

2002

Application for Transfer of S Corporation 2002 Overpayments to Shareholders

3833

For calendar year 2002 or fiscal year beginning month _____ day _____ year 2002, and ending month _____ day _____ year _____.

Corporation name _____ California corporation number _____

Street address _____ PMB no. _____ Federal employer identification number _____

City _____ State _____ Zip Code _____

What's New

For taxable years beginning on or after January 1, 2002, California no longer allows a federal S corporation to elect to be a California C corporation. Therefore, for the taxable year beginning in 2002, and thereafter, any corporation with a valid federal S corporation election is an **S corporation** for California purposes. The effective date of the California election is the first day of the corporation's taxable year beginning in 2002.

California will allow these corporations to request a portion of their 2002 taxable year's estimated tax payments be transferred to the personal income tax accounts of their shareholders. Transfers are allowed only for S corporation taxable year beginning in 2002, and only if the total amount to be transferred is at least \$500.

General Instructions

S corporations must use form FTB 3833 to request the transfer of corporate estimated tax payments to the personal income tax accounts of its shareholders. However, form FTB 3833 may not be used to request a refund or credit of estimated tax payments to the corporation. A refund or credit must be requested on the corporation's tax return.

If the total amount available to transfer from the corporation to its shareholders is less than the amount requested, the Franchise Tax Board (FTB) will allocate the available amount among the shareholders on a pro-rata basis, according to the percentage of ownership stated on form FTB 3833. If the S corporation uses a fiscal year, the transfer

will apply to the shareholder's tax liability for their 2003 taxable year.

Notification to Shareholders

The corporation must furnish to each shareholder whose name is listed on form FTB 3833 a statement showing amounts and dates of the payments being transferred to the shareholder's personal income tax account.

The amount transferred will have the same payment date as the S corporation's estimated tax payments dates.

Specific Line Instructions

Part I

Line 1b – Include in the amount on line 1b any S corporation Schedule D taxes or tax on excess net passive income that is assessed at the 8.84 percent rate (10.84 percent for financial corporations).

Line 1c – The amount entered on line 1c must equal or exceed \$500 for the transfer to be approved.

Line 3 – Enter the estimated tax payment that applies to the date shown on line 2 for the same column.

Line 4 – Enter the portion of the amount entered on line 1b to be applied to the quarterly installment of estimated tax due for the S corporation. The amount for the first quarter may not be less than the \$800 minimum franchise tax plus QSub annual tax, if applicable.

Caution: Newly formed or qualified corporations can only transfer the excess amount over the corporation's expected tax liability for the first

taxable year. See form FTB 5806 for an explanation of how to compute the estimated tax payment for the first year.

Part II

Enter the name, address, social security number or federal employer identification number (FEIN), percentage of ownership and the amount of overpayment to be transferred to each shareholder for each payment.

If the number of shareholders has changed during the taxable year, resulting in changes to ownership percentages, attach a schedule showing the percentage of ownership on the date of each estimated tax payment for each shareholder of record as of that date.

Note: If the corporation will be filing a group Form 540NR return for the nonresident shareholders enter the letters SGNF as the shareholder name and the corporation's FEIN for the portion of the overpayment the corporation wants to be applied to the group account. For more information about filing group returns for nonresidents of California, get FTB Pub. 1067, Guidelines for Filing a Group Form 540NR.

Total transferred to shareholders. Be sure to enter the total amount of overpayments to be transferred on Side 4. The total transferred may not exceed the amount on Side 1, line 5.

Mail to: FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0500

Part I Computation of Overpayment

1a	Total estimated tax payments paid for taxable year beginning in 2002	1a	
1b	S corporation estimated tax liability for taxable year beginning in 2002. Enter an amount equal to 1.5 percent (financial corporations use 3.5 percent) of the corporation's estimated net income or the minimum franchise tax, plus QSub annual tax, if applicable	1b	
1c	Amount available for transfer to shareholders. Subtract line 1b from line 1a. If less than \$500, STOP HERE. (Do not complete this form.) See line 1c instruction	1c	

	(a)	(b)	(c)	(d)
2	Enter in columns (a) through (d) the date of each estimated tax payment for the taxable year beginning in 2002.	___/___/___	___/___/___	___/___/___
3	Enter in columns (a) through (d) the amount of each estimated tax payment made on the date shown on line 2. The sum of the amounts entered on this line should equal the amount on line 1a			
4	Amount of payment to be applied to S corporation estimated tax. The sum of the amounts entered on this line should equal the amount on line 1b	(not less than minimum tax)		
5	Amount available for transfer to shareholders. The sum of the amounts entered on this line may not exceed the amount on line 1c			
FOR FTB USE ONLY				

Signature of Officer or person completing this form _____ Date _____

Print name and Title or Relationship to the entity _____ Telephone _____

