

# Instructions for Schedule CA (540NR)

These instructions are based on the Internal Revenue Code (IRC) as of **January 1, 2001**, and the California Revenue and Taxation Code (R&TC).

## What's Changed?

The California legislature enacted SB 615 (Stats. 2004 CH. 388), which makes California law compatible with the Servicemembers Civil Relief Act (Public Law 108-189). This means that servicemembers domiciled outside of California, and their spouses, may exclude the member's military compensation from gross income when computing the tax rate on nonmilitary income.

Requirements for military servicemembers domiciled in California remain unchanged. Military servicemembers domiciled in California must include their military pay in total income. In addition, they must include their military pay in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California.

**Amended Returns** – If you are an active duty military member domiciled outside California and you included your military compensation in income from all sources, you may file an amended return for tax years with an open statute of limitations. Get FTB Publication 1032, Tax Information for Military Personnel and Form 540X, Amended Individual Income Tax Return, for additional information.

## General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2001. However, there are continuing differences between California and federal law. It should be noted that California does not always conform to the entire provisions of a public law. California has conformed to some of the changes made to the IRC after January 1, 2001, including some provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16), the Victims of Terrorism Tax Relief Act of 2001 (Public Law 107-134), and the Job Creation and Worker Assistance Act of 2002 (Public Law 107-147). California has not conformed to any of the provisions of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108-27) and the Military Family Tax Relief Act of 2003 (Public Law 108-121).

### Differences between California and federal law.

California law does not conform to federal law for:

- Rebates or vouchers received from a local water agency, energy agency, or energy supplier. This includes a rebate, voucher, or other financial incentive from the California Energy Commission, the Public Utility Commission, or a local publicly owned electric utility company for any expenses paid or incurred by a taxpayer for the purchase or installation of a thermal, solar or wind energy fuel generating system.
- Interest deduction allowed for interest paid on any loan or indebtedness from a utility company to purchase energy efficient equipment and products for California residents.
- Net Operating Losses - Pierce's disease.
- The additional 30% or 50% first year depreciation allowance for qualified property acquired after May 5, 2003, and placed in service before January 1, 2005 (or 2006 for property with longer production periods).
- Educator Expense or the Tuition and Fees deduction.
- Student loan interest deduction for interest when the loan exceeds 60 months or (5 years) or for interest on voluntary payments.
- Clean Air Fuel first year use deduction. Report this adjustment on line 33, Column B as part of your total subtractions.

- The tax incentives for "renewal communities." California law does, however, provide a variety of independent area tax incentives to encourage revitalization of specially designated areas. The Government Code provides for the designation of Enterprise Zones, Local Agency Military Base Recovery Areas (LAMBRA's), a Targeted Tax Area (TTA), and Manufacturing Enhancement Areas (MEAs). California law conforms to the general federal rules for expensing IRC Section 179 property with the exception that California law allows a maximum deduction of \$25,000. In lieu of this deduction, the Personal Income Tax Law allows a taxpayer with a business in an "Economic Development Area" to elect to expense \$20,000 to \$40,000 (depending on the designation) of certain specified equipment used in the business.

**Note:** Net Operating Losses have been suspended for 2002 and 2003.

**California law is the same as federal law in the following areas:**

**Self-employed health insurance deduction.** The percentage for 2003 is 100%.

**Roth IRAs.** The contribution rules and distribution rules are the same.

**Holocaust Restitution Payments** – An exclusion is provided for Holocaust reparations received by eligible individuals, for their heirs, or estate for Holocaust restitution payments, distributions, or excludable trust.

## Purpose

Use this schedule to determine your California taxable income by doing the following:

- Identify the domiciles and also, current and past residency information.
- Enter the amounts of income and deductions reported on your federal income tax return.
- Adjust the income and deductions reported on your federal return for differences in California and federal law.
- Determine the portion of income reported on your federal return that was earned or received while you were a California resident.
- Determine the portion of income reported on your federal return that was earned or received from California sources while you were a nonresident.
- Determine your allowable standard deduction or itemized deductions.

**Part-Year Residents** – Complete the Part-Year Resident Worksheet to determine the amounts to enter on line 7 through line 22a, column E.

**Avoid common mistakes on this schedule.**

**Column A** – Copy the amounts from your federal return. Note: Using the (a) amounts on lines 9 and 13 and the (b) amounts on lines 15, 16, and 20, use the line (b) amounts from your federal return. Form 1040, line 34, should equal Long Form 540NR, line 13, federal AGI.

**Column B (line 7 - line 21)** – Subtract income that is not taxable to a California resident such as California lottery winnings and social security benefits. **Do not use column B to deduct** income that was earned while a nonresident of California or from sources outside of California. There **must** be a difference in tax law. Generally, if a California resident cannot subtract the income in column B, a nonresident or part-year resident may not subtract the income in column B either.

**Column C (line 7 - line 21)** – Add income that was not taxed on your federal return but is taxable to a California resident such as foreign income or

interest/dividends from non-California municipal bonds.

**Column D** – Combine the columns (column A - column B + column C). Line 34, column D, should equal Long Form 540NR, line 17. The amounts in this column represent income earned from all sources as if you were a California resident, after applying California and federal law differences.

**Column E** – Enter all income from all sources while you were a resident of California and income from California sources while you were a nonresident. Enter on line 42 the amount from Schedule CA (540NR), line 34.

## Specific Line Instructions for PART I Residency Information

Answer all the questions in this part for you and your spouse. If a question does not apply, enter "N/A" on the line for the answer. For more information get:

- FTB Pub. 1031, Guidelines for Determining Resident Status; and
- FTB Pub. 1032, Tax Information for Military Personnel

### Line 1 – Domicile and military

If you served in the military, your state of domicile is generally the state where you were living when you first entered military service. If you were not in the military, your domicile is the place you consider your permanent home, the place to which you, whenever absent, intend to return.

### Line 5 – The number of days I spent in California

The total number of days in California should include all days in California for any purpose including residency, business, and vacation.

## Specific Line Instructions for PART II Income Adjustment Schedule

### Column A — Federal Amounts

Enter all the amounts shown on your federal return on the corresponding lines in column A.

If you are married filing separately under either exception described in the instructions for Long Form 540NR, enter in column A the amounts you would have reported on a separate federal return. Attach a statement to the return showing how the income and expenses were split between you and your spouse.

### Line 7 through Line 21

Enter on line 7 through line 21 the same amounts you entered on federal Form 1040, line 7 through line 21; Form 1040A, line 7 through line 14b; Form 1040EZ, line 1, line 2, and line 3; or Form 1040NR, line 8 through line 21 for the same types of income.

Also enter the following if applicable:

- The total ordinary and qualified dividends received on line 9(a);
- The total capital gain or (loss) received on line 13(a);
- The total IRA distribution received on line 15(a);
- The total pension or annuity distribution received on line 16(a); and
- The total social security retirement benefit received on line 20(a).

If you used Form 1040A, refer to line 11a, line 12a, and line 14a. If you used Form 1040NR, refer to line 16a and line 17a.

### Line 22a – Total

Combine the amounts on line 7 through line 21. Enter the total on line 22a. This number should be the same as the amount on federal Form 1040, line 22; Form 1040A, line 15; Form 1040EZ, line 4; or Form 1040NR, line 23.

### Line 22b – Balance Carried Forward

Enter on line 22b the total from Side 1, line 22a, column A.

### Line 23 through Line 31

Enter the same amounts you entered on federal Form 1040, line 23 through line 31; Form 1040A, line 16 through line 19; or Form 1040NR, line 24 through line 30.

### Line 32a and Line 32b

Enter on line 32a the same amount you entered on federal Form 1040, line 32a. Enter on line 32b the social security number and full name of the person to whom you paid alimony.

### Line 33

Add line 23 through line 32a. This amount should be the same as the amount on federal Form 1040, line 33; Form 1040A, line 20; or Form 1040NR, line 33. However, if you made any of the adjustments described in the instructions for federal Form 1040, line 33, or if you claimed the foreign housing deduction from federal Form 2555, Foreign Earned Income, or Form 2555-EZ, Foreign Earned Income Exclusion, enter the amount from Form 1040, line 33 on this line.

If you used Form 1040NR and reported an amount on Form 1040NR, line 32 for excluded scholarship and fellowship grants, enter the amount from Form 1040NR, line 33 on this line.

### Line 34 – Total

Subtract line 33 from line 22b. This amount should be the same as the amount on Long Form 540NR, line 13; federal Form 1040, line 34; Form 1040A, line 21; Form 1040EZ, line 4; or Form 1040NR, line 34.

## Column B and Column C — Subtractions and Additions

Use these columns to enter subtractions and additions to federal amounts in column A that are necessary because of the differences between California and federal law. Enter all amounts on line 7 through line 33 as positive numbers.

**Do not deduct** income that was earned while you were a nonresident of California or from sources outside of California. There **must** be a difference in tax law. Generally, if a California resident cannot subtract the income in column B, a nonresident or part-year resident may not subtract income from column B.

**Note:** If you are a nonresident alien, use column B and column C to adjust federal AGI to include income from all sources, even if you were not required to report it on your federal return. California does not have special rules limiting total AGI from all sources to U.S. source or effectively connected income of nonresident aliens.

You may need one of the following FTB publications to complete column B and column C:

- 1001, Supplemental Guidelines to California Adjustments;
- 1005, Pension and Annuity Guidelines;
- 1031, Guidelines for Determining Resident Status;
- 1032, Tax Information for Military Personnel; or
- 1100, Taxation of Nonresidents and Individuals Who Change Residency.

Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) to download a publication or form or see the back cover of your tax booklet for a list of the FTB publications.

### Line 7 – Wages, Salaries, Tips, etc.

Generally, you will not make any adjustments on this line. If you did not receive any of the following types

of income, make no entry on this line in either column B or column C.

**Active duty military pay.** Special rules apply to active duty military taxpayers. Get FTB Pub. 1032 for more information.

**Military Pay Adjustment.** Compensation for military service of a servicemember domiciled outside of California is exempt from California tax. It is excluded from adjusted gross income from all sources.

If you are an active duty military member domiciled outside of California, you may claim an adjustment for your active duty military pay.

To claim your adjustment, write "MPA" to the left of column A and enter the amount of your active duty military pay in column B. You will also exclude this amount from column E. Please attach a copy of your W-2, reflecting your military compensation, to your return.

**Ride-sharing benefits or sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act.** California excludes these items from income. Enter in column B the amount of these benefits included in the amount in column A.

**Ridesharing fringe benefit differences.** Under federal law qualified transportation benefits are excluded from gross income. Under the California Revenue and Taxation Code, there are no monthly limits for the exclusion of these benefits and California's definitions are more expansive. Enter the amount of ridesharing benefits received and included in federal income on line 7, column B.

**Income exempted by U.S. tax treaties (unless specifically exempt for state purposes also).** If you excluded this income from your federal return, enter the excluded amount in column C. If you claimed the foreign earned income or housing cost exclusion under IRC Section 911, see the instructions for line 21. Get FTB Pub. 1001 for more information.

**Exclusion for compensation from exercising a California Qualified Stock Option (CQSO).** To claim this exclusion, your earned income from the corporation granting the CQSO must be \$40,000 or less; the market value of the options granted to you must be \$100,000 or less; the total number of shares must be 1,000 or less; and the corporation issuing the stock must designate that the stock issued is a California qualified stock option at the time the option is granted. If you included in federal income an amount qualifying for this exclusion, enter that amount in column B.

**Exclusion for Medical Expenses.** California allows an exclusion from gross income for employer-provided accident, health insurance, and medical expense reimbursement for registered domestic partners and that partner's dependents if they were not previously deducted. Self-employed individuals may also claim a deduction for health insurance costs paid for themselves, their spouses, and dependents. In addition, self-employed individuals may also claim this deduction for health insurance costs paid for their registered domestic partner and the domestic partner's deduction.

**Employer-Provided Adoption Assistance Exclusion –** With regard to adoption of children with special needs, California has not conformed to the federal provisions providing for a potential increase in the exclusion for the year in which the adoption becomes final or the limitation based upon the aggregate amount paid in all years. For more information, get form FTB 5123, Employer Provided Adoption Assistance Exclusion, or FTB Pub. 1001, Supplemental Guidelines to California Adjustments (2003).

### Line 8 – Taxable Interest Income

If you did not receive any of the kinds of income listed below, do not make an entry on this line in either column B or column C. Otherwise, enter in column B, the interest that you received from:

- U.S. saving bonds (except for interest from series EE U.S. savings bonds issued after 1989 that qualified for the Education Savings Bond Program exclusion);
- U.S. Treasury Bills, notes, and bonds; or
- Any other bonds or obligations of the United States and its territories; and

Enter in column C, the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b or Form 1040NR, line 9b; **and** which you received from:

- Non-California state bonds;
- Non-California municipal bonds issued by a county, city, town, or other local government unit;
- Obligations of the District of Columbia issued after December 27, 1973; and
- Non-California bonds if the interest was passed through to you from S corporations, trusts, partnerships, or Limited Liability Companies (LLCs).

**Do not** make entries in either column B or column C for interest you earned on Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporations (FHLMC) securities, or grants paid to low-income individuals.

Get FTB Pub. 1001 if you received interest income from the following sources:

- Loans made in an enterprise zone (EZ), or the former Los Angeles Revitalization Zone (LARZ); or
- Items listed above passed through to you from S corporations, trusts, partnerships, or LLCs.

### Line 9 – Ordinary dividends

Generally, you will not have a difference between the amount of dividends reported in Column A and the amount reported using California law. However, California taxes dividends that are derived from other states and their municipal obligations. In addition, certain mutual funds pay "exempt-interest dividends". If the mutual fund has at least 50% of its assets invested in tax-exempt U.S. obligations and/or in California or its municipal obligations, that amount of dividend is exempt from California tax. The proportion of dividends that are tax-exempt will be shown on your annual statement or statement issued with Form 1099.

If the California exempt-interest amount is more than the federal exempt-interest amount, enter the difference in column B.

Get FTB Pub. 1001 if you received dividend income from:

- Noncash patronage dividends from farmers' cooperatives or mutual associations;
- A controlled foreign corporation;
- Distribution of pre-1987 earnings from S corporations; or
- Undistributed capital gains for regulated investment company (RIC) shareholders.

### Line 10 – Taxable refunds, credits, or offsets of state and local income taxes

California does not tax the state income tax refund you received in 2003. Enter in column B, the amount of state tax refund you entered in column A.

### Line 11 – Alimony Received

If you are a nonresident alien and received alimony that was not included in your federal income, enter the alimony on this line in column C. Otherwise, make no entry on this line.

### Line 12 – Business Income or (Loss)

You may need to adjust federal business income or loss you reported in column A because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the amount used for federal purposes. Adjustments are figured on

form FTB 3885A, Depreciation and Amortization Adjustments, and are most commonly necessary because of the following:

- **Before January 1, 1987**, California did not allow depreciation under the federal accelerated cost recovery system. You must continue to figure California depreciation for those assets in the same manner as prior years.
- **On or after January 1, 1987**, California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. Refer to the bulleted list below.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 12 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule C.

Use form FTB 3885A to figure the total adjustment for line 12 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses); or
- Passive activities that produce gains.

Get FTB Pub. 1001 for more information about:

**Income related to:**

- Business, trade, or profession carried on within California that is an integral part of a unitary business carried on both within and outside California; or
- Pro-rata share of income received from a controlled foreign corporation by a U.S. shareholder.

**Basis adjustments related to:**

- Property acquired prior to becoming a California resident;
- Sales or use tax credit for property used in an EZ, Local Agency Military Base Recovery Area (LAMBRA), Targeted Tax Area (TTA), or former LARZ;
- Reduced recovery periods for fruitbearing grapevines replaced in a California vineyard on or after 1/1/92 as a result of phylloxera infestation or on or after 1/1/97 as a result of Pierce's disease;
- Expenditures for tertiary injectants;
- Property placed in service on an Indian reservation after 1/1/94, and before 12/31/03;
- Amortization of pollution control facilities;
- Discharge of real property business indebtedness;
- Employer-paid child care program;
- Employer-paid child care plan;
- Vehicles used in an employer-sponsored ridesharing program;
- An enhanced oil recovery system;
- Joint Strike Property Costs;
- The cost of making a business accessible to disabled individuals;
- Property for which you received an energy conservation subsidy from a public utility on or after 1/1/95, and before 1/1/97; or
- Research and experimental expenditures.

**Business expense deductions related to:**

- Wages paid in an EZ, LAMBRA, Manufacturing Enhancement Area (MEA), or TTA;
- Certain employer costs for employees who are also enrolled members of Indian tribes;
- Abandonment or tax recoupment fees for open-space easements and timberland preserves;
- Business located in an EZ, LAMBRA, or TTA;
- Research expense;
- Employer wage expense for the Work Opportunity Credit and Welfare-to-Work Credit;
- Pro-rata share of deductions received from a controlled foreign corporation by a U.S. shareholder;

- Interest paid on indebtedness in connection with company-owned life insurance policies;
- Premiums paid on life insurance policies, annuities or endowment contracts issued after 6/8/97 where the owner of the business is directly or indirectly a policy beneficiary.

**Line 13 – Capital Gain or (Loss)**

Generally, you will not make any adjustments on this line if you do not have any of the items listed below. Use Schedule D (540NR), California Capital Gain or Loss Adjustment, only if you have differences from:

- Gain on the sale of qualified small business stock which qualifies for the gain exclusion under IRC Section 1202;
- Basis amounts resulting from differences between California and federal law in prior years;
- Gain or loss on stock and bond transactions;
- Installment sale gain reported on form FTB 3805E, Installment Sale Income;
- Gain on the sale of personal residence where depreciation was allowable;
- Flow-through gain or loss from partnerships, fiduciaries, S corporations, or LLCs;
- Capital loss carryover from your 2002 California Schedule D (540NR); or

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987;
- Gain on the sale or disposition of a qualified assisted housing development to low-income residents or to specified entities maintaining housing for low-income residents;
- Undistributed capital gain for RIC shareholders;
- Gain or loss on the sale of property inherited before 1/1/87; or
- Capital loss carrybacks.

**Line 14 – Other Gains or (Losses)**

Generally, you will not make any adjustments on this line. However, the California basis of your other assets may not be the same as the federal basis due to differences between California and federal law. Therefore, you may have to adjust the amount of other gains or losses. Get Schedule D-1, Sales of Business Property.

**Line 15 – Total IRA Distributions**

**Beginning with tax year 2002, calculate your IRA basis as if you were a California resident for all prior years.** Generally, you will not make any adjustments on this line. However, there may be significant differences in the taxable amount of a distribution (including a distribution from conversion of a traditional IRA to a Roth IRA) depending on when you made your IRA contributions. California did not conform to the \$2,000 or 100% of compensation annual contribution limit permitted under federal law from 1982 through 1986. During these years, California limited the deduction to the lesser of 15% of compensation or \$1,500 and disallowed a deduction altogether to individuals who were active participants in qualified government plans. Any amount an individual contributed in excess of California deduction limits during these years creates a basis in the IRA.

Get FTB Pub. 1005 for more information and worksheets for figuring the adjustment to enter on this line, if any.

**Coverdell ESA formerly known as Education (ED) IRA.**

If column A includes a taxable distribution from an ED IRA, you may owe additional tax on that amount. Get form FTB 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. Report only the taxable amount of the distribution on line 21f.

**Line 16 – Total Pensions and Annuities**

Generally, you will not make any adjustments on this line. However, if you received tier 2 railroad retirement benefits or partially taxable distributions from a pension plan, you may need to make the adjustments described below.

If you received a federal Form RRB 1099-R for railroad retirement benefits and included all or part of these benefits in taxable income in column A, enter the taxable benefit amount in column B.

If you began receiving a retirement annuity between 7/1/86 and 1/1/87, and elected to use the three-year rule for California purposes and the annuity rules for federal purposes, enter in column C the amount of the annuity payments you excluded for federal purposes.

**Line 17 – Rental Real Estate, Royalties, Partnerships, S corporations, Trusts, etc.**

You may need to adjust your federal income or loss that you reported in column A because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or basis you use to figure California depreciation may be different from the recovery period or amount used for federal purposes. For more information, see the instructions for Schedule CA (540NR), line 12.

**Note:** California law does not conform to federal law for material participation in rental real estate activities. Beginning in 1994, and for federal purposes only, rental real estate activities conducted by persons in real property businesses are not automatically treated as passive activities. Get form FTB 3801, Passive Activity Loss Limitations, for more information.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 17 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule E.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 17 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses); or
- Passive activities that produce gains.

**Note:** LLCs that are classified as partnerships for California purposes and limited liability partnerships (LLPs) are subject to the same rules as other partnerships. LLCs report distributive items to members on Schedule K-1 (568), Member's Share of Income, Deductions, Credits, etc. LLPs report to partners on Schedule K-1 (565), Partner's Share of Income, Deductions, Credits, etc.

Get FTB Pub. 1001 for more information about accumulation distributions to beneficiaries for which the trust was not required to pay California tax because the beneficiary's interest was contingent.

**Line 18 – Farm Income or Loss**

You may need to adjust the federal income or loss you report in column A because of the difference between California and federal law relating to depreciation methods, special credits, and accelerated write-offs. As a result, the recovery period or the basis you should use to figure California depreciation may be different from the amount used for federal purposes. For more information about the types of income and adjustments that often require adjustments, see the instructions for Schedule CA (540NR), line 12.

Use form FTB 3801, Passive Activity Loss Limitations, to figure the total adjustment for line 18 if you have:

- One or more passive activities that produce a loss; or
- One or more passive activities that produce a loss **and** any nonpassive activity reported on federal Schedule F.

Use form FTB 3885A, Depreciation and Amortization Adjustments, to figure the total adjustment for line 18 if you have:

- Only nonpassive activities which produce either gains or losses (or a combination of gains and losses); or
- Passive activities that produce gains.

**Line 19 – Unemployment Compensation**

California does not tax unemployment compensation. Enter on line 19, column B, the amount of unemployment compensation shown in column A.

**Note:** Do not include qualified state tuition program earnings.

**Line 20 – U.S. Social Security Benefits**

California does not tax U.S. social security benefits or equivalent tier 1 railroad retirement benefits. Enter in column B the amount of U.S. social security benefits or equivalent tier 1 railroad retirement benefits shown in column A.

**Line 21 – Other Income**

**a. California Lottery Winnings**

California does not tax California lottery winnings. Enter in column B the amount of California lottery winnings included in the federal amount on line 21 in column A.

**Note:** Do not include lottery winnings from other states. They are taxable by California.

California and federal laws allow gambling losses only to the extent you report gambling income. If you reduced your gambling income for California lottery income, you may need to reduce the losses included in the federal itemized deductions on line 35. Enter these losses on line 38 as a negative number.

**b. Disaster Loss Carryover from form FTB 3805V, line 6**

If you have a California disaster loss carryover from your 2002 form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations, enter that amount as a positive number in column B.

**c. Federal NOL Deduction from Form 1040, line 21**

If the amount on line 21 in column A includes a federal NOL deduction, enter the amount of the federal NOL deduction as a positive number in column C. Get form FTB 3805V to figure the allowable California NOL deduction.

**d. NOL Carryover from form FTB 3805V, line 5**

This is suspended for 2002 and 2003.

**e. NOL Deduction from FTB 3805D, FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809**

This is suspended for 2002 and 2003.

**f. Other (describe)**

**Reward from a crime hotline.** Enter in column B the amount of a reward authorized by a government agency that you received from a crime hotline established by a government agency or nonprofit organization and that is included in the amount on line 21 in column A.

**Note:** You may not make this adjustment if you are an employee of the hotline or someone who sponsors rewards for the hotline.

**Federal foreign income or housing exclusion.**

Enter in column C the amount deducted from federal income on Form 1040, line 21.

**Beverage container recycling income.** Enter in column B the amount of this type of income that you included in the amount on line 21 in column A.

**Rebates or vouchers from a local water agency, energy agency, or energy supplier.**

California law allows an income exclusion for rebates or vouchers from a local water agency, energy agency, or energy supplier for the purchase and installation of water conservation appliances and devices. Enter in column B the

amount of this type of income that you included in the amount on line 21 in column A.

**Original issue discount (OID) for debt instruments issued in 1985 and 1986.** In the year of sale or other disposition, you must recognize the difference between the amount reported on your federal return and the amount reported for California purposes.

**Issuers:** Enter the difference between the federal deductible amount and the California deductible amount on line 21f in column B.

**Holders:** Enter the difference between the amount included in federal gross income and the amount included for California purposes on line 21f in column C.

**Foreign income of nonresident aliens.** Adjust federal income to reflect worldwide income computed under California law. Enter losses from foreign sources in column B. Enter foreign source income in column C.

**Cost-share payments received by forest landowners.** Enter in column B the cost-share payments received from the Department of Forestry and Fire Protection under the California Forest Improvement Act of 1978 or from the United States Department of Agriculture, Forest Service, under the Forest Stewardship Program and the Stewardship Incentives Program, pursuant to the Cooperative Forestry Assistance Act.

**Compensation for False Imprisonment.** California excludes compensation for false imprisonment from income. Enter the amount of compensation on line 21f, column B.

**Grants paid to low-income individuals.** California excludes grants paid to low-income individuals to construct or retrofit buildings to make them more energy efficient. Federal has no

similar exclusion. Enter on line 21f, column B the amount of this type of income.

**Coverdell (ESA) Distributions.** If you received a distribution from a Coverdell ESA, you now report only the taxable amount of the distribution on line 21f.

**Line 22a – Total**

Add line 7 through line 21f in column B and column C. Enter the totals on line 22a.

**Line 22b – Balance Carried Forward**

Enter the totals from Side 1, line 22a, column B and column C.

**Line 23 through Line 31**

California law is the same as federal with the exception of the following:

- Line 23 (Educator expense), enter the amount from column A, line 23 in column B, line 23
- Line 25 (Student Loan Interest Deduction), California only allows a deduction for interest required to be paid in the first 60 months. California also has a different phase out of the deduction. If you claimed the student loan interest deduction on your federal return, complete the worksheet to compute the amount to enter on line 25, column B.
- Line 26 (Tuition and fees deduction), enter the amount from column A, line 26 in column B, line 26
- Clean Air Fuel, first year deduction (this will be included in the total for Column B on line 33)

**Line 32a – Alimony Paid**

**Note:** Enter the social security number and last name of the person to whom you paid alimony. If you are a nonresident alien and you did not deduct alimony on your federal return, enter the amount you paid on this line in column C.

**Student Loan Interest Deduction Worksheet**

<b>1</b>	Enter the total amount from Schedule CA (540NR), line 25, column A.	
	<b>Caution:</b> If the amount on line 1 is zero, STOP. Enter zero on Schedule CA (540NR), line 25, column B. You are not allowed a deduction for California	<b>1</b> _____
<b>2</b>	Enter the total interest you paid in 2003 on qualified student loans. Do not include interest that was required to be paid after the first 60 months or interest for voluntary payments	<b>2</b> _____
<b>3</b>	Enter the smaller of line 2 or \$2,500	<b>3</b> _____
<b>4</b>	Enter the amount from Long Form 540NR, line 13. <b>(Note:</b> Use federal AGI <b>not</b> California AGI.) <b>Exception:</b> If you are a nonresident military servicemember domiciled outside of California, subtract your military compensation from your federal AGI and enter the result here.	<b>4</b> _____
<b>5</b>	Add line 1 and line 4	<b>5</b> _____
<b>6</b>	Did you file federal Form 2555, 2555-EZ, or 4563, or are you excluding income from sources within Puerto Rico or American Samoa from your federal income? <b>No.</b> Skip line 6a through 6d. Enter the amount from line 5 on line 7 and go to line 8. <b>Yes.</b> Continue to line 6a.	
	<b>a</b> Enter any foreign earned income exclusion (federal Form 2555, line 40 or Form 2555-EZ, line 18)	<b>6a</b> _____
	<b>b</b> Enter any housing exclusion and/or deduction (federal Form 2555, line 34 and line 48)	<b>6b</b> _____
	<b>c</b> Enter the amount of income from Puerto Rico that you are excluding from federal income	<b>6c</b> _____
	<b>d</b> Enter the amount of income from American Samoa that you are excluding (federal Form 4563, line 15)	<b>6d</b> _____
<b>7</b>	Add line 5 through line 6d	<b>7</b> _____
<b>8</b>	Enter the amount shown below for your filing status	
	• Single, head of household, or qualifying widow(er) — \$41,600	} <b>8</b> _____
	• Married filing jointly — \$62,400	
<b>9</b>	Is the amount from line 7 more than the amount on line 8? <input type="checkbox"/> <b>No.</b> Skip lines 9 and 10, enter -0- on line 11 and go to line 12. <input type="checkbox"/> <b>Yes.</b> Subtract line 8 from line 7	<b>9</b> _____
<b>10</b>	Divide line 9 by \$15,000. Enter the result as a decimal (rounded to at least three places). Do not enter more than "1.000"	<b>10</b> _____
<b>11</b>	Multiply line 3 by line 10	<b>11</b> _____
<b>12</b>	Student loan interest deduction. Subtract line 11 from line 3. Enter the result here and on Schedule CA (540NR), line 25, column D	<b>12</b> _____
<b>13</b>	Student loan interest adjustment. Subtract line 12 from line 1. Enter the result here and on Schedule CA (540NR), line 25, column B	<b>13</b> _____

**Line 33**

Add line 23 through line 32a in column B and column C. Enter the totals on this line in the appropriate columns. (continued)

If you claimed the Clean Air Fuel, first year deduction, include that amount in the total you enter in column B, line 33. Enter the amount and "Clean Air Fuel" on the dotted line next to line 33.

If you claimed the foreign housing deduction, include that amount in the total you enter in column B, line 33. Enter the amount and "Form 2555" or "Form 2555-EZ" on the dotted line next to line 33.

**Line 34 – Total**

Subtract line 33 from line 22b in column B and column C. Enter the totals on this line in the appropriate column. These amounts should be the same as Long Form 540NR, line 14 and line 16, respectively.

**Note:** In some cases the total on line 34 in column B or column C will be a negative number. Please read the caution note when you get to line 34, column E.

## Column D — Total Amounts Using California Law

Use this column to show the amount remaining after adjustments (subtractions or additions).

For each line, 7 through 34:

1. Subtract the amounts in column B from the amounts in column A.
2. Add the amounts in column C to the result of the calculation made in 1 above.
3. Enter the total in column D.

**Line 21 – Other Income**

If you made any adjustments on line 21 in column B or column C:

- |        |  |
|--------|--|
| Step 1 | Add the adjustments in column B, lines a, b, and f.  |
| Step 2 | Subtract that total from line 21, column A.  |
| Step 3 | Add the adjustments in column C, lines c and f.  |
| Step 4 | Add that total to the result of Step 2; then continue as instructed above for all other lines. |

The total on line 34, column D should be the same as the amount on Long Form 540NR, line 17.

## Column E — California Amounts

Column E is used to show how much of the amount of income reported on Schedule CA (540NR), column D is taxable by California. The taxable amount depends on your residency status.

- **Full-year nonresident:** A nonresident is only taxed on income derived from California sources. Follow the "California Nonresident Amounts" instructions for each line below.
- **Full-year California resident:** A resident is taxed on all income from all sources, including income from sources outside California. Follow the "California Resident Amounts" instructions for each line below. (**Note:** Full-year residents only use Long Form 540NR if filing jointly with a spouse who is a nonresident or a part-year resident.)
- **Part-year resident:** A part-year resident is taxed on all income from all sources while a resident and only on income derived from California sources while a nonresident. Follow the instructions as stated in the Part-Year Resident Worksheet instructions on page 7.

Refer to instructions for each line below to be sure you are including the correct amounts.

**Line 7 – Wages, Salaries, Tips, Etc.**

**California Resident Amounts** – Enter the wages, salaries, tips, or other compensation that you

received while you were a California resident. Active duty military personnel, who are domiciled in California and stationed in California, report their military income here (get FTB Pub. 1032 for additional information).

**California Nonresident Amounts** – If you worked in California while you were a nonresident, enter the wages, salaries, tips, or other compensation that you received for those California services.

**Line 8 – Taxable Interest Income**

**California Resident Amounts** – Enter the interest income that you received while you were a California resident.

**California Nonresident Amounts** – Enter the interest income you received while you were a nonresident from an account or security that was used in a trade or business or was pledged as security for a loan, the proceeds of which were used in a trade or business located in California.

**Line 9 – Ordinary Dividends**

**California Resident Amounts** – Enter the ordinary dividends that you received while you were a California resident.

**California Nonresident Amounts** – Enter the ordinary dividends that you received while you were a nonresident from an account or security that was used in a trade or business or was pledged as security for a loan, the proceeds of which were used in a trade or business located in California.

**Line 11 – Alimony Received**

**California Resident Amounts** – Enter the alimony that you received while you were a California resident.

**California Nonresident Amounts** – Alimony received by a nonresident is not taxable.

**Line 12 – Business Income or (Loss)**

**California Resident Amounts** – Enter the total profits or losses (including losses allowed from passive activities) from all businesses you conducted while you were a California resident.

**California Nonresident Amounts** – Enter the total amount of profits or losses (including losses allowed from passive activities) from all businesses you conducted in California while you were a nonresident of California.

If, as a nonresident, you derived income from a business, trade, or profession conducted partly within California and partly outside California, only income from the part conducted within California is considered California source income that you must report in column E. If there is any business relationship between the parts within and outside California (flow of goods, etc.), you must apportion the gross income or loss from the entire business. To determine the portion of income or loss from businesses engaged in multistate activities that you must report, use the apportionment formula described in Schedule R, Apportionment and Allocation of Income.

**Line 13 – Capital Gain or (Loss)**

**California Resident Amounts** – Enter your capital gains and losses from all sources while you were a California resident.

**California Nonresident Amounts** – Enter your capital gains and losses from sources within California while you were a nonresident. Complete the Schedule D (540NR) Worksheet for Nonresidents and Part-Year Residents to compute this amount.

**Part-Year Resident Amounts** – Complete the Schedule D (540NR) Worksheet for Nonresidents and Part-Year Residents. Enter the amount from line 5, column E of that worksheet on the Part-Year Resident Worksheet, line 13, column C.

**Line 14 – Other gains or (losses)**

**California Resident Amounts** – Enter your gains and losses (including losses allowed from passive activities) from all sources while you were a resident.

**California Nonresident Amounts** – Enter your gains and losses from sources within California while you were a nonresident.

**Line 15 – Total IRA Distributions (Taxable Amount)**

**California Resident Amounts** – Enter the taxable portion of the IRA distributions you received while you were a California resident. Include regular distributions, premature distributions, and any other money or property you received from your IRA account or annuity.

For more information on traditional, Coverdell ESA, and Roth IRAs, get FTB Pub. 1005, Pension and Annuity Guidelines.

**Note:** If this amount is a premature distribution and you owed the early distribution tax on your federal return, you generally owe this tax to California. Get form FTB 3805P, Additional Taxes on Qualified Plans (including IRAs) and other Tax-Favored Accounts, to figure any additional tax due on this amount.

**California Nonresident Amounts** – IRA distributions received by a nonresident are not taxable.

**Line 16 – Total Pensions and Annuities (Taxable Amount)**

**California Resident Amounts** – Enter the portion of your taxable pension and annuity income you received while you were a resident of California.

**Note:** If this amount is a premature distribution and you owed the early distribution tax on your federal return, you generally owe this tax to California. Get form FTB 3805P, Additional Taxes on Qualified Plans (including IRAs) and other Tax Favored Accounts, to figure any additional tax due on this amount.

**California Nonresident Amounts** – Qualified retirement distributions received by a nonresident are not taxable.

For more information, get FTB Pub. 1005, Pension and Annuity Guidelines.

**Line 17 – Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, Etc.**

Enter your 2003 profit or loss (including losses allowed from passive activities) from all rents, royalties, partnerships, S corporations, LLCs, estates, and trusts that accrued while you were a California resident **and** profit or loss related to property or business located in California while you were a nonresident of California.

Your Schedule K-1 (100S, 541, 565, or 568) will indicate the amount of partnership, S corporation, estate, trust, or LLC profit or loss derived from California sources.

**Note:** Part-year residents must allocate income between the period of residency and the period of non-residency in a manner that reflects the actual date of realization of partnership, S corporation, and certain trust income. In the absence of information that reflects the actual date of realization, the taxpayer must allocate an annual amount on a proportional basis between the two periods, using a daily pro rata methodology. See Publication 1100, Taxation of Nonresidents and Individuals Who Change Residency.

**Line 18 – Farm Income or (Loss)**

**California Resident Amounts** – Enter your profit or loss (including losses allowed from passive activities) from all farming activity while you were a California resident.

**California Nonresident Amounts** – Enter your profit or loss (including losses allowed from passive activities) for farming activity conducted in California while you were a nonresident of California.

**Line 21 – Other Income**

Identify the type of income reported in the space provided. If there is more than one item to report on line 21f, attach a statement that lists each item and enter the total of all individual items in column E.

**Line 22a – Total**

Add line 7 through line 21 in column E. Enter the result on this line.

**Line 22b – Balance Carried Forward**

Enter the total from Side 1, line 22a, column E on this line.

**Line 24 and Line 30 – IRA, Keogh, SEP, and SIMPLE Deduction**

The amount of the California deduction for IRA, Keogh, SEP, and SIMPLE contributions is the same as the federal deduction. However, the California deduction may be limited by your California compensation or by your California self-employment income.

**Example:** Susan moved into California on December 1. She made contributions to her IRA and claimed a deduction of \$2,000 on her federal return. Her California wages were \$500. Her allowable deduction is the lesser of:

- The federal deduction of \$2,000; or
- The California compensation of \$500.

Therefore, she must enter \$500 on line 24 of column E. She will have made no entry in column B or column C.

Keogh, SEP, and Simple deductions are limited to a percentage of the federal deduction.

Self-employment income reported in column E = California ratio

Total self-employment income reported in column D

Multiply your federal deduction by the California ratio described above and enter the result on line 30, column E.

Get FTB Pub. 1005 for more information.

**Line 27 – Moving Expenses**

California law and federal law are the same for moving expenses. If you moved:

- Into California in connection with your new job, enter the amount from column A, line 27, in column E, line 27.
- Out of California in connection with your new job, enter zero on line 27.

**Exception:** If you moved out of California in connection with your new job and received compensation from that job attributable to a California source, your moving expense adjustment will be limited by the ratio of California source compensation from the new job to total compensation from the new job.

**Line 28 – One-half of Self-Employment Tax**

If you claimed a deduction in column A for self-employment tax paid, your California deduction is limited to a percentage of the federal deduction. That percentage is the ratio of:

Self-employment income reported in column A from all sources while a CA resident	+	Self-employment income reported in column A from CA sources while a nonresident
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Total self-employment income reported in column A

Multiply your federal deduction by the California ratio described above and enter the result on line 28, column E.

**Line 29 – Self-Employed Health Insurance Deduction**

If you claimed a deduction in column A for payments you made to a health insurance plan while you were self-employed, your California deduction is limited to

a percentage of the federal deduction. That percentage is the ratio of:

Total self-employment income reported in column E	=	California ratio
Total self-employment income reported in column D		

Multiply your federal deduction on line 29, by the California ratio described above and enter the result on line 29, column E.

**Line 31 – Penalty on Early Withdrawal of Savings**  
Enter the interest penalties charged to you while you were a California resident.

**Line 32a – Alimony Paid**

Enter alimony or separate maintenance payments that you made while you were a California resident.

**Line 33**

Add line 23 through line 32a in column E. Enter the result on this line.

**Line 34 – Total**

Subtract line 33 from line 22b in column E. This is your California adjusted gross income (AGI). Enter the result on this line. Also enter this amount on line 42.

Also, transfer the amounts from:

- Line 34, column B to Long Form 540NR, Side 1, line 14;
- Line 34, column C to Long Form 540NR, Side 1, line 16; and
- Line 34, column E to Long Form 540NR, Side 1, line 21.

**Caution:** If the amount on Schedule CA (540NR) line 34:

- **Column B** is a negative number, do not transfer it to Long Form 540NR, line 14. Instead, transfer the amount as a positive number to Long Form 540NR, line 16; or
- **Column C** is a negative number, do not transfer it to Long Form 540NR, line 16. Instead, transfer the amount as a positive number to Long Form 540NR, line 14.

If you plan to itemize deductions, go to Part III.

## Specific Line Instructions for PART III Adjustments to Federal Itemized Deductions

**Line 35 – Federal Itemized Deductions**

Enter the total amount of itemized deductions from your federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27 or Schedule A (Form 1040NR), lines 3, 7, 8, 15, and 16.

**Note:** If you are a nonresident military servicemember domiciled outside of California, refigure your federal Schedule A, line 4 and line 26 amounts, by excluding your military compensation from federal AGI before computing California Schedule A amounts. Include the refigured amounts for federal Schedule A, line 4 and line 26 in the amount entered on Schedule CA (540NR), line 35.

**Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California return, first complete federal Schedule A. Then complete Schedule CA (540NR), Part III, line 35 through line 41. Attach a copy of federal Schedule A to your Long Form 540NR.

**Line 36 – State, Local, and Foreign Income Taxes**

Add the following amounts from federal Schedule A (Form 1040) and enter on line 36:

- Line 5, state and local income tax (including limited partnership tax and income or franchise tax paid by corporations), and State Disability Insurance (SDI); and
- Line 8, foreign income taxes.

**Line 38 – Other Adjustments****Adoption-related Expenses**

If you deducted adoption-related expenses on your federal Schedule A and are claiming the adoption cost credit on your Long Form 540NR, enter the amount of the adoption cost credit claimed as a negative number on line 38.

**Mortgage Interest Credit**

If you reduced your federal mortgage interest deduction by the amount of your mortgage interest credit (from federal Form 8396, Mortgage Interest Credit), increase your California itemized deductions by the same amount. Enter the amount of your federal mortgage interest credit as a positive number on line 38.

**Nontaxable Income Expenses**

If, on federal Schedule A, you claim expenses related to producing income taxed under federal law but not taxed by California, enter the amount as a negative number on line 38.

You may claim expenses related to producing income taxed by California law but not taxed under federal law by entering the amount as a positive number on line 38.

**Employee Business Expenses**

If you completed federal Form 2106, Employee Business Expense (or Form 2106-EZ), also complete Form 2106 (or Form 2106-EZ) using California amounts.

Compare line 10 on both Forms 2106 (or line 6 if using Forms 2106-EZ). If the federal amount is larger, enter the difference as a negative number on line 38. If the California amount is larger, enter the difference as a positive number on line 38.

**Investment Interest Expense**

Your California deduction for investment interest expense may be different from your federal deduction. You must use form FTB 3526, Investment Interest Expense Deduction, to figure the amount to enter on line 38.

**Interest Expense Deduction**

Your California interest expense deduction may be different from your federal deduction. A deduction is allowed for interest paid on any loan or financed indebtedness from a utility company to purchase energy efficient equipment and products for California residences. Enter as a positive number on line 38.

**Gambling Losses**

California Lottery losses are not deductible for California. Enter the amount of California Lottery losses shown on federal Schedule A as a negative number on line 38.

**Federal Estate Tax**

Federal estate tax paid on income in respect of a decedent is not deductible for California. Enter the amount of federal estate tax shown on federal Schedule A as a negative number on line 38.

**Generation Skipping Transfer Tax**

Tax paid on generation skipping transfers is not deductible under California law. Enter the amount of expenses shown on federal Schedule A as a negative number on line 38.

**State Legislator's Travel Expenses**

Under California law, deductible travel expenses for state legislators include only those incurred while away from their places of residence overnight. Figure the difference between the amount allowed using federal law and the amount allowed using California law. Enter the difference as a negative number on line 38.

**Charitable Contribution Carryover Deduction.**

If you are deducting a prior year charitable contribution carryover, and the California carryover is larger than the federal carryover, enter the additional amount as a positive number on line 38.

**Interest on loans from utility companies.** Taxpayers are allowed a tax deduction for interest paid or

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incurred on a public utility company financed loan that is used to purchase and install energy efficient equipment or products, including zone-heating products for a qualified residence located in California. Federal law has no equivalent deduction. Enter the amount as a positive number on line 38.

**Medical benefits paid on behalf of registered domestic partners.** Taxpayer benefits are extended to include the taxpayer's registered domestic partner<sup>1</sup> and their dependent(s) for medical expenses and health insurance benefits that occur on or after January 1, 2003. There is no comparable federal provision. Enter the amount as a positive number on line 28.

**Line 40 – California Itemized Deductions**

Is the amount on Long Form 540NR, line 13 more than the amount shown below for your filing status?

Single or married  
filing separately . . . . . \$135,714  
Married filing jointly or  
qualifying widow(er) . . . . . \$271,432  
Head of household . . . . . \$203,574

**NO.** Transfer the amount from line 39 to line 40.  
Do not complete the worksheet below.

**YES.** Complete the Itemized Deductions  
Worksheet below.

**Note:**

- If you are married and filed a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.
- Also, if someone else can claim you as a dependent, you may claim the greater of the standard deduction or your itemized deductions. See the "California Standard Deduction Worksheet for Dependents" on page 18 of your 2003 California 540NR Booklet to figure your standard deduction.

## Itemized Deductions Worksheet

- 1 Enter the amount from Schedule CA (540NR), line 39 ..... 1 \_\_\_\_\_
- 2 Using California amounts, add the amounts on federal Schedule A (Form 1040), line 4, line 13, and line 19 plus any gambling losses included on line 27 (or on Schedule A (Form 1040NR), line 8 plus any investment interest expense included on line 11 and any gambling losses included on line 16) ..... 2 \_\_\_\_\_
- 3 Subtract line 2 from line 1. **Note:** If the result is -0-, **stop.** Enter the amount from line 1 above on Schedule CA (540NR), line 40 ..... 3 \_\_\_\_\_
- 4 Multiply line 3 by 80% (.80) ..... 4 \_\_\_\_\_
- 5 Enter the amount from Long Form 540NR, line 13 ..... 5 \_\_\_\_\_
- 6 Enter the amount shown above for your filing status ..... 6 \_\_\_\_\_
- 7 Subtract line 6 from line 5.  
**Note:** If the result is -0- or less **stop.** Enter the amount from line 1 above on Schedule CA (540NR), line 40 ..... 7 \_\_\_\_\_
- 8 Multiply line 7 by 6% (.06) ..... 8 \_\_\_\_\_
- 9 Compare the amounts on line 4 and line 8. Enter the smaller amount here ..... 9 \_\_\_\_\_
- 10 Total itemized deductions. Subtract line 9 from line 1. Enter the result here and on Schedule CA (540NR), line 40 ..... 10 \_\_\_\_\_

### Line 44 – Deduction Percentage

Divide line 34, column E by line 34, column D. Carry the decimal to four places. This number may not be greater than 1.0000. If the result is greater than 1.0000, enter 1.0000.

### Line 46 – California Taxable Income

Subtract line 45 from line 42. If less than zero, enter -0-. Enter this amount on Long Form 540NR, line 22.

## Part-Year Resident Worksheet

**Important:** Part-year residents use this worksheet to determine the amounts to enter on Schedule CA (540NR), column E, line 7 through line 22a.

	A	B	C
	California Resident Amounts	California Nonresident Amounts	Total Combine column A and column B
	Amounts reported on Schedule CA (540NR) column D earned or received while you were a CA resident	Amounts reported on Schedule CA (540NR) column D earned or received from CA sources while you were a nonresident	Transfer amounts to Schedule CA (540NR), column E
<b>Income</b>			
7 Wages, salaries, tips, etc. .... 7			
8 Taxable interest income ..... 8			
9 (a) Ordinary dividends. See instructions ..... 9(a)			
10 Taxable refunds, credits, or offsets of state and local income taxes ..... 10			
11 Alimony received ..... 11			
12 Business income or (loss) ..... 12			
13 (a) Capital gain or (loss). See instructions ..... 13(a)			
14 Other gains or (losses) ..... 14			
15 (b) Total IRA distributions. See instructions ..... 15(b)			
16 (b) Total pensions and annuities. See instructions ..... 16(b)			
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. See instructions ..... 17			
18 Farm income or (loss) ..... 18			
19 Unemployment compensation ..... 19			
20 Social security benefits ..... 20			
21 Other income. Identify ..... 21			
22 a <b>Totals:</b> Combine line 7 through line 21 in column C. Transfer the amounts from column C, line 7 through line 22a, to Schedule Schedule CA (540NR), column E, line 7 through line 22a. .... 22a			

**Part-Year Resident Worksheet –** Part-Year residents use this worksheet to determine the amounts to enter on Schedule CA (540NR), column E, line 7 through line 22a.

Column A: For the part of the year you were a resident, follow the “California Resident Amounts” instructions. Enter the result in column A of the worksheet.

Column B: For the part of the year you were a nonresident, follow the “California Nonresident Amounts” instructions. Enter the result in column B of the worksheet.

Column C: For each line, combine column A and column B of the worksheet. Transfer the amounts in column C of the worksheet to Schedule CA (540NR), column E, line 7 through line 22a.

**Important:** If completing line 13(a) or line 17, see the part-year resident instructions for those lines.