability company send its tax payments?
- 756 – As a limited liability company I never did any business or even opened a door, bank account, or anything. Why do I owe the \$800 annual tax?
- 757 – How are the limited liability company fees calculated?
- 758 – I'm a corporation that has converted to an LLC during the current year. Am I liable for the tax as a corporation and an LLC in the same year?
- 759 – If I have nonresident members and cannot get all their signatures on the consent release form, can I still file the return?