

Forms & Instructions

California 540 & 540A

2003 Personal Income Tax Booklet

**Members of the
Franchise Tax Board**

Steve Westly, Chair
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Important due dates

April 15, 2004	Last day to pay the 2003 amount you owe to avoid penalties and interest.* See form FTB 3519 on page 41 for more information. <small>*If you are living or traveling outside the United States on April 15, 2004, the due dates for filing your return and paying your tax are different. See form FTB 3519 on page 41 for more information.</small>
October 15, 2004	Last day to file your 2003 return to avoid penalties and interest computed from the original due date of April 15, 2004.
April 15, 2004 June 15, 2004 September 15, 2004 January 18, 2005	Due dates for 2004 estimated tax payments. Generally, you do not have to make estimated tax payments if your California withholding in each payment period totals 90 percent of your required annual payment. Also, you do not have to make estimated tax payments if you will pay enough through withholding to keep the amount you owe with your return under \$200 (\$100 if married filing separately). However, if you do not pay enough tax either through withholding or by making estimated tax payments, you may have an underpayment penalty. See Form 540-ES instructions on page 53 for more information.

What's New and Other Important Information for 2003?

Differences Between California and Federal Law

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 by the Internal Revenue Code 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).

2003 Tax Law Changes

Use Tax – For taxable years beginning on or after January 1, 2003, if you made a purchase from an out-of-state or Internet seller and did not pay California use tax, you may now report the California use tax on your personal income tax return. For more information, see Additional Information on page 66.

Mandatory e-file – If you are a tax practitioner who prepared more than 100 individual income tax returns during the calendar year that began on or after January 1, 2003, and in the current calendar year, you prepare one or more individual income tax returns using tax preparation software, then for that calendar year and for each subsequent calendar year thereafter, all income tax returns you prepare shall be electronically filed (e-file) with the Franchise Tax Board. For additional information regarding e-file, visit our Website at www.ftb.ca.gov.

Other Important Information

Reduction in Services

As a result of the reduced funding we have received due to the State's budget problems, the Franchise Tax Board must reduce the level of some of its public services in 2004. Please be aware of the following proposed changes in our services:

- Reduced hours of operation in our telephone service
- Longer wait time for telephone assistance
- Longer time to process your tax return and get your refund to you if you file your return on paper instead of e-filing
- Longer time to respond to correspondence inquiries.

If you access our convenient online services you can still get the information you need 24 hours a day, every day through our Website at www.ftb.ca.gov. In addition, we encourage you to e-file your tax return to get your tax refund quickly. You can find the best way to e-file your California return by checking our Website.

Southern California Wildfires – If you were a victim of the Southern California Wildfires, get Pub. 1034, California Disaster Relief Tax Provisions and Pub. 1034A-4, Southern California Wildfires, for more information.

Enclose, but do not staple, any payment – To help reduce our processing costs, please enclose but do not staple your payment to your return. Or pay online at www.ftb.ca.gov, select payment options.

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.

Rental Allowance for State-Employed Clergy Members – The housing exclusion allowed to state-employed members of the clergy (priests, ministers, religious practitioners or similar functionaries of a religious denomination or religious organization) has been increased. Effective January 1, 2003, up to 50% of gross salary may be allocated for either the rental value of a home furnished, or the rental allowance paid to him or her to rent or provide a home. For more information, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments.

Teacher Retention Credit – The Teacher Retention Credit is available for tax year 2003.

Natural Heritage Preservation Tax Credit – The Natural Heritage Preservation tax credit is available starting July 1, 2003.

Child and Dependent Care Expenses Refundable Credit/ Treatment of never married persons – Parents who are not married are treated the same as divorced or separated parents for purposes of the California Child and Dependent Care Expenses Credit. For more information, please refer to the instructions for form FTB 3506 on page 57.

Net Operating Loss (NOL) – For taxable years 2002 and 2003, the NOL carryover deduction was suspended. Taxpayers may continue to compute and carryover an NOL during the suspension period. The deduction for disaster losses is not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by two years for losses incurred before January 1, 2002, and by one year for losses incurred after January 1, 2002, and before January 1, 2003.

After the suspension period, the Net Operating Loss deduction will be allowed at 100%.

For more information, get form FTB 3805V.

Withholding on Real Property Sales – Effective January 1, 2003, the 3¹/₃% withholding requirement of the sales price for transfer of California real property was expanded to include sales made by California residents. Exemptions from withholding include the sale of a principal residence that qualifies for an exclusion of a gain, a sale that will produce a loss for tax purposes, and sales that qualify for tax deferred treatment under IRC Section 1031, like-kind exchange.

For more information on the new real estate withholding rules, get FTB Pub. 1016, Real Estate Withholding Guidelines. If you had California income tax withheld from the sale of your California real estate during 2003, report the tax withheld on Form 540, line 40.

Tax on Early Distributions – Federal and California law provide for an additional tax on early distributions from annuity plans, self-employed plans, Individual Retirement Arrangements (IRAs), and Modified Endowment contracts. The additional tax is imposed only on the amount of the distribution that is includible in income. For California purposes, the additional tax rate is 2½%.

Exclusions for Registered Domestic Partners – Several taxpayer benefits now apply to a taxpayer's registered "domestic partner" and their dependent(s) for medical expenses and health benefits that occur on or after January 1, 2003. These benefits include:

- The exclusion from gross income for employer-provided accident and health insurance.
- An exclusion from gross income for medical expense reimbursement if the expense was not previously deducted.
- Medical expenses deductible as an itemized deduction.
- Long-term health care insurance deductible as a medical expense.
- A deduction by self-employed individuals for health insurance costs paid for themselves, their spouses, and dependents. The deduction may **not** exceed the net earnings from the trade or business in which the insurance plan is established.

The deductions are taken as an adjustment on the Schedule CA (540).

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

Energy Rebates – An exclusion is allowed for vouchers, rebates, or other financial incentives received from the California Energy Commission, the Public Utilities Commission, or a local publicly owned utility for the purchase and installation of specified energy production systems.

Military Service Benefits – Extensions of time are provided to members of the National Guard ordered into active service by the Governor of California or active federal service by the President of the United States for emergency purposes and to reservists called to active duty. The extensions apply to, among other things, court proceedings, contract obligations, rental agreements, taxes or assessments, and health or medical insurance.

In addition, California allows an exemption from taxes to any California taxpayer who dies on active duty with any branch of the armed forces of the United States.

New Voluntary Contribution Fund – You may make voluntary contributions to the California Missions Foundation Fund.

Federal Conformity Items

- California conforms to federal provisions regarding disallowance of club dues.
- California conforms to federal provisions regarding disallowance of lobbying and political expenses.
- California has conformed to the Victims of Terrorism Tax Relief Act of 2001 to allow victims who have died as a result of the terrorist attacks of September 11, 2001, and the anthrax incidents in 2001, a forgiveness of their state tax liability for the year immediately preceding the incident and all subsequent tax years until the date of death. For victims who died in 2001, this will result in a forgiveness of tax liability for tax year 2000 and 2001. For more information, get Form 540X, Amended Individual Income Tax Return, and instructions.

New Federal Non-Conformity Items

California does not conform to the provisions in the Military Family Tax Relief Act of 2003. For more information, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments (2003) and FTB Pub. 1032, Tax Information for Military Personnel (2003).

Common Errors and How to Prevent Them

Help us to process your return quickly and accurately. When we find an error, we must stop to verify the information on the return, which slows processing. The most common errors are wrong estimated tax payments, taking the wrong exemption credit, and tax computation errors.

To avoid these errors and help us to process your return faster, please use these helpful hints when preparing your return.

When claiming estimated payments:

- Verify that the amount of estimated payments claimed on your return matches what you sent to the FTB for that year. Check our Website at www.ftb.ca.gov and access the "Check Account Balance" feature to view your total estimate payments before you file your return.
- If the amount of estimated payments claimed on your tax return does not match FTB records, you will receive a Return Information Notice to explain the difference.

When totaling your exemptions:

- Be sure to add the exemption amounts correctly and transfer the total exemption amount to the correct line of the return. (See the individual line instructions for assistance).

When computing your tax:

- Check our website at www.ftb.ca.gov and access the automated tax table to compute your tax, or
- Make sure to locate the correct tax amount from the tax table and transfer it to your return correctly.

By using the helpful hints listed above, you can prevent delays in processing your return and unnecessary account adjustments.



INTERNET ASSISTANCE

We have made significant changes to our Website in an effort to help answer questions when completing your income tax return. Visit us at www.ftb.ca.gov to get helpful information such as:

- Getting a Customer Service Number.
- Tips for e-filing your tax return.
- Checking the status of your refund and making an account balance inquiry.
- Paying online with Web Pay (personal income tax, estimated tax, and bills). You choose the dates to pay.
- Completing and submitting requests to make monthly tax payments.
- Downloading tax forms and publications – sorted by year and by form number.
- Accessing legal notices, rulings, and regulations; also see FTB's analysis of pending legislation; and get current law/policy information by reading **Tax News Online**.
- Finding out if you can TeleFile.
- Viewing internal procedure manuals to learn how we administer the law.
- Checking your estimated tax payments.



AUTOMATED PHONE SERVICE SYSTEM

Get recorded answers to your tax questions, 24 hours a day, 7 days a week - at NO charge to you. Just call toll-free at **(800) 338-0505** and follow the instructions provided. For quicker service, first choose Spanish or English, then press 1-4-1 (allow 3 seconds for a prompt), then enter the three-digit **general information code** found wherever you see the phone symbol throughout this booklet. See the back cover for a list of general information topics and access codes.

\$\$\$ for You

Earned Income Credit (EIC) – If you earned less than \$34,692 (less than \$11,230 if you do not have any qualifying children), you may be eligible to get the EIC to reduce the federal tax you owe, or get a refund if you do not owe any federal tax. Call the IRS at (800) 829-4477 and enter topic 601 when instructed, or see your federal income tax booklet. There is no comparable state credit.

Refund of Excess State Disability Insurance (SDI) – You may be eligible for a refund of excess SDI if you had at least two employers during 2003 who together paid you more than \$56,916 in wages. See the instructions on page 13 (Form 540A) or on page 20 (Form 540).

Homeowner and Renter Assistance (HRA) – This California program provides a once-a-year state payment to qualifying homeowners and renters based on the property tax they paid in the prior year. See page 66.

Do I Have to File?

Requirements for Most People

Read down the first column to find your filing status at the end of 2003. Read across to find your age at the end of 2003, and the number of dependents you are entitled to claim for 2003. You must file a return if **either** your California gross income **or** your California adjusted gross income was more than the amount shown for your filing status, age, and number of dependents.



Even if you do not have a filing requirement based on the chart below, you should file a return to get a refund if California state income tax was withheld from your pay, or if you made California estimated tax payments. Try e-file! It's fast, easy and convenient, and there are several free options. Go to www.ftb.ca.gov for the details.

On 12/31/03, my filing status was:	and on 12/31/03, my age was ⁶ :	California Gross Income ¹			California Adjusted Gross Income ²		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household ³	Under 65	12,346	20,913	27,338	9,877	18,444	24,869
	65 or older	16,446	22,871	28,011	13,977	20,402	25,542
Married filing jointly or Married filing separately ⁴	Under 65 (both spouses)	24,692	33,259	39,684	19,753	28,320	34,745
	65 or older (one spouse)	28,792	35,217	40,357	23,853	30,278	35,418
	65 or older (both spouses)	32,892	39,317	44,457	27,953	34,378	39,518
Qualifying widow(er)	Under 65		20,913	27,338		18,444	24,869
	65 or older		22,871	28,011		20,402	25,542
Dependent of another person Any filing status	Any age	More than your standard deduction ⁵					

¹ **California gross income** is all income you received in the form of money, goods, property, and services from all sources that are not exempt from tax. Gross income does not include any adjustments or deductions.
² **California adjusted gross income** is your federal adjusted gross income from all sources reduced or increased by all California income adjustments.
³ See page 9 or page 16.
⁴ The income of both spouses must be combined; both spouses may be required to file a return even if only one spouse had income over the amounts listed.
⁵ Use the California Standard Deduction Worksheet for Dependents on page 11 or page 18 to figure your standard deduction.
⁶ If your 65th birthday is on January 1, 2004, you are considered to be age 65 on December 31, 2003.

Requirements for Children With Investment Income

California law is the same as federal law for the income of children under age 14. For each child under age 14 who received more than \$1,500 of investment income in 2003, complete Form 540 and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child.

Note: If you qualify, you may elect to report your child's income of \$7,500 or less (but not less than \$750) on your return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. To make this election, your child's income must be **only** from interest and/or dividends. See "Order Forms and Publications" on the back cover.

Other Situations When You Must File

If you owe any of the following taxes for 2003, you must file Form 540.

- Tax on a lump-sum distribution;
- Tax on a qualified retirement plan, including an individual retirement arrangement (IRA) or an Archer medical savings account (MSA);
- Tax for children under age 14 who have investment income greater than \$1,500 (see paragraph above);
- Alternative minimum tax;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution from a trust.

Which Form Should I Use?



e-file and you won't have to decide which form to use! The software will select the correct form for you.

Were you or your spouse a resident of California during the entire year 2003?

Yes. Check the chart below to see which form to use.

No. You must use the Long or Short Form 540NR. To download or order the California Nonresident or Part-Year Resident Income Tax Booklet, see page 67, "Where to Get Income Tax Forms and Publications."

	Form 540 2EZ Form not included in booklet. *See the note at the bottom of this column.	Form 540A	Form 540
Filing Status	Single, married filing jointly, head of household, qualifying widow(er)	Any filing status	Any filing status
Dependents	0-3 allowed	All dependents you are entitled to claim	All dependents you are entitled to claim
Amount of Income	Total income of: • \$50,000 or less if single or head of household • \$100,000 or less if married filing jointly or qualifying widow(er)	Any amount of income	Any amount of income
Sources of Income	Only income from: • Wages, salaries, tips • Taxable interest • Taxable scholarship and fellowship grants (only if reported on Form(s) W-2) • Unemployment compensation • U.S. Social Security • Tier 1 and tier 2 railroad retirement payments Note: You cannot use Form 540 2EZ if you (or your spouse, if married) can be claimed as a dependent by another taxpayer, and your TOTAL income is less than or equal to \$10,220 if single; \$20,290 if married filing jointly or qualifying widow(er); or \$14,390 if head of household.	Only income from: • Wages, salaries, tips • Taxable scholarship and fellowship grants • Interest and dividends • Unemployment compensation reported on Form 1099-G • Social security benefits • Tier 1 and tier 2 railroad retirement payments • Fully and partially taxable IRA distributions, pensions, and annuities • Alimony	All sources of income
Adjustment to Income	No adjustments to income	Allowed if the amount is the same as your federal adjustments to income Note: If you claimed educator expenses or the tuition and fees deduction, do not file Form 540A.	All adjustments to income
Standard Deduction	Allowed	Allowed	Allowed
Itemized Deductions	No itemized deductions	Allowed if the amount is the same as your federal itemized deductions (except for state, local, and foreign taxes paid)	All itemized deductions
Payments	Only withholding shown on Form(s) W-2	• Withholding shown on Form(s) W-2, W-2G, and 1099-R • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)	• Withholding shown on Form(s) W-2, W-2G, 1099, 592-B, 594, and 597 • Estimated tax payments • Payments made with extension voucher • Excess State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)
Tax Credits	• Personal exemption credit • Up to three dependent exemption credits • Nonrefundable renter's credit • Senior exemption credit	• Personal exemption credit • Senior exemption credit • Blind exemption credit • Dependent exemption credit • Nonrefundable renter's credit • Child and Dependent Care Expenses Credit	All tax credits
Other Taxes	Only tax computed using the 540 2EZ Table *Note: If you qualify to use Form 540 2EZ, go to www.ftb.ca.gov to e-file or to download this form, or see "Order Forms and Publications" on the back cover.	Tax computed using the tax table or tax rate schedules	All taxes: • Tax computed using the tax table or tax rate schedules • Alternative minimum tax • Tax on early distributions from IRAs or other qualified retirement plans • Tax on distributions from MSAs and education IRAs • Tax for children under age 14 who have investment income of more than \$1,500 • Tax on lump-sum distributions • Recapture taxes • Deferred tax on certain installment obligations • Tax on accumulation distributions of trusts

Helpful Hints (e-file and skip this page! See www.ftb.ca.gov)



Filing in your return

Tips on how you should fill in Form 540A or Form 540:

- Use only black or blue ballpoint pen on the copy you send us.
- Enter your social security number(s) at the top of Form 540A or Form 540, Side 1, Step 1a.
- Print numbers and CAPITAL LETTERS inside boxes. Be sure to line up dollar amounts.
- Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.
- If you do not have an entry for a line, leave it blank unless the instructions for a line specifically tell you to enter zero. Do not enter a dash.
- Attach your label. If you don't have a label, please print your name(s) and address in CAPITAL LETTERS in Step 1.



Verify Step 1, Step 1a, Step 2, and Step 3

Step 1: Use your first name, middle initial, last name, and complete address including ZIP Code.

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the address area labeled "PMB no."

Step 1a: Make sure you entered your social security number and that it agrees with your social security card. If you file a joint return, make sure that you enter the social security numbers in the same order that your names are shown.

Step 2: Make sure you meet all the requirements for your filing status. For more information regarding filing status, see the Step 2 instructions on page 9 or page 16.

Step 3: Take your personal exemption credit to reduce your tax. See the instructions for Form 540A, line 18 or Form 540, line 21.



Check other areas

Federal Adjusted Gross Income: Double-check that you correctly transferred your federal adjusted gross income from your federal TeleFile Tax Record, line I; Form 1040EZ, line 4; Form 1040A, line 21; or Form 1040, line 34.

California Standard Deduction: Make sure you entered the California standard deduction amount and not the federal amount.

Itemized Deductions: Be sure you reduced your federal itemized deductions by the amount of state and local income taxes you claimed on your federal Schedule A. Form 540 filers, use Schedule CA (540), Part II, on page 37. Form 540A filers, see page 11.

Double-check your math: Double-check each subtraction, addition, and any other calculation.

Paid Preparer's Information: If you pay a person to prepare your California income tax return, that person must sign and complete the area at the bottom of Side 2, including an identification number (social security number, PTIN, or FEIN). A paid preparer must give you two copies of your return, one copy to file with FTB, and one copy to keep for your records.



Attachments to your return

Do I need to attach a copy of federal Form 1040?

Form 540A Filers:	Form 540 Filers:
Do not attach a copy of your federal 1040 return to Form 540A.	Did you attach any federal forms or schedules other than Schedule A or Schedule B to your federal Form 1040? If No, do not attach a copy of your federal 1040 return to Form 540. If Yes, attach a copy of your federal 1040 return and all supporting federal forms and schedules to Form 540.

Note: Please do not attach any documents to your return unless specifically instructed. This will help us reduce government processing and storage costs.

Form(s) W-2, W-2G, and 1099: Make sure to staple all the Form(s) W-2 and W-2G you received to the front of your return where it says "Attach copy of your Form(s) W-2 and W-2G." Also, attach any Form(s) 1099 showing California income tax withheld.

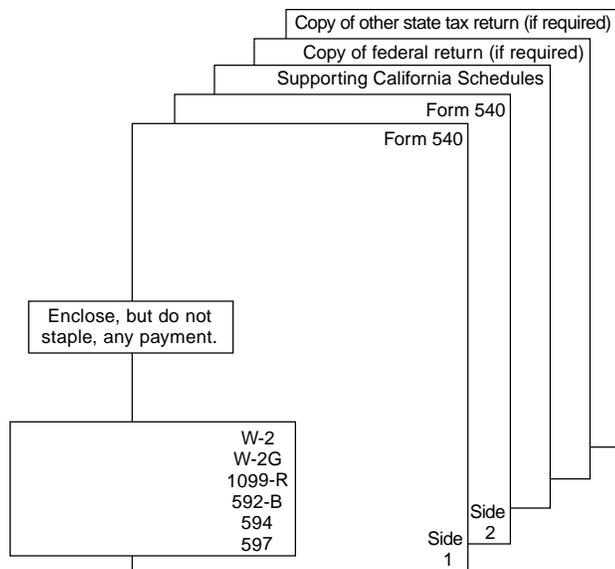
If you do not receive your Form(s) W-2 by January 31, 2004, contact your employer. Only your employer can issue or correct a Form W-2. If you cannot get a copy of your Form W-2, you must complete form FTB 3525, Substitute for Form W-2, Wage and Tax Statement, or Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc. See "Order Forms and Publications" on the back cover or go to our Website at www.ftb.ca.gov.

If you forget to send your Form(s) W-2 with your income tax return, do not send it separately, or with another copy of your return. Wait until the Franchise Tax Board requests it from you.



Assembling your return

Assemble your return in the order shown below.



Mailing your return

Mail your return using the envelope provided in this booklet. If your return shows a **refund or no amount due**, be sure to attach the [green label](#) to the front of the envelope. The address is:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0002

If your return has an **amount due**, be sure to attach the [white label](#) to the front of the envelope. The address is:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Instructions for Form 540A — California Resident Income Tax Return

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

Before You Begin

You must complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, or federal TeleFile Tax Record) before you begin your Form 540A. You will use the information you entered on your federal income tax return to complete your Form 540A. See "Order Forms and Publications" on the back cover for information on how to get the forms and publications referred to in these instructions.



You may qualify for the federal earned income credit. See page 5 of this booklet for more information. There is no comparable state credit.

Step 1 — Name(s) and Address

Is there a label with your name and address on the front of your booklet?

Yes. Attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information on the label.

No. Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540A. See page 8, Helpful Hints, "Filling in your return."

Private Mail Box. If you lease a private mailbox (PMB) from a private business rather than a P.O. box from the United States Postal Service, include the box number in the address area labeled "PMB no."

Foreign Address. Enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Step 1a — Social Security Number(s)

Enter your social security number(s) in the spaces provided. To protect your privacy, your social security number(s) are not printed on your label. If you file a joint return, enter the social security numbers in the same order as the names.

Note: If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the space for the social security number.

Step 2 — Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle on line 3 or line 5.

You must use the same filing status for California that you used for your federal income tax return.

Exception: If you file a joint return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2003, or
- A nonresident for the entire year and had no income from California sources during 2003.

If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

Note: If you filed a joint return and either you or your spouse was a nonresident for 2003, you must file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Line 1 — Single

Fill in the circle on line 1 if **any** of the following was true on December 31, 2003:

- You were never married;
- You were legally separated under a decree of divorce or of separate maintenance; or
- You were widowed before January 1, 2003, and did not remarry in 2003.

Line 2 — Married Filing Jointly

Fill in the circle on line 2 if **any** of the following is true:

- You were married as of December 31, 2003, even if you did not live with your spouse at the end of 2003;
- Your spouse died in 2003 and you did not remarry in 2003; or
- Your spouse died in 2004 before you filed a 2003 return.

Line 3 — Married Filing Separately

If you fill in the circle on line 3, be sure to enter your spouse's full name on line 3 and social security number in Step 1a.

Note: You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.

Note: You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2003.

For reporting separate income and deductions, get FTB Pub. 1051A, Guidelines for Married Filing Separate Returns. See "Order Forms and Publications" on the back cover.

Line 4 — Head of Household

This filing status is for unmarried individuals and certain married individuals living apart (considered unmarried) who provide a home for certain other persons. You are entitled to use the head of household filing status only if **all** of the following apply:

- You were unmarried or considered unmarried on December 31, 2003;
- You paid more than one-half the cost of keeping up a home for the year 2003;
- For more than half the year, your home was the main home for you and another person who lived with you;
- The other person was your qualifying relative; and
- You were not a nonresident alien at any time during the year.

For further information, log on to our Website at www.ftb.ca.gov or get FTB Pub. 1540, California Head of Household Filing Status Information. See code 934 on the back cover to order FTB Pub.1540 by telephone.

e-file and you can close this book now! The software you use to e-file will help you find out if you qualify to claim the head of household filing status. Most software companies also include the Head of Household Schedule (4803e), which will help verify your eligibility to the FTB. See www.ftb.ca.gov



Line 5 — Qualifying Widow(er) with Dependent Child

Fill in the circle on line 5 and use the joint return tax rates for 2003 if **all five** of the following apply:

- Your spouse died in 2001 or 2002 and you did not remarry in 2003; and
- You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
- This child lived in your home for all of 2003. Temporary absences, such as for vacation or school, count as time lived in the home; and
- You paid over half the cost of keeping up your home for this child; and
- You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

Note: If your spouse died in 2003, see the instructions for line 2 and line 3.

Step 3 — Exemptions

Line 6 — Can be Claimed as Dependent



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Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Form 540A, line 7.

Yes Ignore the instructions on Form 540A, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married filing separately, enter -0-;
- Head of household, enter -0-;
- Married filing jointly and both you and your spouse can be claimed as dependents, enter -0-; or
- Married filing jointly and only one spouse can be claimed as a dependent, enter 1.

Caution: You may not claim this credit if someone else can claim you as a dependent on his or her return.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540A indicating you or your spouse are visually impaired. Visually impaired means you cannot see better than 20/200 while wearing glasses or contact lenses, or that your field of vision is not more than 20 degrees.

Caution: You may not claim this credit if someone else can claim you as a dependent on their return.

Line 9 – Senior Exemptions

If you were 65 years of age or older by December 31, 2003*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit. You may contribute all or part of this credit to the California Seniors Special Fund. See page 25 for information about this fund.

*If your 65th birthday is on January 1, 2004, you are considered to be age 65 on December 31, 2003.

Caution: You may not claim this credit if someone else can claim you as a dependent on their return.

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a separate sheet of paper. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Multiply the number you entered by the pre-printed dollar amount and enter the result.

Line 11 – Total Personal, Blind, and Senior Exemptions

Enter the total dollar amount of all exemptions, personal and dependents.

Step 4 — Taxable Income and California Income Adjustments

Refer to your completed federal income tax return to complete Step 4.

Line 12a – State Wages

Enter the total amount of your state wages from each of your Form(s) W-2. This amount should be on Form W-2, box 16.

Line 13 – California Income Adjustments

California does not tax certain types of income that are taxable on your federal return. In addition, there may be differences between the taxable amounts of federal and California IRA distributions, pensions, and annuities.

Line 13a – State Income Tax Refund

Enter the amount of any state income tax refund shown on your federal Form 1040, line 10. If you filed Form 1040A or Form 1040EZ, enter -0-.

Line 13b – Unemployment Compensation

Enter the amount of any unemployment compensation shown on your federal TeleFile Tax Record, line D; Form 1040EZ, line 3; Form 1040A, line 13; or Form 1040, line 19.

Note: Do not include qualified state tuition program earnings.

Line 13c – Social Security Benefits (and tier 1 or tier 2 railroad retirement benefits)

Enter the total of any social security benefits and equivalent tier 1 railroad retirement benefits reported on federal Form 1040A, line 14b or Form 1040, line 20b.

Note: Do not include any other pension amounts on this line.

If you filed Form 1040EZ, enter -0-.

Line 13d – California Nontaxable Interest or Dividend Income

California does not tax interest earned from:

- United States savings bonds;
- United States Treasury bills, notes, and bonds; and
- Bonds or obligations of United States territories, and government agency obligations specifically exempted by federal law.

Enter only the amount of interest that you received from these sources and that you included in the amount reported on your federal Form 1040A, line 8a; Form 1040, line 8a; or Form 1040EZ, line 2.

Interest from municipal or state bonds from a state other than

California: This interest is taxed by California. You may not use Form 540A. Use Form 540 or e-file.

Interest from Federal National Mortgage Association (Fannie Mae) Bonds, Government National Mortgage Association (Ginnie Mae) Bonds, and Federal Home Loan Mortgage Corporation (FHLMC) securities: This interest is taxed by California. Do not enter it on line 13d.

Exempt-interest dividends from mutual funds: Certain mutual funds are qualified to pay "exempt-interest dividends" if at least 50% of their assets consist of tax-exempt government obligations. The portion of the dividends that are tax-exempt will be shown on your annual statement from the mutual fund. If the amount of California tax-exempt interest is more than the amount of federal tax-exempt interest, enter the difference on line 13d. If the amount of California tax-exempt interest is less than the amount of federal tax-exempt interest, you may not use Form 540A. Use Form 540 or e-file.

Line 13e – California Individual Retirement Account (IRA) Distributions

Note: You cannot use Form 540A if you have Roth IRA conversions or distributions. Use Form 540 or e-file.

The method of taxing IRA distributions is generally the same for California and federal purposes. However, there may be significant differences in the taxable amount depending on when you made your contributions. Before 1987, the maximum IRA contribution you were allowed to deduct from California income was less than the maximum amount you were allowed to deduct from federal income. For this reason, the amount of your IRA distribution taxed by California may be different from the amount taxed under federal law.

Report the difference between your California and your federal taxable IRA distributions on line 13e. Be sure to attach Form 1099-R to your Form 540A if tax was withheld. Get FTB Pub. 1005, Pension and Annuity Guidelines, for more information. See "Order Forms and Publications" on the back cover.

Line 13f – California Pensions and Annuities

Generally, you will not make any adjustments on this line. However, if you received tier 2 railroad retirement benefits, tier 1 (non-social security equivalent) (included in the amount on federal Form 1040A, line 12b or Form 1040, line 16b), or partially taxable distributions from a pension plan, you may need to make the adjustment described on page 11.

If you received a federal Form RRB 1099 – R for railroad retirement benefits and included all or part of these benefits in federal adjusted gross income on line 12b, enter the taxable benefit amount on line 13f.

If you began receiving a retirement annuity between July 1, 1986, and January 1, 1987, and you elected to use the three-year recovery rule for California, you must make an adjustment because your federal taxable amount is less than your California taxable amount. Figure the difference between the gross distribution shown on your Form 1099-R, box 1 and the taxable amount shown in box 2a. Enter the difference in parentheses on line 13f. For example: “(12,325).”

If you received a lump-sum distribution from a profit sharing or retirement plan, you may pay less tax on the distribution if you choose the 10-year averaging method. However, you must file Form 540 to use this method. See the instructions for Form 540 and get Schedule G-1, Tax on Lump-Sum Distributions (not in this booklet), for more information. See “Order Form and Publications” on the back cover.

California law now conforms to certain provisions of the Internal Revenue Code related to pension plans and deferred compensation, as those provisions apply for federal purposes including amendments to the Internal Revenue Code that may be enacted in the future.

Line 13g – Total California Adjustments

Combine line 13a through line 13f. If the result is less than zero, enter the amount in parentheses on Form 540A, Side 1, line 13g. In this case only, treat the amount on line 13g as a positive number and add it to the amount on line 12b.

Line 14 – California Adjusted Gross Income

Subtract line 13g from line 12b. Enter the result on line 14. If the result is less than zero, enter the amount in parentheses. For example: “(12,325).”

Line 15 – CA Itemized Deductions or CA Standard Deduction

You must decide whether to itemize your actual charitable contributions, medical expenses, interest paid, taxes, etc. or take the standard deduction. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions, or both take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing the California Itemized Deductions Worksheet on this page. Enter the result on Form 540A, line 15.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540A, first complete a federal Schedule A, Itemized Deductions. Then complete the California Itemized Deductions Worksheet on this page. Do not attach federal Schedule A to your Form 540A.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart for Most People on this page unless you filled in the circle on Form 540A, line 6. In that case, use the California Standard Deduction Worksheet for Dependents on this page.

California Standard Deduction Chart for Most People	
Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.	
Your Filing Status	Enter On Line 15
1 – Single	\$3,070
2 – Married filing jointly	\$6,140
3 – Married filing separately	\$3,070
4 – Head of household	\$6,140
5 – Qualifying widow(er)	\$6,140

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

Note: If you filled in the circle on Form 540A, line 6, enter your wages, salaries, and tips on the California Standard Deduction Worksheet for Dependents, line 1 below. If you have earned income other than wages, then you must file Form 540 and use the standard deduction worksheet for that form.

California Standard Deduction Worksheet for Dependents	
Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.	
1. Enter your total wages, salaries, and tips from all your Form(s) W-2, box 1. (You may also refer to federal Form 1040EZ, line 1; Form 1040A, line 7; or Form 1040, line 7.)	1 _____
2. _____	2 <u>\$250.00</u>
3. Add line 1 and line 2. Enter total here	3 _____
4. Minimum standard deduction	4 <u>\$750.00</u>
5. Enter the larger of line 3 or line 4 here	5 _____
6. Enter the amount shown for your filing status:	
• Single or married filing separately, enter \$3,070	} ... 6 _____
• Married filing jointly, head of household, or qualifying widow(er) enter \$6,140	
7. Standard deduction. Enter the smaller of line 5 or line 6 here and on Form 540A, line 15	7 _____

California Itemized Deductions Worksheet	
1. Federal itemized deductions: Add the amounts on federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27	1 _____
2. Add the following amounts from federal Schedule A and enter on line 2:	
• Line 5, state and local income tax: _____	} ... 2 _____
• State Disability Insurance (SDI): _____	
• Line 8, foreign income taxes: _____	
3. Subtract line 2 from line 1. This amount is your total California itemized deductions	3 _____
4. Is the amount on Form 540A, line 12b, 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
Yes Continue to line 5 of this worksheet	
No Enter on Form 540A, line 15, the larger of:	
• The amount on line 3; or	
• Your standard deduction* shown below:	
Single or married filing separately	... \$3,070
Married filing jointly, head of household, or qualifying widow(er)	... \$6,140
Do not complete the rest of this worksheet.	
5. Using California amounts, add the amounts on federal Schedule A, line 4, line 13, line 19, and any gambling losses included on line 27	5 _____
6. Subtract line 5 from line 3	6 _____
Note: If -0-, skip line 7 through line 12, enter the amount from line 3 on line 13 and continue to line 14.	
7. Multiply line 6 by 80% (.80)	7 _____
8. Amount from Form 540A, line 12b	8 _____

Worksheet continued on next page

9. Enter the amount shown below for your filing status 9

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

10. Subtract line 9 from line 8 10

Note: If -0- or less, skip line 11 and line 12, enter the amount from line 3 on line 13 and continue to line 14.

11. Multiply line 10 by 6% (.06) 11

12. Compare line 7 and line 11. Enter the smaller amount here 12

13. Total itemized deductions. Subtract line 12 from line 3 13

14. Enter on Form 540A, line 15, the larger of:
The amount on line 13; or,
Your standard deduction* shown below:
Single or married filing separately \$3,070
Married filing jointly, head of household, or qualifying widow(er) \$6,140

***Standard Deduction for Dependents.**
If your parent, or someone else, can claim you as a dependent, use the standard deduction amount from line 7 of the "California Standard Deduction Worksheet for Dependents" on page 11 instead of the standard deduction amount shown above.

Step 5 — Tax and Credits

First figure your tax. Be sure to use the correct filing status and taxable income amount. Then make sure you qualify to claim your credits.

Line 17 – Tax

If your taxable income on line 16 is:

- \$100,000 or less, you must use the tax table beginning on page 60. Be sure to use the correct column for your filing status.
- Over \$100,000, you must use the tax rate schedules on page 65. Be sure to use the correct tax rate schedule.

Note: To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on line 17. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at www.ftb.ca.gov

 e-file and you won't have to do the math. Go to our Website at www.ftb.ca.gov

Line 18 – Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 12b is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is:	Is Form 540A, line 12b more than:
Single or married filing separately	\$135,714
Married filing jointly or qualifying widow(er)	\$271,432
Head of household	\$203,574

- Yes** Complete the AGI Limitation Worksheet on this page.
No Follow the instructions shown on Form 540A, line 18.

AGI Limitation Worksheet

a. Enter the amount from Form 540A, line 12b a _____

b. Enter the amount for your filing status on line b . . . b _____

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

c. Subtract line b from line a c _____

d. Divide line c by \$2,500 (\$1,250 if married filing separately) d _____

Note: If the result is not a whole number, round it to the next higher whole number

e. Multiply line d by \$6 e _____

f. Add the numbers from the boxes on Form 540A, line 7, line 8, and line 9 (not the dollar amounts) . . f _____

g. Multiply line e by line f g _____

h. Enter the dollar amount for line 7, line 8, and line 9 h _____

i. Subtract line g from line h. If zero or less, enter -0- i _____

j. Enter the number from the box on Form 540A, line 10 (not the dollar amount) j _____

k. Multiply line e by line j k _____

l. Enter the dollar amount (that you filled in) from Form 540A, line 10 l _____

m. Subtract line k from line l. If zero or less, enter -0- m _____

n. Add line i and line m. Enter the result here and on Form 540A, line 18 n _____

Line 19 – Nonrefundable Renter’s Credit

Did you pay rent for at least six months in 2003 on your principal residence located in California?

- Yes** You may qualify to claim this credit which may reduce your tax. Complete the qualification record on page 27.
No Go to line 20.

Step 6 — Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 25 through line 36.

Line 25 – California Income Tax Withheld

Enter on line 25 the total amount shown as California income tax withheld on your Form(s) W-2 in box 17; Form(s) W-2G in box 14; or Form(s) 1099-R in box 10.
 **205** **Caution:** Do not include city or county tax withheld or tax withheld by other states.

Note: The Franchise Tax Board verifies all withholding claimed from a Form W-2, W-2G, 1099-MISC, or 1099-R with the Employment Development Department.

If you received a Form 1099 showing California income tax withheld, include the amount withheld in the total on line 25 and attach a copy of the Form 1099 to your return.

If you do not have a Form W-2, see "Attachments to your return" on page 8.

Line 26 – 2003 California Estimated Tax and Payment with form FTB 3519

Enter the total of any:

- California estimated tax payments you made using 2003 Form 540-ES;
- Overpayment from your 2002 California income tax return applied to your 2003 estimated tax; and
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals.

Note: To view payments you have made and/or to obtain your current account balance, visit our Website at www.ftb.ca.gov and click on "Check Account Balance."

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you may claim all of the amount paid, or you may each claim part of it. Send a statement to FTB, signed by you and your spouse, explaining how you want your payments divided 30-45 days prior to filing your return(s). Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but you are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540A explaining that payments have been made under both social security numbers.

Line 27 – Excess California SDI (or VPD) Withheld

If California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer at more than 0.9% of your gross wages, you may not claim excess SDI (or VPD) on your Form 540A. Contact the employer for a refund.

You may be entitled to claim a credit for excess SDI (or VPD) only if you meet **all** of the following conditions:

- You had **two or more** employers during 2003;
- You received more than \$56,916 in wages; and
- The amounts of SDI (or VPD) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540A.

Complete the Excess SDI (or VPD) Worksheet below to figure the amount to enter on line 27.

Excess SDI (or VPD) Worksheet		
Follow the instructions below to figure the amount to enter on Form 540A, line 27. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) separately for each spouse.		
	You	Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here	1	|
2. 2003 SDI (or VPD) limit	2	|
	\$512.24	\$512.24
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the result here and on Form 540A, line 27.	3	|
Note: If zero or less, enter -0- on line 27.		

Line 28 through Line 31 – Child and Dependent Care Expenses Credit

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. To claim this credit, your adjusted gross income must be less than \$100,000. You must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

Line 28 and Line 29

Enter the qualifying person's social security number. Do not enter more than one qualifying person's social security number on line 28 or line 29 from form FTB 3506, Part III. If you have more than two qualifying persons, enter only the first two qualifying persons listed on form FTB 3506, Part III, line 2.

Line 30

Enter the amount from form FTB 3506, Part III, line 8 (do not round this amount).

Line 31

Enter the amount from form FTB 3506, Part III, line 12 (do not round this amount).

Note: If you received a refund for 2002, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

Line 33 – Overpaid Tax

If the amount on line 32 is more than the amount on line 24, your payments and credits are more than your tax. Subtract the amount on line 24 from the amount on line 32. Enter the result on line 33. This is the amount of your overpaid tax. If the amount on line 32 is less than the amount on line 24, go to line 36.

Line 34 – Amount You Want Applied To Your 2004 Estimated Tax

If you pay estimated tax, you may apply all or part of the amount on line 33 to your 2004 estimated tax. Enter on line 34 the amount of line 33 you want applied to your 2004 estimated tax.

Line 35 – Overpaid Tax Available This Year

If you entered an amount on line 34, subtract that amount from line 33. Enter the result on line 35. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make voluntary contributions from this amount. If you choose to make contributions, skip line 36 and go to Step 7.

Line 36 – Tax Due

If the amount on line 32 is less than the amount on line 24, your tax is more than your payments and credits. Subtract the amount on line 32 from the amount on line 24. Enter the result on line 36. This is the amount of your tax due.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 36 is \$200 (\$100 if married filing separately) or more; and
- California income tax withheld on line 25 is less than 90% of the amount of your total tax on line 24.

If you increase your withholding, more of your 2004 state tax liability will be withheld throughout the year. Doing so could eliminate the need to make a large payment with your tax return. Or, it could eliminate the need to make quarterly estimate payments. To increase your withholding, complete Employment Development Department (EDD) Form DE-4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can obtain this form by calling EDD at (888) 745-3886 or through the Internet at www.edd.ca.gov or you can get this form from your employer.

Note: Form DE 4 specifically adjusts your CA state withholding and is not the same as the federal Form W-4, Employee's Withholding Allowance Certificate.

Line 37 – Use Tax

As explained on page 4, you may owe California use tax for purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person).

You may now report use tax on your income tax return instead of filing a use tax return with the California State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet below.

If you owe use tax but choose not to report it on your income tax return, you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from www.boe.ca.gov. You can also request a copy by calling the State Board of Equalization's Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

Note: Businesses that have a California seller's permit must continue to report business purchases subject to use tax on their sales and use tax returns.

See page 66 for a general explanation of California use tax.

Use Tax Worksheet	
Round all amounts to the nearest whole dollar.	
1. Enter your purchases from out-of-state or Internet sellers made without payment of California Sales/Use tax. ¹	\$ _____ .00
See instructions below "Worksheet, Line 1, Purchases Subject to Use Tax" for amounts to enter on this line.	
2. Enter the applicable sales and use tax rate. ²	_____
See page 24	
3. Multiply line 1 by the tax rate on line 2.	
Enter result here.	\$ _____ .00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. ³	\$ _____ .00
5. Subtract line 4 from line 3. This is the total use tax due. Enter the amount due on line 37.	
If the amount is less than zero, enter -0-.	\$ _____ .00

1. Include handling charges. Do not include any other states' sales or use tax paid on the purchase(s).
2. Enter the decimal equivalent of the sales and use tax rate. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375. Use the tax rate applicable to the place in California where the property is used, stored, or otherwise consumed.
3. This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if you paid \$8.00 sales tax to another state for a purchase, and you would have paid \$6.00 in California, you can claim a credit of only \$6.00 for that purchase.

Worksheet, Line 1, Purchases Subject to Use Tax

- Report only purchases from out-of-state or Internet sellers made during the year that corresponds with the income tax return you are filing. For example, use your 2003 return to report taxable purchases made in 2003.
- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine. If you have questions on whether a purchase is taxable, visit the State Board of Equalization's website at www.boe.ca.gov, or call its Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.
- If you traveled to a foreign country and brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- Do not report the following on your income tax return:
 - Vehicles, vessels, and trailers that must be registered with the Department of Motor Vehicles.
 - Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.

- Vessels documented with the U.S. Coast Guard.
- Aircraft.
- Leases of machinery, equipment, vehicles, and other tangible personal property.
- If your filing status is "married filing separately," you may elect to report one-half of the use tax due or the entire amount on your income tax return. If you elect to report one-half, your spouse may report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on this page).

Step 7 — Contributions

You may make contributions to the funds listed on Form 540A, Side 2, Step 7. See page 25 for a description of the funds.

Line 38 – Total Contributions

Enter the amount of your total contributions on line 38. If you did not make any contributions, do not enter an amount on line 38. If you show an amount on line 35, you must subtract the amount you contribute from the amount of overpaid tax. If you show an amount on line 36, you must add the amount you contribute to your tax due.

Step 8 — Refund or Amount You Owe and Direct Deposit (Refund Only)

Line 39 – Refund or No Amount Due

If you did not enter an amount on line 37 or line 38, enter the amount from line 35 on line 39. This is the amount that will be refunded to you. If the amount is less than \$1, attach a written request to your Form 540A to receive the refund.

Subtract line 37 and line 38 from line 35. If the result is zero or more, enter the result on line 39. If the combined amount of line 37 and line 38 is more than line 35, enter the difference on line 40.

Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540A, Side 2, Step 8. Please be sure to fill in all three boxes. **Do not** attach a voided check or deposit slip. See the illustration below.

The illustration on this page shows which bank numbers to transfer to the preprinted boxes on Form 540A, Side 2, Step 8. Please be sure to fill in the routing and account numbers and also indicate the account type.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

**John Doe
Mary Doe**
1234 Main Street
Anytown, CA 99999

1234
15-0000/0000

PAY TO THE ORDER OF _____ \$ _____

ANYTOWN BANK
Anytown, CA 99999

For _____

I : (250250025) I : (202020) • 1234

Do not include the check number

Line 40 – Amount You Owe

Add the amount on line 36, line 37, and line 38, if any, and enter the result on line 40.

To avoid a late filing penalty, file your 2003 Form 540A by the extended due date even if you cannot pay the amount you owe.

Do not combine your 2003 tax payment and any 2004 estimated tax payment in the same check. You must prepare two separate checks and mail each in a separate envelope.

Paying by Check or Money Order – Make your check or money order payable to the “Franchise Tax Board.” Do not send cash. Write your social security number and “2003 Form 540A” on the check or money order. Enclose, but do not staple, any payment to your return. A penalty may be imposed if your check is returned by your bank for insufficient funds.

Other Payment Options

- **Electronic Funds Withdrawal** – Instead of paying by check or money order, you can use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Web Pay** – Pay the amount you owe using our secure online payment service. Visit our Website at www.ftb.ca.gov and select “Payment Options.”
- **Credit Card** – You may use your Discover/NOVUS, MasterCard, Visa or American Express card to pay your tax. If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit the Website at www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

Paying by Credit Card – Whether you e-file or file by mail, you can use your Discover/Novus, MasterCard, Visa, or American Express card to pay your personal income taxes (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). **There is a convenience fee for this service.** This fee is paid directly to Official Payments Corp. based on the amount of your tax payment.

Convenience Fee

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

Example:

Tax Payment = \$753.56 Convenience Fee = \$18.84

When will my payments be effective?

Your payment is effective on the date you charge it.

What if I change my mind?

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the Franchise Tax Board for nonpayment or late payment of your tax liability.

How do I use my credit card to pay my income tax bill?

Once you have determined the type of payment and how much you owe, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse’s SSN
- First 4 letters of your and your spouse’s last name
- Tax year
- Home phone number (including area code)
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. Website www.officialpayments.com and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

Payment Date : _____

Confirmation Number: _____

If you cannot pay the full amount or can only make a partial payment for the amount shown on line 40, you may request monthly payments. For additional information regarding Installment Payments, see Question 4 on page 28.

Line 41 – Underpayment of Estimated Tax

You may owe a penalty if:

- Line 36 is \$200 (\$100 if married filing separately) or more and more than 20% of the tax shown on line 24; or
- You underpaid your 2003 estimated tax liability for any payment period. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or you can get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, to see if you owe a penalty and to figure the amount. If you complete form FTB 5805, be sure to attach it to the back of Form 540A. Enter the amount of the penalty on line 41 and fill in the circle on line 41. You must complete and attach form FTB 5805 if you claim a waiver of the penalty or use the annualized income installment method.

Note: Do not reduce the amount on line 33 or increase the amount on line 36 by any penalty or interest amounts.

See page 53 for information on estimated tax payments and how to avoid the underpayment penalty.

Line 42 – 2004 Tax Forms

If your Form 540A is prepared by someone else or if you do not need tax forms mailed to you next year, fill in the circle on line 42.

Step 9 — Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 “Helpful Hints” for information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See “Innocent Spouse Relief” on page 66.

Mailing Your Return

Mail your return in the envelope provided in this booklet. If your return shows **a refund or no amount due**, be sure to attach the green label to the front of the envelope. If your return has an **amount you owe**, be sure to attach the white label to the front of the envelope.

If you have misplaced your envelope, see page 8, “Mailing your return” for the correct address.

Instructions for Form 540 — California Resident Income Tax Return

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

Before You Begin

You must complete your federal income tax return (Form 1040, 1040A, 1040EZ, or federal TeleFile Tax Record) before you begin your California Form 540. You will use information from your federal income tax return to complete your Form 540. Be sure to complete and mail Form 540 by April 15, 2004. If you cannot mail your return by the due date, see page 2.



You may qualify for the federal earned income credit. See page 5 for more information. There is no comparable state credit.

Step 1 — Name(s) and Address

Is there a label with your name and address on the front of your booklet?

Yes. Attach the label to your completed return. Make sure that the information on your label is correct. Cross out any errors and print the correct information on the label.

No. Print your first name, middle initial, last name, and address in the spaces provided at the top of Form 540. See page 8, Helpful Hints, "Filling in your return."

Private Mail Box. If you lease a private mailbox (PMB) from a private business rather than a P.O. box from the United States Postal Service, include the box number in the address area labeled "PMB no."

Foreign Address. Enter the information in the following order: city, province or state, and country. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Principal Business Activity Code

Enter the numeric principal business activity code from federal Schedule C, line B.

Step 1a — Social Security Number(s)

Enter your social security number(s) in the spaces provided. To protect your privacy, your social security number(s) are not printed on your label. If you file a joint return, enter the social security numbers in the same order as the names.

Note: If you do not have a social security number because you are a nonresident or resident alien for federal tax purposes, and the IRS issued you an Individual Taxpayer Identification Number (ITIN), enter the ITIN in the space for the social security number.

Step 2 — Filing Status

Fill in only one of the circles for line 1 through line 5. Be sure to enter the required additional information if you filled in the circle for line 3 or line 5.

You must use the same filing status for California that you used for your federal income tax return.

Exception: If you file a joint return for federal, you may file separately for California if either spouse was:

- An active member of the United States armed forces or any auxiliary military branch during 2003, or
- A nonresident for the entire year and had no income from California sources during 2003.

If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

Note: If you filed a joint return and either you or your spouse was a nonresident for 2003, you must file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

Line 1 — Single

Fill in the circle on line 1 if **any** of the following was true on December 31, 2003:

- You were never married;
- You were legally separated under a decree of divorce or of separate maintenance; or
- You were widowed before January 1, 2003, and did not remarry in 2003.

Line 2 — Married Filing Jointly

Fill in the circle on line 2 if **any** of the following is true:

- You were married as of December 31, 2003, even if you did not live with your spouse at the end of 2003;
- Your spouse died in 2003 and you did not remarry in 2003; or
- Your spouse died in 2004 before you filed a 2003 return.

Line 3 — Married Filing Separately

If you fill in the circle on line 3, be sure to enter your spouse's full name on line 3 and social security number in Step 1a.

Note:

- Community property rules apply to the division of income if you use the married filing separately status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, and FTB Pub. 1051A, Guidelines for Married Filing Separate Returns. See "Order Forms and Publications" on the back cover.
- You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.
- You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2003.

Line 4 — Head of Household

This filing status is for unmarried individuals and certain married individuals living apart (considered unmarried) who provide a home for certain other persons. You are entitled to use the head of household filing status only if **all** of the following apply:

- You were unmarried or considered unmarried on December 31, 2003;
- You paid more than one-half the cost of keeping up a home for the year 2003;
- For more than half the year, your home was the main home for you and another person who lived with you;
- The other person was your qualifying relative; and
- You were not a nonresident alien at any time during the year.

For further information, log on to our Website at www.ftb.ca.gov or get FTB Pub. 1540, California Head of Household Filing Status Information. See code 934 on the back cover to order FTB Pub.1540 by telephone.

e-file and you can close this book now! The software you use to e-file will help you find out if you qualify to claim the head of household filing status. Most software companies also include the Head of Household Schedule (4803e), which will help verify your eligibility to the FTB. See www.ftb.ca.gov.



Line 5 — Qualifying Widow(er) with Dependent Child

Fill in the circle on line 5 and use the joint return tax rates for 2003 if **all five** of the following apply:

- Your spouse died in 2001 or 2002 and you did not remarry in 2003; and
- You have a child, stepchild, adopted child, or foster child whom you can claim as a dependent; and
- This child lived in your home for all of 2003. Temporary absences, such as for vacation or school, count as time lived in the home; and
- You paid over half the cost of keeping up your home for this child; and
- You could have filed a joint return with your spouse the year he or she died, even if you actually did not do so.

Note: If your spouse died in 2003, see the instructions for line 2 and line 3.

Step 3 — Exemptions**Line 6 — Can be Claimed as a Dependent**

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Fill in the circle on line 6 if your parent (or someone else) can claim you as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 — Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Form 540, line 7.

Yes Ignore the instructions on Form 540, line 7. Instead, enter in the box on line 7 the amount shown below for your filing status:

- Single or married filing separately, enter -0-;
- Head of household, enter -0-;
- Married filing jointly and both you and your spouse can be claimed as dependents, enter -0-; or
- Married filing jointly and only one spouse can be claimed as a dependent, enter 1.

Caution: You may not claim this credit if someone else can claim you as a dependent on his or her return.

Line 8 — Blind Exemptions

The first year you claim this exemption credit, you must attach a doctor's statement to the back of Form 540 indicating you or your spouse are visually impaired. You are visually impaired if you cannot see better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

Caution: You may not claim this credit if someone else can claim you as a dependent on their return.

Line 9 — Senior Exemptions

If you were 65 years of age or older by December 31, 2003*, you should claim an additional exemption credit on line 9. If you are married, each spouse 65 years of age or older should claim an additional credit. You may contribute all or part of this credit to the California Seniors Special Fund. See page 25 for information about this fund.

*If your 65th birthday is on January 1, 2004, you are considered to be age 65 on December 31, 2003.

Caution: You may not claim this credit if someone else can claim you as a dependent on their return.

Line 10 — Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. If additional space is needed, attach a separate sheet of paper. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Multiply the number you entered by the pre-printed dollar amount and enter the result.

Line 11 — Total Personal, Blind, and Senior Exemptions

Add line 7 through line 10 and enter the total amount of all exemptions, personal and dependents.

Step 4 — Taxable Income

Refer to your completed federal income tax return to complete Step 4.

Line 12 — State Wages

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Enter the total amount of your state wages from all states from each of your Form(s) W-2. This amount should be on Form W-2, box 16.

If you received wages and do not have a Form W-2, see "Attachments to your return" on page 8.

Line 14 — California Adjustments — Subtractions [from Schedule CA (540), line 34, column B]

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 45. Enter on this line the amount from Schedule CA (540), line 34, column B. If a negative amount, see Schedule CA (540), line 34 instructions, page 48.

Note: If there are no differences between your federal and California income or deductions, do not file a Schedule CA (540).

Line 15 — Subtotal

Subtract the amount on line 14 from the amount on line 13. Enter the result on line 15. If the amount on line 13 is less than zero, combine the amounts on line 13 and line 14 and enter the result in parentheses. For example: "(12,325)."

Line 16 — California Adjustments — Additions [from Schedule CA (540), line 34, column C]

If there are differences between your federal and California income or deductions, you must complete Schedule CA (540), California Adjustments — Residents. Follow the instructions for Schedule CA (540) beginning on page 45. Enter on this line the amount from Schedule CA (540), line 34, column C. If a negative amount, see Schedule CA (540), line 34 instructions, page 48.

Line 18 — California Itemized Deductions or California Standard Deduction

You must decide whether to itemize your charitable contributions, medical expenses, interest paid, taxes, etc. or take the standard deduction. Your California income tax will be less if you take the **larger** of:

- Your California itemized deductions; or
- Your California standard deduction.

If you are married and file a separate return, you and your spouse must either both itemize your deductions or both take the standard deduction.

Itemized deductions. Figure your California itemized deductions by completing Schedule CA (540), Part II, line 35 through line 40. Enter the result on Form 540, line 18.

Note: If you did not itemize deductions on your federal income tax return but will itemize deductions for your California Form 540, first complete a federal Schedule A, Itemized Deductions. Then complete Schedule CA (540), Part II, line 35 through line 40.

Standard deduction. Find your standard deduction on the California Standard Deduction Chart for Most People on page 18. If you filled in the circle on Form 540, line 6, use the California Standard Deduction Worksheet for Dependents on page 18.

California Standard Deduction Chart for Most People

Do not use this chart if your parent, or someone else, can claim you (or your spouse, if married) as a dependent on his or her tax return.

Your Filing Status	Enter On Line 18
1 – Single	\$3,070
2 – Married filing jointly	\$6,140
3 – Married filing separately	\$3,070
4 – Head of household	\$6,140
5 – Qualifying widow(er)	\$6,140

Note: The California standard deduction amounts are less than the federal standard deduction amounts.

California Standard Deduction Worksheet for Dependents

Use this worksheet only if your parent, or someone else, can claim you (or your spouse if married) as a dependent on his or her tax return.

- Enter your earned income from: line 1 of the "Standard Deduction Worksheet for Dependents" in the instructions for federal Form 1040; Form 1040A; or from line A of the worksheet on the back of Form 1040EZ. If you used federal TeleFile, add \$250 to the total of your wages from all Form(s) W-2, box 1 and enter the result here 1 _____
- Minimum standard deduction 2 \$750.00
- Enter the **larger** of line 1 or line 2 here 3 _____
- Enter the amount shown for your filing status:
 - Single or married filing separately, enter \$3,070
 - Married filing jointly, head of household, or qualifying widow(er), enter \$6,140} ... 4 _____
- Standard deduction.** Enter the **smaller** of line 3 or line 4 here and on Form 540, line 18 .. 5 _____

Step 5 — Tax

When you figure your tax, be sure to use the correct filing status and taxable income amount.

Line 20 – Tax

To figure your tax, use one of the following methods and fill in the matching circle on line 20:

- Tax Table.** If your taxable income on line 19 is \$100,000 or less, you must use the tax table beginning on page 60. Be sure you use the correct filing status column in the tax table.
- Tax Rate Schedules.** If your taxable income on line 19 is over \$100,000, you must use the tax rate schedules on page 65.
- FTB 3800.** Generally, you must use form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child who was under age 14 on January 1, 2004, and who had more than \$1,500 of investment income. Attach form FTB 3800 to the child's Form 540.
- FTB 3803.** If, as a parent, you elect to report your child's interest and dividend income of \$7,500 or less (but not less than \$750) on your return, complete form FTB 3803, Parents' Election to Report Child's Interest and Dividends. You must file a separate form FTB 3803 for each child whose income you elect to include on your Form 540. Add the amount of tax, if any, from each form FTB 3803, line 9, to the amount of your tax from the tax table or tax rate schedules and enter the result on Form 540, line 20. Attach form(s) FTB 3803 to your return.

Note: To prevent possible delays in processing your return or refund, be sure to enter the correct tax amount on this line. To automatically figure your tax or to verify your tax calculation, use our online tax calculator by visiting our Website at www.ftb.ca.gov

 e-file and you won't have to do the math. Go to our Website at www.ftb.ca.gov

Line 21 – Exemption Credits

Use your exemption credits to reduce your tax. If your federal adjusted gross income (AGI) on line 13 is more than the amount shown below for your filing status, your credits will be limited.

If your filing status is: Is Form 540, line 13 more than:

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

Yes Complete the AGI Limitation Worksheet below.

No Follow the instructions on Form 540, line 21.

AGI Limitation Worksheet

- | | | |
|--|-----------|----------------|
| a Enter the amount from Form 540, line 13 | _____ | a _____ |
| b Enter the amount for your filing status on line b:
Single or married filing separately | \$135,714 | |
| Married filing jointly or
qualifying widow(er) | \$271,432 | b _____ |
| Head of household | \$203,574 | |
| c Subtract line b from line a | _____ | c _____ |
| d Divide line c by \$2,500 (\$1,250 if married filing separately). Note: If the result is not a whole number, round it to the next higher whole number | _____ | d _____ |
| e Multiply line d by \$6 | _____ | e _____ |
| f Add the numbers from the boxes on Form 540, line 7, line 8, and line 9 (not dollar amounts) | _____ | f _____ |
| g Multiply line e by line f | _____ | g _____ |
| h Enter the total dollar amount for line 7, line 8, and line 9 | _____ | h _____ |
| i Subtract line g from line h. If zero or less, enter -0- | _____ | i _____ |
| j Enter the number from the box on Form 540, line 10 (not the dollar amount) | _____ | j _____ |
| k Multiply line e by line j | _____ | k _____ |
| l Enter the dollar amount (that you filled in) from Form 540, line 10 | _____ | l _____ |
| m Subtract line k from line l. If zero or less, enter -0- | _____ | m _____ |
| n Add line i and line m. Enter the result here and on Form 540, line 21 | _____ | n _____ |

Line 23 – Tax from Schedule G-1 and form FTB 5870A

Fill in the circle for and enter the amount of taxes from:

- Schedule G-1, Tax on Lump-Sum Distributions; and
- Form FTB 5870A, Tax on Accumulation Distribution of Trusts.

Step 6 — Special Credits and Nonrefundable Renter's Credit

A variety of California tax credits are available to reduce your tax if you qualify. To figure and claim most special credits, you must complete a separate form or schedule and attach it to your Form 540. The Credit Chart on the page 26 describes the credits and provides the name, credit code, and number of the required form or schedule. Many credits are limited to a certain percentage or a certain dollar amount. In addition, the total amount you may claim for all credits is limited by tentative minimum tax (TMT). Answer the following questions before you claim credits on your tax return.

- Do you qualify to claim the nonrefundable renter's credit? Complete the qualification record on page 27.
Check **Yes** or **No**, then go to Question 2.
 - Are you claiming any other special credit listed on the Credit Chart on page 26?
- No** If you checked "Yes" for Question 1 and entered an amount on Form 540, line 31, go to line 33. If you checked "No" for Question 1, skip to the instructions for line 34.

Yes Figure your credit using the form, schedule, worksheet, or certificate identified in the Credit Chart. Then go to Box A to see if the total amount you may claim for all credits is limited by TMT. If you checked "Yes" for Question 1, be sure that you entered your nonrefundable renter's credit on line 31.

Box A – Did you complete federal Schedule C, D, E, or F and claim or receive any of the following:

- Accelerated depreciation in excess of straight-line;
- Intangible drilling costs;
- Depletion;
- Circulation expenditures;
- Research and experimental expenditures;
- Mining exploration/development costs;
- Amortization of pollution control facilities;
- Income/loss from tax shelter farm activities;
- Income/loss from passive activities;
- Income from long-term contracts using the percentage of completion method;
- Pass-through AMT adjustment from an estate or trust reported on Schedule K-1 (541); or
- Excluded gain on the sale of qualified small business stock

Yes You must complete Schedule P (540). See "Order Forms and Publications" on the back cover.

No Go to Box B.

Box B – Did you claim or receive any of the following:

- Investment interest expense;
- Income from incentive stock options in excess of the amount reported on your return; or
- Income from installment sales of certain property.

Note: Net operating losses are suspended for two years 2002-2003.

Yes You must complete Schedule P (540). See "Order Forms and Publications" on the back cover.

No Go to Box C.

Box C – If your filing status is: Is Form 540, line 17 more than:

Single or head of household	.....	\$187,161
Married filing jointly or qualifying widow(er)	.....	\$249,548
Married filing separately	.....	\$124,773

Yes You must complete Schedule P (540). See "Order Forms and Publications" on the back cover.

No Your credits are not limited. Go to the instructions for Form 540, line 28.

Line 28 through Line 30 – Additional Special Credits

Each credit has a code number. To claim only one or two credits, enter the credit name, code number, and amount of the credit on line 28 and line 29. To claim more than two credits, use Schedule P (540). See "Order Forms and Publications" on the back cover. List two of the credits on line 28 and line 29. Enter the total of any remaining credits from Schedule P (540) on line 30.

Important: Attach Schedule P (540) and any supporting schedules or statements to your Form 540.

Carryovers: If you claim a credit with carryover provisions and the amount of the credit available this year exceeds your tax, you may carry over any excess credit to future years until the credit is used (unless the carryover period is a fixed number of years). If you claim a credit carryover for an expired credit, use form FTB 3540, Credit Carryover Summary, to figure the amount of the credit. Otherwise, enter the amount of the credit on Schedule P (540), Part III, and do not attach form FTB 3540.

Credit for Joint Custody Head of Household — Code 170

Note: You may not claim this credit if you used either the head of household or qualifying widow(er) filing status.

You may claim a credit if you were unmarried at the end of 2003 (or if married, you lived apart from your spouse for all of 2003 and you used the married filing separately filing status); and if you furnished more than one-half the household expenses for your home that also served as the main home of your child, step-child, or grandchild for at least 146 days but not more than 219 days of the taxable year. If the child is married, you must be entitled to claim a dependent exemption credit for the child.

Also, the custody arrangement for the child must be part of a decree of dissolution or separate maintenance or must be part of a written

agreement between the parents where the proceedings have been initiated, but a decree of dissolution or separate maintenance has not yet been issued.

Use the worksheet below to figure the joint custody head of household credit.

1. Enter the amount from Form 540, line 24 1 _____
2. Credit percentage — 30% 2 x .30
3. Credit amount. Multiply line 1 by line 2.
Enter the result or \$327, whichever is less 3 _____

Credit for Dependent Parent — Code 173

Note: You may not claim the credit for dependent parent if you used the single, head of household, qualifying widow(er), or married filing jointly filing status.

You may claim this credit only if:

- You were married at the end of 2003 and you used the married filing separately filing status;
- Your spouse was not a member of your household during the last six months of the year; and
- You furnished over one-half the household expenses for your dependent mother's or father's home, whether or not she or he lived in your home.

To figure the amount of this credit, use the worksheet above for the credit for joint custody head of household.

Credit for Senior Head of Household — Code 163

You may claim this credit if you:

- Were 65 years of age or older on December 31, 2003*;
- Qualified as a head of household in 2001 or 2002 by providing a household for a qualifying individual who died during 2001 or 2002; and
- Did not have adjusted gross income over \$53,084 for 2003.

*If your 65th birthday is on January 1, 2004, you are considered to be age 65 on December 31, 2003.

Note: If you meet all the conditions listed above, you do not need to qualify to use the head of household filing status for 2003 in order to claim this credit.

Use this worksheet to figure this credit.

1. Enter the amount from Form 540, line 19 1 _____
2. Credit percentage — 2% 2 x .02
3. Credit amount. Multiply line 1 by line 2.
Enter the result or \$1,000, whichever is less 3 _____

Credit for Child Adoption Costs — Code 197

For the year in which an order of adoption is entered, you may claim a credit for 50% of the cost of adopting a child who is a citizen or legal resident of the United States and who was in the custody of a California public agency or a California political subdivision. You may include the following costs if directly related to the adoption process:

- Fees of the Department of Social Services or a licensed adoption agency;
- Medical expenses not reimbursed by insurance; and
- Travel expenses for the adoptive family.

Note: Any deduction for the expenses used to claim this credit must be reduced by the amount of the child adoption costs credit claimed.

Use the worksheet below to figure this credit. If more than one adoption qualifies for this credit, complete a separate worksheet for each adoption. The maximum credit is limited to \$2,500 per minor child.

1. Enter qualifying costs for the child 1 _____
2. Credit percentage — 50% 2 x .50
3. Credit amount. Multiply line 1 by line 2.
Do not enter more than \$2,500 3 _____

Your allowable credit is limited to \$2,500 for 2003. You may carry over the excess credit to future years until the credit is used.

Line 31 – Nonrefundable renter’s credit

Go to the instructions for Step 6 on page 18.

Line 34 – Subtract the amount on line 33 from the amount on line 25. Enter the result on line 34. If the amount on line 33 is more than the amount on line 25, enter -0-. If you owe interest on deferred tax from installment obligations, include the additional tax, if any, in the amount you enter on line 34. Write “IRC Section 453 interest” or “IRC Section 453A interest” and the amount on the dotted line to the left of the amount on line 34.

Step 7 — Other Taxes

Attach the specific form or statement required for each entry in this step.

Line 35 – Alternative Minimum Tax (AMT)

If you claim certain types of deductions, exclusions, and credits, you may owe AMT if your total income is more than: \$66,547 if married filing jointly or qualifying widow(er); \$49,910 if single or head of household; or \$33,272 if married filing separately.

A child under age 14 may owe AMT if the sum of the amount on line 19 (taxable income) and any preference items listed on Schedule P (540) and included on the return is more than the sum of \$5,500 and the child’s earned income.

AMT income does not include income, adjustments, and items of tax preference related to any trade or business of a qualified taxpayer who has gross receipts, less returns and allowances, during the taxable year of less than \$1,000,000 from all trades or businesses.

Get Schedule P (540) for more information. See “Order Forms and Publications” on the back cover.

Line 36 – Other Taxes and Credit Recapture

If you used form(s) FTB 3501, Employer Child Care Program/Contribution Credit; FTB 3535, Manufacturers’ Investment Credit; FTB 3805P, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts; FTB 3805Z, Enterprise Zone Deduction and Credit Summary; FTB 3806, Los Angeles Revitalization Zone (LARZ) Deduction and Credit Summary; FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary; FTB 3808, Manufacturing Enhancement Area Credit Summary; or FTB 3809, Targeted Tax Area Deduction and Credit Summary; include the additional tax, if any, on line 36. Write the form number on the dotted line to the left of the amount on line 36.

Step 8 — Payments

Make sure you have your Form(s) W-2, W-2G, 1099-MISC, and 1099-R showing California income tax withheld.

Line 38 – California Income Tax Withheld

Enter the total California income tax withheld from your:

- Form(s) W-2, box 17;
- Form(s) 1099-MISC, box 16; or
- Form(s) W-2G, box 14;
- Form(s) 1099-R, box 10.

Note: The Franchise Tax Board verifies all withholding claimed from a Form W-2, W-2G, 1099-MISC, or 1099-R with the Employment Development Department.

Caution: Do not include city or county tax withheld or tax withheld by other states. Do not include withholding from Forms 592-B, 594, or 597 on this line.

Caution: Generally, tax should not be withheld on Form 1099-MISC. If you want to pre-pay tax on income reported on Form 1099-MISC, you may use Form 540-ES, Estimated Tax for Individuals.

If you also received Form(s) 1099 showing California income tax withheld on real estate sales and partnership distributions, include the amount(s) withheld in the total on line 38 and attach a copy of Form(s) 1099 to your return.

Line 39 – 2003 CA Estimated Tax and Other Payments

Enter the total of any:

- California estimated tax payments you made using 2003 Form 540-ES;
- Overpayment from your 2002 California income tax return that you applied to your 2003 estimated tax;
- Payment you sent with form FTB 3519, Payment Voucher for Automatic Extension for Individuals; and
- California estimated tax payments made on your behalf by an estate, trust, or S Corporation on Schedule K-1 (541), Schedule K-1 (100S).

Note: To view payments you have made and/or to obtain your current account balance, visit our Website at www.ftb.ca.gov and click on “Check Account Balance.”

If you and your spouse paid joint estimated tax but are now filing separate income tax returns, either of you may claim all of the amount paid or you may each claim a part of it. Send a statement to FTB signed by you and your spouse, explaining how you want your payments divided 30-45 days prior to filing your return(s). Be sure to show both social security numbers on your separate returns. If you or your spouse made separate estimated tax payments, but are now filing a joint income tax return, add the amounts you each paid. Attach a statement to the front of Form 540 explaining that payments were made under both social security numbers.

Note: You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2004 and did not have a California tax liability in 2003.

Line 40 - Real Estate Withholding

If you had California income tax withheld from the sales of your California real estate, enter the total California tax withheld from your Form 597, Real Estate Withholding Tax Statement. Also, if you received a nonresident withholding credit, enter the total California tax withheld from your Forms 592-B or 594 on this line. Attach a copy of Form 592-B, 594, or 597 to the lower front of Form 540, Side 1.

Caution: Do not include withholding from Form(s) W-2’s or 1099’s on this line.

Line 41 – Excess California SDI (or VPDI) Withheld

If California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) was withheld from your wages by a single employer, at more than 0.9% of your gross wages, you may not claim excess SDI (or VPDI) on your Form 540. Contact the employer for a refund.

You may be entitled to claim a credit for excess SDI (or VPDI) only if you meet **all** of the following conditions:

- You had **two or more** employers during 2003;
- You received more than \$56,916 in wages; and
- The amounts of SDI (or VPDI) withheld appear on your Forms W-2. Be sure to attach your Forms W-2 to your Form 540.

Complete the Excess SDI (or VPDI) Worksheet on the next page to figure the amount to enter on line 41.

Excess SDI (or VPD) Worksheet

Follow the instructions below to figure the amount of income tax to enter on Form 540, line 41. If you are married and file a joint return, you must figure the amount of excess SDI (or VPD) separately for each spouse.

	You	Your Spouse
1. Add amounts of SDI (or VPD) withheld shown on your Forms W-2. Enter the total here	1	|
2. 2003 SDI (or VPD) limit	2	\$512.24 | \$512.24
3. Excess SDI (or VPD) withheld. Subtract line 2 from line 1. Enter the result here and enter on Form 540, line 41	3	|

Note: If zero or less, enter -0- on line 41.

Line 42 through Line 45 – Child and Dependent Care Expenses Credit

You may be able to claim this credit if you paid someone to care for your child under the age of 13, other dependent who is physically or mentally incapable of caring for him or herself, or spouse if physically or mentally incapable of caring for him or herself. To claim this credit, your adjusted gross income must be less than or equal to \$100,000 and you must complete and attach form FTB 3506, Child and Dependent Care Expenses Credit, included in this booklet.

Line 42 and Line 43

Enter the qualifying person’s social security number. Do not enter more than one qualifying person’s social security number on line 42 or line 43 from form FTB 3506, Part III, line 2. If you have more than two qualifying persons, enter only the first two qualifying persons listed on form FTB 3506, Part III, line 2.

Line 44

Enter the amount from form FTB 3506, Part III, line 8 (do not round this amount).

Line 45

Enter the credit amount from form FTB 3506, Part III, line 12 (do not round this amount).

Note: If you received a refund for 2002, you may receive a Form 1099-G, Certain Government Payments. The refund amount reported on your Form 1099-G will be different from the amount shown on your tax return if you claimed the Child and Dependent Care Expenses Credit. This is because the credit is not part of the refund from withholdings or estimated tax payments.

Step 9 — Overpaid Tax or Tax Due

To avoid a delay in the processing of your return, be sure you enter the correct amounts on line 47 through line 50.

Line 47 – Overpaid Tax

If the amount on line 46 is more than the amount on line 37, your payments and credits are more than your tax. Subtract the amount on line 37 from the amount on line 46. Enter the result on line 47.

Line 48 – Amount You Want Applied to Your 2004 Estimated Tax

You may apply all or part of the amount on line 47 to your estimated tax for 2004. Enter on line 48 the amount of line 47 that you want applied to your 2004 estimated tax.

Line 49 – Overpaid Tax Available This Year

If you entered an amount on line 48, subtract it from the amount on line 47. Enter the result on line 49. You may choose to have this entire amount refunded to you or you may make contributions to the California Seniors Special Fund or make other voluntary contributions from this amount. If you make a contribution, skip line 50 and go to Step 10.

Line 50 – Tax Due

If the amount on line 46 is less than the amount on line 37, subtract the amount on line 46 from the amount on line 37. Enter the result on line 50. Your tax is more than your payments and credits.

There is a penalty for not paying enough tax during the year. You may have to pay a penalty if:

- The tax due on line 50 is \$200 or more (\$100 or more if married filing separately); and
- The amount of state income tax withheld on line 38 is less than 90% of the amount of your total tax on line 37.

If you increase your withholding, more of your 2004 state tax liability will be withheld throughout the year. Doing so could eliminate the need to make a large payment with your tax return. Or, it could eliminate the need to make quarterly estimate payments. To increase your withholding, complete Employment Development Department (EDD) Form DE-4, Employee’s Withholding Allowance Certificate, and give it to your employer’s appropriate payroll staff. You can obtain this form by calling EDD at (888) 745-3886 or through the Internet at www.edd.ca.gov or you can get this form from your employer.

Note: Form DE 4 specifically adjusts your CA state withholding and is not the same as the federal Form W-4, Employee’s Withholding Allowance Certificate.

Line 51 – Use Tax

As explained on page 4, you may owe California use tax for purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person). You may now report use tax on your income tax return instead of filing a use tax return with the California State Board of Equalization. To report use tax on your income tax return, complete the Use Tax Worksheet below.

If you owe use tax but choose not to report it on your income tax return you must report and pay the tax to the State Board of Equalization. To do so, download a copy of Publication 79-B, California Use Tax, from www.boe.ca.gov. You can also request a copy by calling the State Board of Equalization’s Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

Note: Businesses that have a California seller’s permit must continue to report business purchases subject to use tax on their sales and use tax returns.

See page 66 for a general explanation of California use tax.

Use Tax Worksheet

Round all amounts to the nearest whole dollar.

1. Enter your purchases from out-of-state or Internet sellers made without payment of California Sales/Use tax. ¹	\$ _____ .00
2. Enter the applicable sales and use tax rate. ² See page 24	_____
3. Multiply line 1 by the tax rate on line 2. Enter result here.	\$ _____ .00
4. Enter any sales or use tax you paid to another state for purchases included on line 1. ³	\$ _____ .00
5. Subtract line 4 from line 3. This is the total use tax due. Enter the amount due on line 51. If the amount is less than zero, enter -0-.	\$ _____ .00

1. Include handling charges. Do not include any other states’ sales or use tax paid on the purchase(s).
2. Enter the decimal equivalent of the sales and use tax rate. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375. Use the tax rate applicable to the place in California where the property is used, stored, or otherwise consumed.
3. This is a credit for tax paid to other states. You cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if you paid \$8.00 sales tax to another state for a purchase, and you would have paid \$6.00 in California, you can claim a credit of only \$6.00 for that purchase.

Worksheet, Line 1, Purchases Subject to Use Tax

- Report only purchases from out-of-state or Internet sellers made during the year that corresponds with the income tax return you are filing. For example, use your 2003 return to report taxable purchases made in 2003.
- Report items that would have been taxable in a California store. For example, you would include purchases of clothing, but not purchases of prescription medicine. If you have questions on whether a purchase is taxable, visit the State Board of Equalization's website at www.boe.ca.gov, or call its Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.
- If you traveled to a foreign country and brought items back to California, generally the use tax is due on the purchase price of the goods you listed on your U.S. Customs Declaration less the \$400 per-person exemption. This \$400 exemption does not apply to goods sent or shipped to California by mail or other common carrier.
- Do not report the following on your income tax return:
 - Vehicles, vessels, and trailers that must be registered with the Department of Motor Vehicles.
 - Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.
 - Vessels documented with the U.S. Coast Guard.
 - Aircraft.
 - Leases of machinery, equipment, vehicles, and other tangible personal property.
- If your filing status is "married filing separately," you may elect to report one-half of the use tax due or the entire amount on your income tax return. If you elect to report one-half, your spouse may report the remaining half on his or her income tax return or on the individual use tax return available from the State Board of Equalization (see discussion of Publication 79-B on previous page).

Step 10 — Contributions

You may make contributions to the funds listed on Form 540, Side 2, Step 10. See page 25 for a description of the funds.

Step 11 — Refund or Amount You Owe

Be sure to add or subtract correctly to figure the amount of your refund or the amount you owe.

Line 65 – Refund or No Amount Due

If you did not enter an amount on line 51 or line 64, enter the amount from line 49 on line 65. This is the amount that will be refunded to you. If it is less than \$1, you must attach a written statement to your Form 540 requesting the refund.

Subtract line 51 and line 64 from line 49. If the combined amount of line 51 and line 64 is more than line 49, enter the difference on line 66.

To have your refund directly deposited into your bank account, fill in the account information on the tax return. See the illustration on page 23 for the correct numbers to transfer to your return.

Want a fast refund? Get your refund in 10 days or less when you e-file your return. Visit our Website at www.ftb.ca.gov for more information.

Line 66 – Amount You Owe

Add the amount on line 50, line 51, and line 64, if any. Enter the result on line 66.

To avoid a late filing penalty, file your Form 540 by the extended due date even if you cannot pay the amount you owe.

Do not combine your 2003 tax payment and any 2004 estimated tax payment in the same check. Prepare two separate checks and mail each in a separate envelope.

Paying by Check or Money Order – Make your check or money order payable to the Franchise Tax Board. Do not send cash. Write your social security number and "2003 Form 540" on the check or money order. Enclose, but do not staple, your payment to your return. A

penalty may be imposed if your check is returned by your bank for insufficient funds.

Other Payment Options

- **Electronic Funds Withdrawal** – Instead of paying by check or money order you can use this convenient option if you e-file. Simply provide your bank information, amount you want to pay, and the date you want the balance due to be withdrawn from your account. Your tax preparation software will offer this option.
- **Web Pay** – Pay the amount you owe using our secure online payment service. Visit our Website at www.ftb.ca.gov and select "Payment Options."
- **Credit Card** – You may use your Discover/NOVUS, MasterCard, Visa, or American Express card to pay your tax. If you pay by credit card, do not mail form FTB 3519 to us. Call (800) 272-9829 or visit the Website at www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service.

Paying by Credit Card – Whether you e-file or file by mail, you can use your Discover/Novus, MasterCard, Visa, or American Express card to pay your personal income taxes (tax return balance due, extension payment, estimated tax payment, or tax due with bill notice). **There is a convenience fee for this service.** This fee is paid directly to Official Payments Corp. based on the amount of your tax payment.

Convenience Fee

- 2.5% of the tax amount charged (rounded to the nearest cent)
- Minimum fee: \$1

Example:

Tax Payment = \$753.56 Convenience Fee = \$18.84

When will my payments be effective?

Your payment is effective on the date you charge it.

What if I change my mind?

If you pay your tax liability by credit card and later reverse the credit card transaction, you may be subject to penalties, interest, and other fees imposed by the Franchise Tax Board for nonpayment or late payment of your tax liability.

How do I use my credit card to pay my income tax bill?

Once you have determined the type of payment and how much you owe, you should have the following information ready:

- Your Discover/Novus, MasterCard, Visa, or American Express card
- Credit card number
- Expiration date
- Amount you are paying
- Your and your spouse's SSN
- First 4 letters of your and your spouse's last name
- Tax year
- Home phone number (including area code)
- ZIP Code for address where your monthly credit card bill is sent
- FTB Jurisdiction Code: 1555

Go to the Official Payments Corp. Website www.officialpayments.com and select Payment Center, or use the toll-free number at (800) 2PAY-TAX or (800) 272-9829. Follow the recorded instructions. Official Payments Corp. will tell you the convenience fee before you complete your transaction. You can decide whether to complete the transaction at that time.

Payment Date : _____

Confirmation Number: _____

If you cannot pay the full amount or can only make a partial payment for the amount shown on line 69, you may request monthly payments. For additional information regarding Installment Payments, see Question 4 on page 28.

Step 12 — Interest and Penalties

If you file your return or pay your tax after the due date, you may owe interest and penalties on the tax due.

Note: Do not reduce the amount on line 47 or increase the amount on line 50 by any penalty or interest amounts. Enter on line 67 the amount of interest and penalties.

Line 67 – Interest and Penalties

Interest. Interest will be charged on any late filing or late payment penalty from the original due date of the return to the date paid. In addition, if other penalties are not paid within 15 days, interest will be charged from the date of the billing notice until the date of payment. Interest compounds daily and the interest rate is adjusted twice a year.

Late Filing of Return. The maximum total penalty is 25% of the tax not paid if the return is filed after October 15, 2004. The minimum penalty for filing a return more than 60 days late is \$100 or 100% of the balance due, whichever is less.

Late Payment of Tax. The penalty is 5% of the tax not paid when due plus 1/2% for each month, or part of a month, the tax remains unpaid.

Other Penalties. There are also other penalties that can be imposed for a check returned for insufficient funds, negligence, substantial understatement of tax and fraud.

Line 68 – Underpayment of Estimated Tax

If line 50 is \$200 (\$100 if married filing separately) or more and more than 20% of the tax shown on line 34 (excluding the tax on lump-sum distributions on line 23), or you underpaid your 2003 estimated tax liability for any payment period, you may owe a penalty. The Franchise Tax Board can figure the penalty for you when you file your return and send you a bill. Or to see if you owe a penalty and to figure the amount of the penalty, get form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries (or form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen). If you complete one of these forms, be sure to attach it to the back of your Form 540. Enter the amount of the penalty on line 68 and fill in the correct circle on line 68. You must complete and attach the form if you claim a waiver, use the annualized income installment method, or pay tax according to the schedule for farmers and fishermen, even if you do not owe a penalty.

See page 2, Important due dates, for more information on estimated tax payments and how to avoid the underpayment penalty.

See the instructions for line 69 for information about figuring your payment, if any.

Line 69 – Total Amount Due

Is there an amount on line 66?

Yes Add line 66, line 67, and line 68. Enter the result and make your check or money order for this amount.

No Go to the next question.

Is there an amount on line 65?

Yes Add line 67 and line 68. If the result is:

- Less than line 65, your refund will be reduced by this amount when your return is processed. Do not enter an amount on line 69.
- More than line 65, subtract line 65 from the sum of line 67 and line 68 and enter the result. Make your check or money order for this amount. Or, use Web Pay and pay online. Go to our Website at www.ftb.ca.gov and select "Payment Options."

No Add line 67 and line 68 and enter the result.

Line 70 – 2004 Tax Forms

If your Form 540 is prepared by someone else, or if you do not need forms mailed to you next year, fill in the circle on line 70.

Step 13 — Direct Deposit (Refund Only)

It's fast, safe, and convenient to have your refund directly deposited into your bank account. For further information, see page 22, Step 11.

Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540, Side 2, Step 13. Please be sure to fill in the routing and account numbers and also indicate the account type. **Do not** attach a voided check or deposit slip. See the illustration on this page.



Do not use a deposit slip to find the bank numbers. Contact your financial institution for assistance in getting the correct routing number.

The Franchise Tax Board is not responsible when a financial institution rejects a direct deposit. If the bank or financial institution rejects the direct deposit due to an error in the routing number, the Franchise Tax Board will issue a paper check.

The illustration shows a check from John Doe and Mary Doe, 1234 Main Street, Anytown, CA 99999. The check is dated 19____ and is payable to the order of _____ for \$1234.00 (1234 DOLLARS). The check number is 1234. The routing number is 250250025 and the account number is 202020. A box indicates "Do not include the check number." The check is from ANYTOWN BANK, Anytown, CA 99999. The check number 1234 is also shown at the bottom right.

Sign Your Return

You must sign your return in the space provided on Side 2. If you file a joint return, your spouse must sign it also. See page 8 "Helpful Hints," for more information on verifying and checking information on your return, attachments to your return, and assembling and mailing your return.

Joint Return. If you file a joint return, both you and your spouse are generally responsible for the tax and any interest or penalties due on the return. This means that if one spouse does not pay the tax due, the other may have to. See "Innocent Spouse Relief," on page 66.

For information about Power of Attorney, visit our Website at www.ftb.ca.gov.

Sales and Use Tax Rates by County

(Includes state, local, and district taxes)
As of December 31, 2003

County	Rate	County	Rate
Alameda	8.25%	Orange	7.75%
Alpine	7.25%	Placer	7.25%
Amador	7.25%	Plumas	7.25%
Butte	7.25%	Riverside	7.75%
Calaveras	7.25%	Sacramento	7.75%
Colusa	7.25%	San Benito	7.25%
Contra Costa	8.25%	San Bernardino	7.75%
Del Norte	7.25%	San Diego	7.75%
El Dorado ¹	7.25%	San Francisco	8.50%
Fresno ¹	7.875%	San Joaquin	7.75%
Glenn	7.25%	San Luis Obispo	7.25%
Humboldt	7.25%	San Mateo	8.25%
Imperial ¹	7.75%	Santa Barbara	7.75%
Inyo	7.75%	Santa Clara	8.25%
Kern	7.25%	Santa Cruz	8.00%
Kings	7.25%	Shasta	7.25%
Lake ¹	7.25%	Sierra	7.25%
Lassen	7.25%	Siskiyou	7.25%
Los Angeles ¹	8.25%	Solano	7.375%
Madera	7.75%	Sonoma ¹	7.50%
Marin	7.25%	Stanislaus	7.375%
Mariposa	7.75%	Sutter	7.25%
Mendocino ¹	7.25%	Tehama	7.25%
Merced	7.25%	Trinity	7.25%
Modoc	7.25%	Tulare	7.25%
Mono	7.25%	Tuolumne	7.25%
Monterey	7.25%	Ventura	7.25%
Napa	7.75%	Yolo ¹	7.25%
Nevada ¹	7.375%	Yuba	7.25%

¹ Many cities and towns in California impose a district tax, which results in a higher sales and use tax rate than in other parts of the county. If you are reporting an item that was purchased for use in any of the following cities or towns, please use the appropriate tax rates for those areas. The following tax rates apply within the city limits or the town limits of the listed community.

County	City or Town with a Special Tax District	Tax Rate
El Dorado	Placerville	7.50%
Fresno	Clovis	8.175%
Imperial	Calexico	8.25%
Lake	Clearlake	7.75%
Los Angeles	Avalon	8.75%
Mendocino	Willits (effective October 1, 2003) ²	7.75%
Nevada	Truckee	7.875%
Sonoma	Sebastopol (effective April 1, 2003) ³	7.625%
Yolo	West Sacramento (effective April 1, 2003) ⁴	7.75%
Yolo	Woodland	7.75%

² The tax rate in the City of Willits prior to October 1, 2003 is 7.25%.

³ The tax rate in the City of Sebastopol prior to April 1, 2003 is 7.50%.

⁴ The tax rate in the City of West Sacramento prior to April 1, 2003 is 7.25%.

Voluntary Contribution Fund Descriptions

You may make contributions to the California Seniors Special Fund or make other voluntary contributions of \$1 or more in whole dollar amounts. The amount you contribute either reduces your overpaid tax or increases your tax due. You may contribute only to the funds listed and cannot change the amount you contributed after you file your return.

If you are using:

- Form 540A, enter the amounts you want to contribute on the line for the fund on Side 2, Step 7. Enter the total contributions on line 38.
- Form 540, enter the amounts you want to contribute on the line for the fund on Side 2, Step 10. Enter the total contributions on line 64.

Code	Fund Name and Description	Code	Fund Name and Description
◀ 52 ▶	<p>California Seniors Special Fund. If you and/or your spouse are 65 years of age* or older and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$164 or \$82 per spouse. Contributions entered to this fund will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.</p> <p>*If your 65th birthday is on January 1, 2004, you are considered to be age 65 on December 31, 2003.</p>	◀ 58 ▶	<p>California Firefighters' Memorial Fund. Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses and children of fallen firefighters.</p>
◀ 53 ▶	<p>Alzheimer's Disease/Related Disorders Fund. Contributions will be used to conduct a program for researching the cause and cure of Alzheimer's disease and related disorders and research into the care and treatment of persons suffering from dementing illnesses.</p>	◀ 59 ▶	<p>Emergency Food Assistance Program Fund. Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.</p>
◀ 54 ▶	<p>California Fund for Senior Citizens. Contributions will provide support for the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide senior related legislative proposals in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.</p>	◀ 60 ▶	<p>California Peace Officer Memorial Foundation Fund. Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officers' Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.</p>
◀ 55 ▶	<p>Rare and Endangered Species Preservation Program. Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.</p>	◀ 61 ▶	<p>Asthma and Lung Disease Research Fund. Contributions will support the American Lung Association of California's scientific peer-reviewed research program that provides grants to develop and advance the understanding of the causes of lung disease, the third leading cause of death. Find out more at www.californialung.org.</p>
◀ 56 ▶	<p>State Children's Trust Fund for the Prevention of Child Abuse. Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.</p>	◀ 62 ▶	<p>California Missions Foundation Fund Contributions will be used to restore and repair the Spanish colonial and mission era missions in this state and to preserve the artworks and artifacts of these missions.</p>
◀ 57 ▶	<p>California Breast Cancer Research Fund. Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctors up-to-date on research progress. For more about the research your contributions support, please see our Website at www.ucop.edu/srphome/bcrp/. Your contribution can help make breast cancer a disease of the past.</p>		

CREDIT CHART

Credit Name	Code	Description
Child Adoption – Worksheet on page 19	197	50% of qualified costs in the year an adoption is ordered
Child and Dependent Care Expenses – FTB 3506 See the instructions on page 57	None	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit and is refundable
Community Development Financial Institution Deposits – Certification Required	209	20% of each qualified deposit made to a community development financial institution Obtain certification from: California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall, 16th Floor, Sacramento CA 95814
Dependent Parent – Worksheet on page 19	173	Must use married filing separately filing status and have a dependent parent
Disabled Access for Eligible Small Businesses – FTB 3548	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250
Donated Agricultural Products Transportation – FTB 3547	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations
Employer Child Care Contribution – FTB 3501	190	Employer: 30% of contributions to a qualified plan
Employer Child Care Program – FTB 3501	189	Employer: Cost of establishing a child care program or constructing a child care facility
Enhanced Oil Recovery – FTB 3546	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California
Enterprise Zone Employee – FTB 3553	169	5% of wages from work in an enterprise zone
Enterprise Zone Hiring & Sales or Use Tax – FTB 3805Z	176	Business incentives for enterprise zone businesses
Farmworker Housing – Certification required	207	50% of new construction or rehabilitation costs for farmworker housing Obtain certification from: Farmworker Housing Assistance Program, California Tax Credit Allocation Committee, 915 Capitol Mall, Room 485, Sacramento CA 95814
Joint Custody Head of Household – Worksheet on page 19	170	30% of tax up to \$327 for taxpayers who are single or married filing separately, who have a child and meet the support test
Joint Strike Fighter Wages – FTB 3534	215	30% of qualified wages paid or incurred in taxable years beginning in 2003, not to exceed \$10,000 for each qualified employee, or a proportional amount for an employee who is employed by the taxpayer for only part of the taxable year
Joint Strike Fighter Property Costs – FTB 3534	216	10% of the cost of property placed in service in California for ultimate use in a joint strike fighter
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax – FTB 3807	198	Business incentives for LAMBRA
Long-Term Care – FTB 3504	214	\$500 multiplied by the number of qualifying individuals
Low-Income Housing – FTB 3521	172	Similar to the federal credit but limited to low-income housing in California
Manufacturers' Investment – FTB 3535	199	6% of the cost of qualified property
Manufacturing Enhancement Area (MEA) Hiring – FTB 3808	211	Percentage of qualified wages paid to qualified disadvantaged individuals
Natural Heritage Preservation – FTB 3503	213	55% of the fair market value of any qualified contribution. This credit is available starting July 1, 2003.
Nonrefundable Renter's — See page 27	None	For California residents who paid rent for their principal residence for at least 6 months in 2003 and whose AGI does not exceed a certain limit
Other State Tax – Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California
Prior Year Alternative Minimum Tax – FTB 3510	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2003
Prison Inmate Labor – FTB 3507	162	10% of wages paid to prison inmates
Research – FTB 3523	183	Similar to the federal credit but limited to costs for research activities in California
Rice Straw – Certification required	206	\$15 per ton of purchased rice straw grown in California Obtain certification from: Rice Straw Tax Credit Program, Department of Food and Agriculture, 1220 N Street, Room A400, Sacramento, CA 95814
Senior Head of Household – Worksheet on page 19	163	2% of taxable income up to \$1,000 for seniors who qualified for head of household in 2001 or 2002 and whose qualifying individual died during 2001 or 2002
Solar or Wind Energy System Credit – FTB 3508	217	The lesser of 15% of the cost paid or incurred for the purchase and installation of a Solar or Wind Energy System or the dollar amount per rated watt of the Solar Energy System
Targeted Tax Area (TTA) Hiring & Sales or Use Tax – FTB 3809	210	Business incentives for TTA businesses
Teacher Retention Credit – FTB 3505	212	Credentialed teachers may be able to claim a credit of up to \$1,500 (per individual) based on years of service and the limitation based on income.

Repealed Credits: The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits only if there is a carryover available from prior years. If you are not required to complete Schedule P (540), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.

Agricultural Products	175	Los Angeles Revitalization Zone (LARZ)	Salmon & Steelhead Trout Habitat	
Commercial Solar Electric System	196	Hiring & Sales or Use Tax	Restoration	200
Commercial Solar Energy	181	Low-Emission Vehicles	Solar Energy	180
Employee Ridesharing	194	Orphan Drug	Solar Pump	179
Employer Ridesharing: Large employer	191	Political Contributions	Water Conservation	178
Small employer	192	Recycling Equipment	Young Infant	161
Transit passes	193	Residential Rental & Farm Sales		
Energy Conservation	182	Ridesharing		

Nonrefundable Renter's Credit Qualification Record



e-file and skip this page! The software you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Go to www.ftb.ca.gov

If you were a resident of California and paid rent on property in California which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify.

1. Were you a resident¹ of California for the entire year in 2003?

- YES.** Go to question 2.
- NO.** Stop. File the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. See "Order Forms and Publications" on the back cover.

2. Is your California adjusted gross income the amount on Form 540A, line 14 or Form 540, line 17:

- \$29,054 or less if single or married filing separately; or
 - \$58,108 or less if married filing jointly, head of household, or qualifying widow(er)?
- YES.** Go to question 3.
NO. Stop here. You do not qualify for this credit.

3. Did you pay rent, for at least half of 2003, on property (including a mobile home that you owned on rented land) in California which was your principal residence?

- YES.** Go to question 4.
NO. Stop here. You do not qualify for this credit.

4. Can you be claimed as a dependent by a parent, foster parent, legal guardian, or any other person in 2003?

- NO.** Go to question 6.
YES. Go to question 5.

5. For more than half the year in 2003, did you live in the home of the person who can claim you as a dependent?

- NO.** Go to question 6.
YES. Stop here. You do not qualify for this credit.

6. Was the property you rented exempt² from property tax in 2003?

- NO.** Go to question 7.
YES. Stop here. You do not qualify for this credit.

7. Did you claim the homeowner's property tax exemption³ anytime during 2003?

- NO.** Go to question 8.
YES. Stop here. You do not qualify for this credit.

8. Were you single in 2003?

- YES.** Go to question 11.
NO. Go to question 9.

9. Did your spouse claim the homeowner's property tax exemption³ anytime during 2003?

- NO.** Go to question 11.
YES. Go to question 10.

10. Did you and your spouse maintain separate residences for the entire year in 2003?

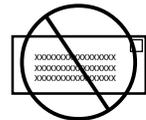
- YES.** Go to question 11.
NO. Stop here. You do not qualify for this credit.

11. If you are:

- Single or married filing separately,⁴ enter \$60 below.
 - Married filing jointly, head of household, or qualifying widow(er), enter \$120 below. Enter this figure on Form 540A, line 19 or Form 540, line 31.
- \$ _____

Fill in the street address(es) and landlord information below for the residence(s) you rented in California during 2003 which qualified you for this credit.

Do Not Mail This Record



Street Address	City, State, and ZIP Code	Dates Rented in 2003(From _____ to _____)
-----------------------	----------------------------------	--

a _____

b _____

Enter the name, address, and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed above.

Name	Street Address	City, State, ZIP Code, and Telephone Number
-------------	-----------------------	--

a _____

b _____

¹ Military personnel. If you are not a legal resident of California, you do not qualify for this credit. However, your spouse may claim this credit if he or she was a resident, did not live in military housing during 2003, and is otherwise qualified.

² Property exempt from property taxes. You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories, and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

³ Homeowner's property tax exemption. You do not qualify for this credit if you or your spouse received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse for the entire year and your spouse received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

⁴ Married filing separate returns. If you and your spouse file separate returns, lived in the same rental property and both qualify for this credit, one spouse may claim the full amount of this credit (\$120), or each spouse may claim half of the amount (\$60 each).

Frequently Asked Questions

(Go to www.ftb.ca.gov for more frequently asked questions)

1. What if I can't file by April 15, 2004, and I think I owe tax?

You must pay 100% of the amount you owe by April 15, 2004, to avoid interest and penalties. If you cannot file because you have not received all your Form(s) W-2, estimate the amount of tax you owe by completing form FTB 3519, Payment Voucher for Automatic Extension for Individuals on page 41. Mail it to the FTB with your payment by April 15, 2004. Then, when you receive all your Form(s) W-2, complete and mail your return by October 15, 2004 (you must use Form 540A or Form 540).

2. I never received a Form W-2. What should I do?



204

If you do not receive all your Forms W-2 by January 31, 2004, contact your employer. Only your employer can issue or correct a Form W-2. For more information, call (800) 338-0505, select "Personal Income Tax," then "General Tax Information," and enter code 204 when instructed.

3. How can I get help?

There are more than 1,500 sites throughout California where trained volunteers provide free help during the tax filing season to persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. From January 2 through April 15, a list of locations is available on our Website at www.ftb.ca.gov or you may call the FTB at (800) 852-5711 to find a location near you.

4. What do I do if I can't pay what I owe with my 2003 return?



207

Pay as much as you can when you file your return. If you cannot pay your tax in full with your return, you can request monthly payments. However, you will be charged interest and may be charged an underpayment penalty on the tax not paid by April 15, 2004, even if your request to pay in installments is approved. To make monthly payments, complete form FTB 3567, Installment Agreement Request, and mail it to the address on the form. Do not mail it with your return.

The Installment Agreement Request might not be processed and approved until after your return is processed, and you may receive a bill before you receive approval of your request.

To order this form by phone, call (800) 338-0505, select "Personal Income Tax," then select "Order Forms and Publications," and enter code 949 when instructed, or go to our Website at www.ftb.ca.gov



610

Note: You can also pay by credit card. For more information, go to our Website at www.ftb.ca.gov, or call (800) 338-0505, select "Personal Income Tax," then select "General Tax Information," and enter code 610 when instructed.

5. How long will it take to get my refund?



112

If you e-file, you will get the fastest possible refund. Your refund check will be in the mail within seven to ten calendar days (or if you request direct deposit, the refund will post to your bank account within five to seven banking days) from the time the FTB receives your electronic return. For more information about e-filing, go to our Website at www.ftb.ca.gov or call (800) 338-0505, select personal income tax, then select general tax information, and enter code 112 when instructed.

If you do not e-file your return, you should receive your refund check, or if you request direct deposit the refund should post to your account, within six to eight weeks after you file your return.

6. I expected my refund by now. How can I check on the status?

You can check on the status of your refund over the Internet. Go to our Website at www.ftb.ca.gov

You can also call our automated phone service. See the back cover for more information.

7. I discovered an error on my tax return. What should I do?

If you discover that you made an error on your California income tax return after you filed it, use Form 540X, Amended Individual Income Tax Return, to correct your return. See "Order Forms and Publications" on the back cover.

8. I found an error after FTB accepted my e-file return. What should I do?

You cannot retransmit the corrected return once we've accepted it. You can correct an error only by completing Form 540X, Amended Individual Income Tax Return, and mailing the paper copy to us. You cannot e-file an amended return. See "Order Forms and Publications" on the back cover.

9. The Internal Revenue Service (IRS) made changes to my federal return. What should I do?

If your federal income tax return is examined and changed by the IRS and you owe additional tax, you must report these changes to the FTB within six months of the date of the final federal determination. If the changes made by IRS result in a refund due for California, you must claim a refund within two years of the date of the final federal determination. You may either use Form 540X to correct the California income tax return you already filed, or you may send a copy of the federal changes to:

ATTN RAR/VOL, AUDIT SECTION
FRANCHISE TAX BOARD
PO BOX 1673
SACRAMENTO CA 95812-1673

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information. See "Order Forms and Publications" on back cover.

Note: You do not have to file Form 540X if the changes do not affect your California tax liability.

10. How long should I keep my tax information?

We may request information from you regarding your California income tax return within the California statute of limitations period, which is usually the later of four years from the due date of the return or four years from the date the return is filed. (Exception: An extended statute of limitations period may apply for California or federal tax returns that are related to or subject to a federal audit.)

Keep a copy of your return and the records that verify the income, deductions, adjustments, or credits reported on your return. Some records should be kept longer. For example, keep property records as long as they are needed to figure the basis of the property or records needed to verify carryover items (i.e. net operating losses) or records needed to track deferred gains on a 1031 exchange.

11. I will be moving after I file my return. How do I notify the FTB of my new address?

You can notify the FTB of your new address by using form FTB 3533, Change of Address. This form is available on our Website at www.ftb.ca.gov as a fillable form or you may call (800) 852-5711 and select option 5 to report a change of address.

After filing your return, you should report a change of address to us for up to four years, especially if you leave the state and no longer have a requirement to file a California return.

California Resident Income Tax Return 2003

540A C1 Side 1

Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name		
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions)			State	ZIP Code

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R
RP

Step 1a

SSN

Your social security number	Spouse's social security number
<input type="text"/>	<input type="text"/>

IMPORTANT:
Your social security number is required.

Step 2

Filing Status

Fill in only one.

- 1 Single
- 2 Married filing jointly (even if only one spouse had income)
- 3 Married filing separately. Enter spouse's social security number above and full name here _____
- 4 Head of household (with qualifying person). STOP. See instructions.
- 5 Qualifying widow(er) with dependent child. Enter year spouse died _____.

Step 3

Exemptions

Enclose, but do not staple, any payment.

- 6 If your parent, (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle 6
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see page 10 7 X \$82 = \$ _____
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 X \$82 = \$ _____
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 9 X \$82 = \$ _____
- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**

_____ Total dependent exemptions 10 X \$257 = \$ _____
- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 18 11 \$ _____

Step 4

Taxable Income and California Income Adjustments

12 a State wages from your Form(s) W-2, box 16 ● 12a	<input type="text"/>
12 b Enter federal adjusted gross income from your TeleFile Tax Record, line I; Form 1040EZ, line 4; Form 1040A, line 21; or Form 1040, line 34 12b	<input type="text"/>
13 California Income Adjustments. See instructions for line 13a through line 13f.	
a State income tax refund 13a	<input type="text"/>
b Unemployment compensation 13b	<input type="text"/>
c U.S. Social security or railroad retirement 13c	<input type="text"/>
d California nontaxable interest or dividend income 13d	<input type="text"/>
e California IRA distributions 13e	<input type="text"/>
f California pensions and annuities 13f	<input type="text"/>
g Total California income adjustments. Add line 13a through line 13f ● 13g	<input type="text"/>
14 Subtract line 13g from line 12b. This is your California adjusted gross income. See page 11 ● 14	<input type="text"/>
15 Enter the larger of your California Itemized deductions or Standard deduction (see instructions). If the circle on line 6 is filled in, STOP. See page 11 ● 15	<input type="text"/>
16 Subtract line 15 from line 14. This is your taxable income. If less than zero, enter -0- 16	<input type="text"/>

Standard Deduction

Single or Married filing separately, \$3,070.

Married filing jointly, Head of household, or Qualifying widow(er), \$6,140.

Step 5

Tax and Credits

Attach copy of your Form(s) W-2, and W-2G. Also attach any Form(s) 1099 showing California tax withheld.

17 Tax. Fill in the circle if from: <input type="radio"/> Tax Table <input type="radio"/> Tax Rate Schedule 17	
18 Exemption credits. Enter the amount from line 11. If line 12b is more than \$135,714, see instructions. 18	<input type="text"/>
19 Nonrefundable renter's credit. See page 12 ● 19	<input type="text"/>
20 Total credits. Add line 18 and line 19 20	<input type="text"/>
23 Subtract line 20 from line 17. This is your total tax. If less than zero, enter -0- ● 23	<input type="text"/>

Step 6 Overpaid Tax/ Tax Due/ Use Tax

To view your 2003
estimated
payments, go to
www.ftb.ca.gov

Do not attach
a copy of
your federal
return.

24 Enter the amount from Side 1, line 23 24

25 California income tax withheld. See page 12 25

26 2003 California estimated tax and payment with
form FTB 3519 and amount applied from 2002 return . 26

27 Excess SDI. See page 13 27

Child and Dependent Care Expenses Credit. See instructions.
Attach form FTB 3506.

28

29

30 31

32 Total payments and credits. Add line 25, line 26, line 27, and line 31 32

33 Overpaid tax. If line 32 is more than line 24, subtract line 24 from line 32 33

34 Enter the amount of line 33 you want applied to your **2004** estimated tax 34

35 Overpaid tax available this year. Subtract line 34 from line 33 35

36 Tax due. If line 32 is less than line 24, subtract line 32 from line 24. See instructions 36

37 Use Tax. See instructions 37

Step 7 Contributions

CA Seniors Special Fund. See instructions <input checked="" type="checkbox"/> 52 _____ 00	CA Breast Cancer Research Fund .. <input checked="" type="checkbox"/> 57 _____ 00
Alzheimer's Disease/Related Disorders Fund <input checked="" type="checkbox"/> 53 _____ 00	CA Firefighters' Memorial Fund ... <input checked="" type="checkbox"/> 58 _____ 00
CA Fund for Senior Citizens <input checked="" type="checkbox"/> 54 _____ 00	Emergency Food Assistance Program Fund <input checked="" type="checkbox"/> 59 _____ 00
Rare and Endangered Species Preservation Program <input checked="" type="checkbox"/> 55 _____ 00	CA Peace Officer Memorial Foundation Fund <input checked="" type="checkbox"/> 60 _____ 00
State Children's Trust Fund for the Prevention of Child Abuse <input checked="" type="checkbox"/> 56 _____ 00	Asthma and Lung Disease Research Fund <input checked="" type="checkbox"/> 61 _____ 00
	CA Missions Foundation Fund <input checked="" type="checkbox"/> 62 _____ 00

38 Add line 52 through line 62. These are your total contributions 38

Step 8 Refund or Amount You Owe

39 **REFUND** or **NO AMOUNT DUE.** See page 14. Mail to:
FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002 39

40 **AMOUNT YOU OWE.** See page 15. Mail to:
FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001 40

Or pay online with FTB's WebPay – go to www.ftb.ca.gov

41 Underpayment of estimated tax. If form FTB 5805 is attached, fill in this circle 41

42 If you **do not** need California income tax forms mailed to you next year, fill in this circle .. 42

Direct Deposit (Refund Only)

Do not attach a voided check or a deposit slip. See instructions.
Fill in the boxes to have your refund directly deposited. Routing number

Account type:
Checking Savings Account number

Step 9

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, it is true, correct, and complete. **3**

Your signature _____ Spouse's signature (if filing jointly, both must sign) _____ Daytime phone number (optional) _____
() + _____

X _____ X _____ Date _____

Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge) _____ Paid Preparer's SSN/PTIN _____

Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN _____

Sign Here
It is unlawful to
forge a spouse's
signature.
Joint return?
See instructions.

California Resident Income Tax Return 2003

540 C1 Side 1

Fiscal year filers only: Enter month of year end: month _____ year 2004.

Step 1

Place label here or print

Name and Address

Your first name	Initial	Last name	PBA Code	
If joint return, spouse's first name	Initial	Last name		
Present home address — number and street, PO Box, or rural route			Apt. no.	PMB no.
City, town, or post office (If you have a foreign address, see instructions)			State	ZIP Code

P
AC
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RP

Step 1a

SSN

Your social security number	Spouse's social security number

IMPORTANT:
Your social security number is required.

Step 2

Filing Status

Fill in only one.

- 1 Single
- 2 Married filing jointly (even if only one spouse had income)
- 3 Married filing separately. Enter spouse's social security number above and full name here _____
- 4 Head of household (with qualifying person). STOP. See instructions.
- 5 Qualifying widow(er) with dependent child. Enter year spouse died _____.

Step 3

Exemptions

- 6 If your parent (or someone else) can claim you (or your spouse, if married) as a dependent on his or her tax return, even if he or she chooses not to, fill in this circle 6
- 7 **Personal:** If you filled in 1, 3, or 4 above, enter 1 in the box. If you filled in 2 or 5, enter 2 in the box. If you filled in the circle on line 6, see page 17 7 X \$82 = \$ _____
- 8 **Blind:** If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2 8 X \$82 = \$ _____
- 9 **Senior:** If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2 9 X \$82 = \$ _____
- 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse.**

_____ Total dependent exemptions 10 X \$257 = \$ _____
- 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21 11 \$ _____

Step 4

Taxable Income

Enclose, but do not staple, any payment.

- 12 State wages from your Form(s) W-2, box 16 12 _____
- 13 Enter federal adjusted gross income from Form 1040, line 34; Form 1040A, line 21; Form 1040EZ, line 4; or TeleFile Tax Record, line 1 13 _____
- 14 California adjustments – subtractions. Enter the amount from Schedule CA (540), line 34, column B 14 _____
- 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See page 17 15 _____
- 16 California adjustments – additions. Enter the amount from Schedule CA (540), line 34, column C 16 _____
- 17 California adjusted gross income. Combine line 15 and line 16 17 _____
- 18 Enter the larger of:

}	Your California itemized deductions from Schedule CA (540), line 41; OR	}
	Your California standard deduction shown below for your filing status:	
	• Single or Married filing separately \$3,070	
	• Married filing jointly, Head of household, or Qualifying widow(er) \$6,140	
If the circle on line 6 is filled in, STOP. See page 17 <input checked="" type="radio"/> 18 _____		
- 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 _____

Step 5

Tax

Attach copy of your Form(s) W-2, W-2G, 592-B, 594 and 597. Also, attach any Form(s) 1099 showing California tax withheld.

- 20 Tax. Fill in circle if from: Tax Table Tax Rate Schedule FTB 3800 or FTB 3803 20 _____
Caution: If under age 14 and you have more than \$1,500 of investment income, read the line 20 instructions to see if you must attach form FTB 3800.
- 21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$135,714, see page 18 21 _____
- 22 Subtract line 21 from line 20. If less than zero, enter -0- 22 _____
- 23 Tax. Fill in circle if from: Schedule G-1, Tax on Lump-Sum Distributions form FTB 5870A, Tax on Accumulation Distribution of Trusts 23 _____
- 24 Add line 22 and line 23. Continue to Side 2 24 _____

Your name _____ Your SSN: _____

Step 6

Special Credits and Nonrefundable Renter's Credit

25	Amount from Side 1, line 24	.....	25	_____
28	Enter credit name _____ code no _____ and amount	▶ 28	_____	_____
29	Enter credit name _____ code no _____ and amount	▶ 29	_____	_____
30	To claim more than two credits, see page 19	● 30	_____	_____
31	Nonrefundable renter's credit. See page 20 for "Step 6"	● 31	_____	_____
33	Add line 28 through line 31. These are your total credits	.....	33	_____
34	Subtract line 33 from line 25. If less than zero, enter -0-	.....	34	_____

Step 7

Other Taxes

35	Alternative minimum tax. Attach Schedule P (540)	.....	● 35	_____
36	Other taxes and credit recapture. See page 20	.....	● 36	_____
37	Add line 34 through line 36. This is your total tax	.....	● 37	_____

Step 8

Payments

38	California income tax withheld. See page 20	.....	■ 38	_____
39	2003 CA estimated tax and other payments. See page 20	.....	■ 39	_____
40	Real estate withholding. (Form(s) 592-B, 594, and 597) See page 20	.....	■ 40	_____
41	Excess SDI. See page 20	.....	■ 41	_____
Child and Dependent Care Expenses Credit. See page 55; attach form FTB 3506				

To view your 2003 estimated payments, go to www.ftb.ca.gov

● 42	_____	● 43	_____	
■ 44	_____	■ 45	_____	
46	Add line 38, line 39, line 40, line 41, and line 45. These are your total payments	46	_____

Step 9

Overpaid Tax/ Tax Due/ Use Tax

47	Overpaid tax. If line 46 is more than line 37, subtract line 37 from line 46	.....	47	_____
48	Amount of line 47 you want applied to your 2004 estimated tax	.....	■ 48	_____
49	Overpaid tax available this year. Subtract line 48 from line 47	.....	■ 49	_____
50	Tax due. If line 46 is less than line 37, subtract line 46 from line 37. See page 21	.....	50	_____
51	Use Tax. See page 21	.....	● 51	_____

Step 10

Contributions

CA Seniors Special Fund. See instructions	.....	● 52	_____	00
Alzheimer's Disease/Related Disorders Fund	.....	● 53	_____	00
CA Fund for Senior Citizens	.....	● 54	_____	00
Rare and Endangered Species Preservation Program	.....	● 55	_____	00
State Children's Trust Fund for the Prevention of Child Abuse	.....	● 56	_____	00
CA Breast Cancer Research Fund	.....	● 57	_____	00
CA Firefighters' Memorial Fund	.....	● 58	_____	00
Emergency Food Assistance Program Fund	.....	● 59	_____	00
CA Peace Officer Memorial Foundation Fund	.....	● 60	_____	00
Asthma and Lung Disease Research Fund	.....	● 61	_____	00
CA Missions Foundation Fund	.....	● 62	_____	00
64	Add line 52 through line 62. These are your total contributions	.....	● 64	_____

Step 11

Refund or Amount You Owe

65	REFUND OR NO AMOUNT DUE. See page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0002	.....	■ 65	_____
66	AMOUNT YOU OWE. See page 22. Mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001	.....	■ 66	_____

Step 12

Interest and Penalties

67	Interest, late return penalties, and late payment penalties	.....	67	_____
68	Underpayment of estimated tax. Fill in circle: <input type="radio"/> FTB 5805 attached <input type="radio"/> FTB 5805F attached	.....	■ 68	_____
69	Total amount due. See instructions. Enclose, but do not staple, any payment	.....	69	_____
70	If you do not need California income tax forms mailed to you next year, fill in the circle	.....	● 70	<input type="radio"/>

Step 13

Direct Deposit (Refund Only)

Do not attach a voided check or a deposit slip. See instructions
Fill in the boxes to have your refund directly deposited. Routing number ● _____

Account Type: Checking ● Savings ● Account number ● _____

Sign Here

It is unlawful to forge a spouse's signature.

Joint return? See instructions.

IMPORTANT: See the instructions to find out if you should attach a copy of your complete federal return. Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. 3

Your signature _____ Spouse's signature (if filing jointly, both must sign) _____ Daytime phone number (optional) (____) _____

X _____ X _____ Date ____/____/____

Paid preparer's signature (*declaration of preparer is based on all information of which preparer has any knowledge*) _____ Paid preparer's SSN/PTIN ● _____

Firm's name (or yours if self-employed) _____ Firm's address _____ FEIN ● _____

2003 California Adjustments — Residents

CA (540)

Important: Attach this schedule directly behind Form 540, Side 2.

Name(s) as shown on return

Social security number

Part I Income Adjustment Schedule

Section A — Income

Table with 3 columns: A Federal Amounts, B Subtractions, C Additions. Rows 7-22 covering various income items like wages, interest, dividends, and total income.

Section B — Adjustments to Income

Table with 3 columns: A Federal Amounts, B Subtractions, C Additions. Rows 23-34 covering adjustments like educator expense, IRA deduction, and total adjustments.

Part II Adjustments to Federal Itemized Deductions

Table with 2 columns: Description and Amount. Rows 35-41 covering federal itemized deductions and AGI calculations.

2003

California Capital Gain or Loss Adjustment

Do not complete this schedule if all of your California gains (losses) are the same as your federal gains (losses).

D (540)

Name(s) as shown on return

Social security number

Table with 5 columns: (a) Description of property, (b) Sales price, (c) Cost or other basis, (d) Loss, (e) Gain. Includes lines 1a, 1b, 2-12b.

2003

Depreciation and Amortization Adjustments

Do not complete this form if your California depreciation amounts are the same as federal amounts.

3885A

Part I Identify the activity as passive or nonpassive.

- 1 This form is being completed for a passive activity.
This form is being completed for a nonpassive activity.

Business or activity to which form FTB 3885A relates

Part II Election to Expense Certain Tangible Property (IRC Section 179).

2 Enter the amount from line 12 of the Tangible Property Expense Worksheet in the instructions

Part III Depreciation

Table with 6 columns: (a) Description of property placed in service, (b) Date placed in service, (c) California basis for depreciation, (d) Method, (e) Life or rate, (f) California depreciation deduction.

- 4 Add the amounts on line 3, column (f)
5 California depreciation for assets placed in service prior to 2003
6 Total California depreciation from this activity.
7 Total federal depreciation from this activity.
8 a If line 6 is more than line 7, enter the difference here and see instructions
b If line 6 is less than line 7, enter the difference here and see instructions

Part IV Amortization

Table with 6 columns: (a) Description of cost amortizable, (b) Date placed in service, (c) California basis for amortization, (d) Code section, (e) Period or percentage, (f) California amortization deduction.

- 10 Total California amortization from this activity.
11 California amortization of costs that began before 2003
12 Total California amortization from this activity.
13 Total federal amortization from this activity.
14 a If line 12 is more than line 13, enter the difference here and see instructions
b If line 12 is less than line 13, enter the difference here and see instructions

Instructions for Form FTB 3519

Payment Voucher for Automatic Extension for Individuals

General Information

Use form FTB 3519 **only** if:

- You cannot file your 2003 return* by April 15, 2004; and
- You owe tax for 2003.

Use the worksheet below to determine if you owe tax.

- If you **do not** owe tax, there is nothing to file at this time. Do not complete or mail this voucher. But, you must file your return by October 15, 2004.
- If you owe tax, choose one of the following payment options. Be sure to pay by April 15, 2004 to avoid penalties and interest. See Penalties and Interest for more information.

Check or Money Order: Complete the payment voucher below and mail it with your check or money order to the Franchise Tax Board (FTB).

Web Payment: To make a payment online or to schedule a future payment (up to one year in advance), visit FTB's Website at www.ftb.ca.gov and select "Payment Options." **Do not mail** the voucher to us.

Credit Card: Use your Discover/NOVUS, MasterCard, American Express, or Visa card to pay your tax. Call (800) 272-9829 or visit the Website www.officialpayments.com, and use the jurisdiction code 1555. Official Payments Corp. charges a convenience fee for using this service. Do not mail the voucher to us.

Installment Agreement: Can't pay the full amount you owe? Visit our Website at www.ftb.ca.gov or get FTB 3567, Installment Agreement Request Booklet.

Name and Address. Be sure to fill in your complete name(s), address, and social security number(s) on the voucher. If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Penalties and Interest

If you fail to pay your total tax liability by April 15, 2004, a late-payment penalty plus interest will be added to your tax due. If after April 15, 2004, you find that your estimate of tax due was too low, you should pay the additional tax as soon as possible to avoid further accumulation of penalties and interest. Pay your additional tax with another form FTB 3519 voucher. If you do not file your tax return by October 15, 2004, you will be assessed a late-filing penalty plus interest from the original due date of the return.

Taxpayers Residing or Traveling Outside the USA

If you are living or traveling outside the USA on April 15, 2004, the deadline to file your return and pay the tax is June 15, 2004. Interest will accrue from the original due date (April 15, 2004) until the date of payment. If you need additional time to file your tax return, you will be allowed an automatic six-month extension without filing a written request. To qualify for the extension, you must file your tax return by December 15, 2004. To avoid any late-payment penalties, you must pay 100% of your tax liability by June 15, 2004. When filing your tax return, be sure to attach a statement to the front indicating that you were "outside the USA on April 15, 2004."

* When you do file your 2003 return, you can e-file. Visit our Website at www.ftb.ca.gov. Otherwise, you must use Form 540A, Form 540, or Long Form 540NR. **Note:** If you use form FTB 3519, you may not file Form 540 2EZ or Short Form 540NR.

TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1 Total tax you expect to owe. This is the amount you expect to enter on Form 540A, line 23; Form 540, line 37; or Long Form 540NR, line 46 1 _____

2 Payments and credits:

a California income tax withheld (including real estate and nonresident withholding)	2a	_____
b California estimated tax payments and amount applied from your 2002 tax return	2b	_____
(Note: You can check the estimated tax payments we've received by visiting our Website at www.ftb.ca.gov)		
c Other payments and credits, including any tax payments made with any previous form FTB 3519 voucher	2c	_____

3 Total tax payments and credits. Add line 2a, line 2b, and line 2c 3 _____

4 Tax due. Is line 1 more than line 3? 4 _____

- No. Stop here.** You have no tax due. **DO NOT MAIL THE PAYMENT VOUCHER.** Your return, when filed by October 15, 2004, will verify that you qualified for the extension.
- Yes.** Subtract line 3 from line 1. This is your tax due. Enter the tax due amount from line 4 as the "Amount of payment" on the form FTB 3519 voucher below. Fill in your name(s), address, and social security number(s), and separate the voucher from this page where it says "DETACH HERE." Make a check or money order payable to "Franchise Tax Board." Also write your social security number and "2003 FTB 3519" on the check or money order. Mail both the check or money order and the voucher to: **FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0051**

✓ Keep this completed worksheet with your tax records.

✂ ——— DETACH HERE ——— IF NO PAYMENT IS DUE, DO NOT MAIL THIS FORM ——— DETACH HERE ——— ✂

TAXABLE YEAR **2003** **Payment Voucher for Automatic Extension for Individuals** Calendar year – **2004** **3519 (PIT)** CALIFORNIA FORM

Your first name	Initial	Last name	Your social security number
_____	_____	_____	_____
If joint payment, spouse's first name	Initial	Last name	Spouse's social security number
_____	_____	_____	_____
Present home address – number and street, PO Box, or rural route			Apt. no. PMB no.
_____			_____
City, town, or post office			State ZIP Code
_____			_____

IF PAYMENT IS DUE, MAIL TO:
 FRANCHISE TAX BOARD
 PO BOX 942867
 SACRAMENTO CA 94267-0051

If amount of payment is zero, do not mail form ▶

Amount of payment

_____	_____	_____	_____	_____	_____	_____	_____
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Instructions for Schedule CA (540)

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 compensation in total income. In addition, they must include their military compensation in California source income when stationed in California. However, military compensation is not California source income when a servicemember is permanently stationed outside of California.

Amended Returns. The new laws permit servicemembers domiciled outside of California, who included military compensation in income from all sources, to amend certain previously filed returns. To determine which years may be amended, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, and FTB Pub. 1032, Tax Information for Military Personnel.

For servicemembers who are American Indian tribal members treated as living in "Indian country," get FTB 674, Frequently Asked Questions About the Income Taxation of American Indians.

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 Internal Revenue Code 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 for 2003:

California law does not conform to federal law for:

- 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 (LAMBRAs), 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 only allows a maximum deduction of \$25,000. In lieu of this deduction, the California 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.
- The increased IRC Section 179 expense. Although federal law increased the IRC Section 179 expense to \$100,000, the maximum deduction amount under California law is \$25,000.
- 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 Loss - Pierce's disease.
- The additional 30% or 50% first year depreciation allowance for qualified property.
- Educator Expense or the Tuition and Fees deduction.
- The Student loan interest deduction.
- The Clean Air Fuel first year deduction. You will need to report this adjustment on line 33, column B as part of your subtractions.

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

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

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

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

Note: For instructions regarding registered domestic partners, see page 4, line 29.

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

Purpose

Use this schedule to make adjustments to your federal adjusted gross income and to your federal itemized deductions using California law.

Part I – Specific Line Instructions

Column A — Federal Amounts

Line 7 through Line 21 – Enter on line 7 through line 21 the same amounts you entered on your federal Form 1040, line 7 through line 21; Form 1040A, line 7 through line 14b; or Form 1040EZ line 1, line 2, and line 3. Also enter the following if applicable:

- The total qualified dividends on line 9(b);
- The total post-May 5 capital gain distributions on line 13(b);
- 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).

Line 22 – Total

Combine the amounts on line 7 through line 21.

Line 23 through Line 31 – Enter the same amounts you entered on your federal Form 1040, line 23 through line 31 or Form 1040A, line 16 through line 19.

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

Line 33 – Add line 23 through line 32a. 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.

Line 34 – Total

Subtract line 33 from line 22.

Column B and Column C — Subtractions and Additions

Use these columns to enter subtractions and additions to the federal amounts in column A that are necessary because of differences between California and federal law. Enter all amounts as positive numbers unless instructed otherwise.

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 Changed Residency.

To order a publication or form visit our Website at www.ftb.ca.gov or see the back cover of your tax booklet.

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. 1001 for more information.

Sick pay received under the Federal Insurance Contributions Act and Railroad Retirement Act. California excludes this 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 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 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 Medical Expenses. California allows an exclusion from gross income for employer-provided accident, health insurance, and medical expense reimbursement for registered domestic partners and the partner's dependents if expenses 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 registered domestic partner and the domestic partner's dependents.

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).

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.

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.

Enter in column B the interest you received from:

- U.S. savings 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.

Enter in column C the interest you identified as tax-exempt interest on your federal Form 1040 (or Form 1040A), line 8b **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).

Note: 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
- 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.

Add dividends received from the following and enter in column B:

- The portion of exempt interest dividends from mutual funds that meets the 50% rule above.
- Non-cash patronage dividends from farmers' cooperatives or mutual associations.

Add dividends received from the following and enter in column C:

- The federally exempt interest dividends from other states, or their municipal obligations and/or from mutual funds that do not meet the 50% rule above.
- Controlled foreign corporation dividends in the year distributed;

- Regulated investment company (RIC) capital gains in the year distributed;
- Distributions of pre-1987 earnings from an S corporation;
- Non-cash patronage dividends from farmers' cooperatives or mutual associations.

Get FTB Pub. 1001 if you received dividends from:

- Non-cash patronage dividends from farmers' cooperatives or mutual associations;
- A controlled foreign corporation;
- Distributions 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)

Adjustments to federal business income or loss you reported in column A generally are necessary 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 Limitation, 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 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 fruit-bearing 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 Fighter 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; or
- 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. However, if you have any of the items listed below, use Schedule D (540), California Capital Gain or Loss Adjustment, to calculate the amount to enter on this line.

- 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; or
- Capital loss carryover from your 2002 California Schedule D (540).

Get FTB Pub. 1001 for more information about:

- Disposition of S corporation stock acquired before 1987;
- Gain on sale or disposition of 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 be different from 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

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 contributions to the IRA. Differences may also occur if your California IRA deductions were different from your federal deductions because of differences between California and federal self-employment income.

If the taxable amount using California law is:

- Less than the amount taxable under federal law, enter the difference in column B; or
- More than the amount taxable under federal law, enter the difference in column C.

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

Caution: If you have an IRA basis and were a nonresident in prior years, you may need to restate your California IRA basis. Get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

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 following adjustments.

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, and Trusts, etc.

Adjustments to federal income or loss you reported in column A generally are necessary 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, and you may need to make an adjustment to your income or loss. For more information, see the instructions for column B and column C, 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 business 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 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)

Adjustments to federal income or loss you report in column A generally are necessary 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, and you may need to make an adjustment to your farm income or loss.

Use form FTB 3801, Passive Activity Loss Limitation, 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 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, enter the amount of the federal NOL deduction as a positive number in column C. Get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts, 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 form 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 earned 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.

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.

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.

Line 22 – Total

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

Line 23 through Line 31 – California law is the same as federal law with the exception of the following:

- Line 23 (Educator Expense), transfer the amount from column A, line 23, to 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 deduction amount. 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.

Student Loan Interest Deduction Worksheet

1. Enter the total amount from Schedule CA, (540), line 25, Column A 1. _____
Caution: If the amount on line 1 is zero. STOP. Enter zero on Schedule CA (540), line 25, column B. You are not allowed a deduction for California.
2. 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 2. _____
3. Enter the smaller of line 2 or \$2,500 3. _____
4. Enter the amount from Form 540, line 13 (**Note:** Use the federal AGI NOT California AGI) 4. _____
5. Add line 1 and line 4 5. _____
6. Did you file federal Form 2555, 2555-EZ, or 4563, or are you excluding income from sources within Puerto Rico or America Samoa from your federal income?
No. Skip line 6a through 6d. Enter the amount from line 5 on line 7 and go to line 8.
Yes. Continue to line 6a.
 - 6a. Enter any foreign earned income exclusion (federal Form 2555, line 40 or Form 2555-EZ, line 18) 6a. _____
 - 6b. Enter any housing exclusion and/or deduction (federal Form 2555, line 34 and line 48) 6b. _____
 - 6c. Enter the amount of income from Puerto Rico that you are excluding from federal income 6c. _____
 - 6d. Enter the amount of income from American Samoa that you are excluding (federal Form 4563, line 15) 6d. _____
7. Add line 5 through line 6d 7. _____
8. Enter the amount shown below for your filing status

• Single, head of household, or qualifying widow(er) – \$41,600	} 8. _____
• Married filing jointly – \$62,400	
9. Is the amount on line 7 more than the amount on line 8?
 No. Skip lines 9 and 10, enter -0- on line 11, and go to line 12.
 Yes. Subtract line 8 from line 7 .. 9. _____
10. 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" 10. _____
11. Multiply line 3 by line 10 11. _____
12. Student loan interest deduction. Subtract line 11 from line 3 12. _____
13. Student loan interest adjustment. Subtract line 12 from line 1. Enter the result here and on Schedule CA (540), line 25, column B 13. _____

- Line 26 (Tuition and Fees deductions), transfer the amount from column A, line 26, to column B, line 26.
- Line 29 (Self-Employed Health Insurance Deduction), most people do not have an entry in column B or column C. For the purposes of this deduction, California allows you to treat your registered domestic partner as your spouse.

Enter on column C, line 29, the amount paid for health insurance coverage (established under your business) for your registered domestic partner and their dependents. Your total California deduction cannot exceed the limitations explained in the federal instructions. Do not include health insurance costs for any month you were eligible to participate in any subsidized health plan maintained by your or your domestic partner's employer.

Enter on column B, line 29, the amount of health insurance cost included in column A, line 29, for any month you were eligible to participate in any subsidized health plan maintained by your registered domestic partner's employer.

- Clean Air Fuel, first year deduction (this will be included in the total for Column B on line 33). See instructions below.

Line 32a – Alimony Paid

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

Line 33 – Add line 23 through line 32a in column B and column C. 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 22 in column B and column C.

Transfer the amount from line 34:

- Column B to Form 540, Side 1, line 14; and
- Column C to Form 540, Side 1, line 16.

Caution: If Schedule CA (540), line 34:

- Column B is a negative number, do not transfer it to Form 540, line 14. Instead, transfer the amount as a positive number to Form 540, line 16; or
- Column C is a negative number, do not transfer it to Form 540, line 16. Instead, transfer the amount as a positive number to Form 540, line 14. If you plan to itemize deductions, go to Part II.

Part II – Specific Line Instructions

Line 35 – Federal Itemized Deductions

Enter the total amount of itemized deductions from your federal Form 1040, Schedule A, lines 4, 9, 14, 18, 19, 26, and 27. **Important:** If you did not itemize deductions on your federal tax return but will itemize deductions on your California tax return, first complete federal Schedule A. Then complete Schedule CA (540), Part II, line 35 through line 41.

Line 36 – State, Local, and Foreign Income Taxes

Enter the state and local income tax from federal Form 1040, Schedule A, line 5 and only the portion relating to foreign income taxes from line 8. Include state disability insurance (SDI), limited partnership tax, and income or franchise tax paid by S corporations.

Line 38 – Other Adjustments

Adoption-Related Expenses. If you deducted adoption-related expenses on your federal Form 1040, Schedule A and are claiming the adoption cost credit for the same amounts on your Form 540, 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 Expense. If you completed federal Form 2106, Employee Business Expense, or Form 2106-EZ, Unreimbursed Employee Business Expense, 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 place 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 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 and their dependent(s) for medical expenses and health insurance benefits that occur on or after January 1, 2002. Federal law does not include this provision. Enter the amount as a positive number on line 38.

Line 40 – California Itemized Deductions

Is the amount on Form 540, 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.

YES Complete the Itemized Deductions Worksheet.

Note:

- If you are married and filing 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 instructions for the "California Standard Deduction Worksheet for Dependents" to figure your standard deduction.

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

Instructions for California Schedule D (540)

California Capital Gain or Loss Adjustment

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 Internal Revenue Code 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).

Note: California law does not conform to federal law for the Section 179 expense deduction. For 2003, the maximum amount for California is \$25,000.

Purpose

Use California Schedule D **only** if there is a difference between your California and federal capital gains and losses.

For more information about the following, get FTB Pub. 1001, Supplemental Guidelines to California Adjustments:

- Disposition of property inherited before 1987;
- 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 specific entities maintaining housing for low-income residents; or
- Capital loss carryback.

Exclusion of Gain on Qualified Small Business Stock. California law (R&TC Section 18152.5) provides an exclusion (similar to the federal exclusion under IRC Section 1202) of 50% of the gain on the sale of qualifying small business stock originally issued after 8/10/93 that was held for more than five years. However, for California purposes, at least 80% of the issuing corporation's payroll must be attributable to employment located within California, and at least 80% of the value of the corporation's assets must be used by the corporation to actively conduct one or more qualified trades or businesses in California. See the Specific Line Instruction for Line 1b.

Installment Sales. If you sold property at a gain (other than publicly traded stocks or securities) and you will receive a payment in a tax year after the year of sale, you must report the sale on the installment method unless you elect not to do so. Get form FTB 3805E. Also, use that form if you received a payment in 2003, for an installment sale made in an earlier year. **Note:** You may elect not to use the installment sale method for California by reporting the entire gain on Schedule D (540) (or Schedule D-1 for business assets) in the year of the sale and filing your return on or before the due date.

At-Risk Rules and Passive Activity Limitations. If you dispose of (1) an asset used in an activity to which the at-risk rules apply, or (2) any part of your interest in an activity to which the at-risk rules apply, and you have amounts in the activity for which you are not at risk, get and complete federal Form 6198, At-Risk Limitations, using California amounts to figure your California deductible loss under the at-risk rules. Once a loss becomes allowable under the at-risk rules, it becomes subject to the passive activity rules. Get form FTB 3801, Passive Activity Loss Limitations.

Specific Line Instructions

Note: If you have gain on the sale of qualified small business stock that qualifies for the federal Section 1202 exclusion, go to the instructions for line 1b.

Line 1a – List each capital asset transaction.

Column (a) – Description of Property. Describe the asset you sold or exchanged.

Column (b) – Sales Price. Enter in this column either the gross sales price or the net sales price. If you received a Form 1099-B, 1099-S, or similar statement showing the gross sales price, enter that amount in column (b). However, if box 2 of Form 1099-B indicates that gross proceeds less commissions and option premiums were reported to IRS, enter that net amount in column (b). If you entered the net amount in column (b), do not include the commissions and option premiums in column (c).

Column (c) – Cost or Other Basis. In general, the cost or other basis is the cost of the property plus purchase commissions and improvements minus depreciation, amortization and depletion. Enter the cost or adjusted basis of the asset for California purposes. Use your records and California tax returns for years before 1987 to determine the California amount to enter in column (c). If you used an amount other than cost as the original basis, your federal basis may be different from your California basis. Other reasons for differences are:

Depreciation Methods and Property Expensing

Before 1987, California law did not allow the use of ACRS and did not allow the use of an asset depreciation range 20% above or below the standard rate. Before 1999, California had different limits on the expensing of property under IRC Section 179. California law permits rapid write-off of certain property such as solar energy systems, pollution control devices, and property used in an Enterprise Zone, LAMBRA, Targeted Tax Area, or LARZ.

Inherited Property – The California basis of property inherited from a decedent is generally fair market value (FMV) at the time of death. If you acquired community property as a surviving spouse, get FTB Pub. 1039, Basis of Property – Decedent/Surviving Spouse, for more information.

S Corporation Stock – Prior to 1987, California law did not recognize S corporations and your California basis in S corporation stock may differ from your federal basis. In general, your California basis will be cost-adjusted for income, loss, and distributions received after 1986, while your stock was California S corporation stock. Your federal basis will be cost-adjusted for income, loss, and distributions received during the time your stock qualified for federal S corporation treatment. Effective for taxable years beginning on or after 1/1/02, any corporation with a valid federal S corporation election is considered an S corporation for California purposes. Existing law already requires federal C corporations to be treated as C corporations for California purposes.

Special Credits – California law authorizes special tax credits not allowed under federal law or computed differently under federal law. In many instances if you claimed special credits related to capital assets, you must reduce your basis in the assets by the amount of credit.

Other adjustments may apply differently to the federal and California basis of your capital assets. Figure the original basis of your asset using the California law in effect when the asset was acquired, and adjust it according to provisions of California law in effect during the period of your ownership.

Line 1b – Section 18152.5 Exclusion. If the gain qualifying for the IRC Section 1202 exclusion also qualifies for the California exclusion under R&TC Section 18152.5: Enter in column (a) "Section 18152.5 Exclusion." Complete column (b) and column (c) according to the instructions for line 1a. Enter in column (d) the amount of gain that qualifies for the California exclusion. Enter in column (e) the entire gain realized. **If the gain qualifying for the IRC Section 1202 exclusion does not qualify for the California exclusion:** Complete column (a), column (b), and column (c) according to the instructions for line 1a. Enter -0- in column (d) and enter the entire gain realized in column (e).

Line 3 – Capital Gain Distributions. If you receive federal Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, from a mutual fund, do not include the **undistributed** capital gain dividends on Schedule D. If you receive federal Form 1099-DIV, Dividends and Distributions, enter the amount of **distributed** capital gain dividends.

Line 6 – 2002 California Capital Loss Carryover. If you were a resident of California for all prior years, enter your California capital loss carryover from 2002. However, if you were a nonresident of California during any taxable year that generated a portion of your 2002 capital loss carryover, you must recalculate your 2002 capital carryover loss as if you were a resident of California for all prior years. Get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency, for more information. Enter your California capital loss carryover amount from 2002 on line 6 as a negative number.

Line 8 – Net Gain or Loss. If the amount on line 4 is more than the amount on line 7, subtract line 7 from line 4. Enter the difference as a gain on line 8.

If the amount on line 7 is more than the amount on line 4, subtract line 4 from line 7 and enter the difference as a negative amount on line 8.

Use the worksheet on this page to figure your capital loss carryover to 2004.

Line 9 – If line 8 is a net capital loss, enter the smaller of the loss on line 8 or \$3,000 (\$1,500 if you are married filing a separate return).

Line 12a – Enter the difference on line 12a and on Schedule CA (540), line 13, column B.

For example:

Loss on line 10 is less than loss on line 11.

Federal loss on line 10 is	\$1,000
California loss on line 11 is	\$2,000
Subtract line 10 from line 11	\$1,000

Gain on line 10 and loss on line 11.

Federal gain on line 10 is	\$3,000
California loss on line 11 is	\$3,000
Add line 10 and line 11	\$6,000

Line 12b – Enter the difference on line 12b and on Schedule CA (540), line 13, column C.

For example:

Loss on line 10 is more than loss on line 11.

Federal loss on line 10 is	\$2,000
California loss on line 11 is	\$1,000
Subtract line 11 from line 10	\$1,000

Loss on line 10 and gain on line 11.

Federal loss on line 10 is	\$2,000
California gain on line 11 is	\$5,000
Add line 10 and line 11	\$7,000

California Capital Loss Carryover Worksheet

1. Loss from Schedule D (540), line 11, stated as a positive number	1 _____
2. Amount from Form 540, line 17	2 _____
3. Amount from Form 540, line 18	3 _____
4. Subtract line 3 from line 2. If less than zero, enter as a negative amount	4 _____
5. Combine line 1 and line 4. If less than zero, enter -0-	5 _____
6. Loss from Schedule D (540), line 8	6 _____
7. Enter the smaller of line 1 or line 5	7 _____
8. Subtract line 7 from line 6. This is your capital loss carryover to 2004	8 _____

Instructions for Form FTB 3885A Depreciation and Amortization Adjustments

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 Internal Revenue Code 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).

Get FTB Pub. 1001, Supplemental Guidelines to California Adjustments, for more information on differences between California and federal law for the following items:

- Amortization of certain intangibles (IRC Section 197);
- Qualified Indian Reservation property;
- Grapevines subject to Phylloxera or Pierce's disease; and
- Bonus Depreciation

Purpose

Use form FTB 3885A **only** if there is a difference between the amount of depreciation and amortization allowed as a deduction using California law and the amount allowed using federal law. California law and federal law have not always allowed the same depreciation methods, special credits, or accelerated write-offs. As a result, the recovery periods or the basis on which the depreciation is figured for California may be different from the amounts used for federal purposes. You will probably have reportable differences if all or part of your assets were placed in service:

- **Before 1/1/87.** California did not allow depreciation under the federal accelerated cost recovery system (ACRS), and you must continue to figure California depreciation for those assets in the same manner as in prior years.
- **On or after 1/1/87.** California provides special credits and accelerated write-offs that affect the California basis of qualifying assets. California did not conform to all changes to federal law enacted in 1993, and this causes the California basis or recovery periods to be different for some assets.

- **On or after 9/11/01.** If you claimed the 30% additional depreciation for federal purposes, California has not conformed to the Federal Job Creation and Worker Assistance Act of 2002 which allows taxpayers to take an additional first year depreciation deduction and Alternative Minimum Tax depreciation adjustment for property placed in service after September 10, 2001.

Federal law increased the additional first-year depreciation deduction and Alternative Minimum Tax depreciation adjustment of the adjusted basis of qualified property from 30% to 50%. The deduction is allowable for property acquired after May 5, 2003 and placed in service before January 1, 2005. California has not conformed to the Jobs and Growth Tax Act of 2003 which allows this increase in deduction.

Differences may also occur for other less common reasons, and the instructions for Schedule CA (540 or 540NR) list them on the line for the type of income likely to be affected. You may also get FTB Pub. 1001 for more information about figuring and reporting these adjustments.

If you are reporting differences for assets related to a passive activity, get form FTB 3801, Passive Activity Loss Limitations, for more information about passive activities.

Do not use form FTB 3885A to report depreciation expense from federal Form 2106, Employee Business Expenses. Instead, see the instructions for Schedule CA (540 or 540NR), line 39.

Specific Line Instructions

Note: Prepare and file a separate form FTB 3885A for each business or activity on your return that has a difference between California and federal depreciation or amortization. Enter the name of the business or activity in the space provided at the top of the form. If you need more space, attach additional sheets. However, complete Part II, Election to Expense Certain Tangible Property (IRC Section 179), only once.

Part I Identify the Activity as Passive or Nonpassive

Line 1 – Check the box to identify the activity as passive or nonpassive. A passive activity is any activity involving the conduct of any trade or business in which you did not materially participate. Get form FTB 3801 for more information.

If the activity is passive, use this form as a worksheet to figure the depreciation adjustment to carry to form FTB 3801.

Caution: Beginning in 1994, and for federal purposes only, rental real estate activities of persons in real property business are not automatically treated as passive activities. California did not conform to this provision.

Part II Election To Expense Certain Tangible Property

You may elect to expense part of the cost of depreciable personal property used in your trade or business and certain other property described in federal Pub. 946, How to Depreciate Property. To do so, you must have purchased property, as defined in the IRC Section 179(d)(2), and placed it in service during 2003, or have a carryover of unused cost from 2002. If you elect this deduction, you must reduce your California depreciable basis by the IRC Section 179 expense. The maximum Section 179 expense allowed for 2003 is \$25,000.

Complete the worksheet on this page to figure IRC Section 179 expense for California. Include all assets qualifying for the deduction because the limit applies to all qualifying assets as a group rather than to each asset individually. **Refer to federal Form 4562 for information.**

Tangible Property Expense Worksheet		
1	Maximum dollar limitation for California	1 \$ 25,000
2	Total cost of Section 179 property placed in service	2
3	Threshold cost of Section 179 property before reduction in limitation	3 \$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-	5
(a) Description of property	(b) Cost	(c) Elected cost
6		
7	Listed property (elected Section 179 cost)	7
8	Total elected cost of Section 179 property. Add column (c), line 6 and line 7	8
9	Tentative deduction. Enter the smaller of line 5 or line 8	9
10	Carryover of disallowed deduction from 2002	10
11	Enter the smaller of business income (not less than -0-) or line 5	11
12	Section 179 expense deduction for California. Add line 9 and line 10, but do not enter more than line 11. Also enter the result on FTB 3885A, line 2	12
13	Carryover of disallowed deduction to 2004. Add line 9 and line 10. Subtract line 12 from the result	13

Part III Depreciation

Line 3 – Complete column (a) through column (f) for each tangible asset or group of assets placed in service during the tax year. Be sure to use the California basis for assets on which you elected to take the Section 179 deduction. It will be the difference between line 6, column (b) and line 6, column (c) of the Tangible Property Expense Worksheet in Part II.

Line 8a and Line 8b – Are you using this form as a worksheet in connection with form FTB 3801?

Yes Enter the amount from line 8a or line 8b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

No Include the amount from line 8a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Include the amount from line 8b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Part IV Amortization

Line 9 – Complete column (a) through column (f) for intangible assets placed in service during the tax year. Be sure to use the California basis and the California recovery period.

Line 14a and Line 14b – Are you using this form as a worksheet in connection with form FTB 3801?

Yes Enter the amount from line 14a or line 14b on form FTB 3801, Side 2, California Passive Activity Worksheet, column (e).

No Include the amount from line 14a on Schedule CA (540 or 540NR) in column B on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

Include the amount from line 14b on Schedule CA (540 or 540NR) in column C on line 12 for federal Schedule C activities; on line 17 for federal Schedule E activities; and on line 18 for federal Schedule F activities.

2004 Instructions for Form 540-ES

Estimated Tax For Individuals

A Purpose

Use this form to figure and pay your estimated tax. **Estimated tax is the tax you expect to owe for 2004 after subtracting the tax you expect to have withheld and any credits you plan to take.** These estimated tax payments do not apply to your 2003 tax liability. Use these instructions and the 2004 Estimated Tax Worksheet to determine if you owe estimated tax for 2004 and to figure the required amount. If you need to make a payment for your 2003 tax liability, make a separate payment for any balance due shown on your 2003 tax return. Use form FTB 3519, Payment Voucher for Automatic Extension for Individuals, or form FTB 3567, Installment Agreement Request, or call (800) 338-0505.

Generally, the required estimated tax amount is based on the lesser of 90% of the current year's tax or 100% of the prior year's tax. **Note:** Certain taxpayers are limited in their use of the prior year's tax as a basis for figuring their estimated tax. See paragraph C for more information. You can check the estimated payments we've received by going to our Website at www.ftb.ca.gov and clicking "Check Account Balance."

If you increase your withholding, more of your 2004 state tax liability will be withheld throughout the year. Doing so could eliminate the need to make a large payment with your tax return. Or, it could eliminate the need to make quarterly estimate payments. To increase your withholding, complete Employment Development Department (EDD) Form DE-4, Employee's Withholding Allowance Certificate, and give it to your employer's appropriate payroll staff. You can obtain this form by calling EDD at (888) 745-3886 or through the Internet at www.edd.ca.gov/taxrep/de4.pdf, or you can get this form from your employer.

Note: Form DE 4 specifically adjusts your California state withholding and is not the same as the Federal Form W-4, Employee's Withholding Allowance Certificate.

B Who Must Make Estimated Tax Payments

Generally, you must make estimated tax payments if you expect to owe at least \$200 (\$100 if married filing separately) in tax for 2004 (after subtracting withholding and credits) and you expect your withholding and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 2004 tax return; or
2. The tax shown on your 2003 tax return.

Note: You do not have to make estimated tax payments if you are a nonresident or new resident of California in 2004 and did not have a California tax liability in 2003.

If you and your spouse paid joint estimated tax payments, but are now filing separate returns, either of you may claim all of the amount paid, or you may each claim part of the joint estimated payments. If you want the estimated tax payments to be divided, notify the FTB before the end of the tax year in which you wish to file separate returns so that the payments can be applied to the proper account. The FTB will accept in writing, any divorce agreement (or court ordered settlement) or a statement showing the allocation of the payments along with a notarized signature of both taxpayers. The statements should be sent to:

JOINT ESTIMATE CREDIT ALLOCATION M/S F-225
TAXPAYER SERVICES CENTER
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

C Limit on the Use of Prior Year's Tax

Individuals who are required to make estimated payments, and whose 2003 adjusted gross income is more than \$150,000 (or \$75,000 if married filing separately), must figure estimated tax based on the lesser of 90% of their tax for 2004 or 110% of their tax for 2003. This rule does not apply to farmers or fishermen.

D When to Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The payment periods and due dates are:

For the payment period:

January 1 through March 31, 2004
April 1 through May 31, 2004
June 1 through August 31, 2004
Sept. 1 through Dec. 31, 2004

Due date:

April 15, 2004
June 15, 2004
September 15, 2004
January 18, 2005

Filing an Early Return In Place of the 4th Installment. If you file your 2004 tax return by January 31, 2005, and pay the entire balance due, you do not have to make your last estimated tax payment.

Annualization Option. If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with the 2003 form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. If you are a farmer or fisherman, and at least two-thirds of your 2003 and 2004 gross income is from farming or fishing, you may:

- Pay all of your estimated tax by January 18, 2005; or
- File your tax return for 2004 on or before March 1, 2005, and pay the total tax due. In this case, you need not make estimated tax payments for 2004. Use form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, to determine if you paid the required estimated tax. If the estimated tax is underpaid, attach the completed form FTB 5805F to the back of your return.

Fiscal Year. If you file your return on a fiscal year basis, your due dates will be the 15th day of the 4th, 6th, and 9th months of your fiscal year and the 1st month of the following fiscal year. If a due date falls on a Saturday, Sunday, or legal holiday, use the next business day.

E How to Use Form 540-ES Payment Voucher

Use the Estimated Tax Worksheet and your 2003 California income tax return as a guide for figuring your 2004 estimated tax. **Caution:** If you filed Form 540 2EZ for 2003, do not use the Form 540 2EZ instructions for figuring amounts on this worksheet. Instead, get the 2003 California Resident Income Tax Booklet.

Note: This form is not an application for an installment agreement. If you are not able to pay your income tax, get FTB 3567, Installment Agreement Request Booklet or complete the form on line. Visit our Website at www.ftb.ca.gov.

There is a separate payment voucher for each due date. Please be sure you use the voucher with the correct due date shown in the top margin of the voucher.

Complete Form 540-ES using black or blue ink:

1. Print your name, address, and social security number in the space provided on Form 540-ES.
2. Complete the payment box of the voucher by entering the amount of the payment that you are sending. Your entry must match the amount you are sending. Be sure that the amount shown on line 20 of the Estimated Tax Worksheet has been reduced by any overpaid tax on your 2003 return that you chose to apply toward your 2004 estimated tax payment.
3. Paying your tax:
 - Check or money order** – make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 2004" on it and mail to the address on the voucher.
 - Web Payment** – To make a payment on line or to schedule a future payment (up to one year in advance), visit our Website at www.ftb.ca.gov and select "Payment Options." **Do not mail** the voucher to us.
 - Credit card** – Call (800) 272-9829 or visit the Website www.officialpayments.com. You will be charged a fee for this service. **Do not mail** the voucher if you pay by credit card.
4. Complete the Record of Estimated Tax Payments on page 2 for your files.
5. **Fiscal year filers:** Enter the month of your fiscal year end (located directly below the form's title).

F Failure to Make Estimated Tax Payments

If you are required to make estimated tax payments and do not or if you underpay any installment, a penalty may be assessed on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. Refer to the 2003 form FTB 5805 for more information.

2004 Estimated Tax Worksheet Keep this worksheet for your records.

- 1 Residents:** Enter your estimated 2004 California AGI. **Nonresidents and part-year residents:** Enter your estimated 2004 total AGI from all sources **1** _____
- 2 a** If you plan to itemize deductions, enter the estimated total of your itemized deductions **2a** _____
b If you do not plan to itemize deductions, enter the standard deduction for your filing status:
 \$3,070 if you are single or married filing a separate return
 \$6,140 if you are married filing a joint return, head of household, or a qualifying widow(er) **2b** _____
- c** Enter the amount from line 2a or line 2b, whichever applies **2c** _____
- 3** Subtract line 2c from line 1 **3** _____
- 4** Tax. Figure your tax on the amount on line 3 using the 2003 tax table or tax rate schedules in the instructions for Form 540, Form 540A, or Long Form 540NR. Also include any tax from form FTB 3800, Tax Computation for Children with Investment Income; or form FTB 3803, Parents' Election to Report Child's Interest and Dividends **4** _____
- 5 Residents:** Skip to line 6a. **Nonresidents and part-year residents:**
a Enter your estimated California taxable income from Schedule CA (540NR), Part IV, line 46 **5a** _____
b Compute the CA Tax Rate: Tax on total taxable income from line 4 **5b** _____
 Total taxable income from line 3
c Multiply the amount on line 5a by the CA Tax Rate on line 5b **5c** _____
- 6 a Residents:** Enter the exemption credit amount from the 2003 instructions for Form 540 or Form 540A **6a** _____
b Nonresidents or part-year residents: Enter the CA credit proration percentage. Divide line 5a by line 3. If more than 1 enter 1.0000 .. **6b** _____
- 7 Nonresidents:** CA prorated Exemption credits. Multiply the total exemption credit amount by line 6b **7** _____
- 8 Residents:** Subtract line 6a from line 4. Nonresidents or part-year residents subtract line 7 from line 5c. **8** _____
- 9** Tax on accumulation distribution of trusts. See instructions for form FTB 5870A **9** _____
- 10** Add line 8 and line 9 **10** _____
- 11** Credits for joint custody head of household, dependent parent, senior head of household, child and dependent care expenses, and long-term care. **11** _____
Nonresidents and part-year residents: For the child and dependent care expenses credit, use the amount from your 2003 Long Form 540NR, line 54. For the other credits listed on line 11, multiply the total 2003 credit amount by the ratio on line 6b.
- 12** Subtract line 11 from line 10 **12** _____
- 13** Other credits (such as other state tax credit). See the 2003 instructions for Form 540, Form 540A, or Long Form 540NR **13** _____
- 14** Subtract line 13 from line 12 **14** _____
- 15** Interest on deferred tax from installment obligations under IRC Sections 453 or 453A **15** _____
- 16** 2004 Estimated Tax. Add line 14 and line 15. Enter the result, but not less than zero **16** _____
- 17 a** Multiply line 16 by 90% (.90). Farmers and fishermen multiply line 16 by 66 2/3% (.6667) **17a** _____
b Enter 100% of the tax shown on your 2003 Form 540, line 34; Form 540A, line 23; or Long Form 540NR, line 43 **17b** _____
c Enter the amount from your 2003 Form 540, line 17; Form 540A, line 14; or Long Form 540NR, line 21 **17c** _____
d Is the amount on line 17c more than \$150,000 (\$75,000 if married filing a separate return)?
Yes. Go to line 17e. **No.** Enter the lesser of line 17a or line 17b. Skip line 17e and 17f and go to line 18 **17d** _____
e Multiply 110% (1.10) by the tax shown on your 2003 Form 540, line 34; Form 540A, line 23; or Long Form 540NR, line 43. Go to line 17f **17e** _____
f Enter the lesser of line 17a or line 17e and go to line 18 **17f** _____
- Caution:** Generally, if you do not prepay at least the amount on line 17d (or 17f if no amount on line 17d), you may owe a penalty for not paying enough estimated tax. To avoid a penalty, make sure your estimated tax on line 16 is as accurate as possible. If you prefer, you may pay 100% of your 2004 estimated tax (line 16).
- 18** California income tax withheld and estimated to be withheld during 2004 (include withholding on pensions, annuities, etc) **18** _____
- 19 Balance.** Subtract line 18 from line 17d (or line 17f if no amount on line 17d). If less than \$200 (or less than \$100, if married filing separately), you do not have to make a payment at this time **19** _____
- 20 Installment** amount. Divide the amount on line 19 by 4. Enter the result here and on each of your Forms 540-ES. If you will earn your income at an uneven rate during the year, see Annualization Option in the instructions under paragraph D **20** _____

Record of Estimated Tax Payments

Payment voucher number	(a) Date	(b) Amount paid	(c) 2003 overpayment applied	(d) Total amount paid and credited add (b) and (c)
1		\$	\$	\$
2				
3				
4				
Total		\$	\$	\$

2003 Child and Dependent Care Expenses Credit

3506

Attach to your California Form 540, 540A, or Long Form 540NR.

Name(s) as shown on return

Social Security Number

Part I Unearned Income and Other Funds Received in 2003. See instructions

SOURCE OF INCOME/FUNDS	AMOUNT	SOURCE OF INCOME/FUNDS	AMOUNT

Part II Persons or Organizations Who Provided the Care – You must complete this part. (If you need more space, attach a separate sheet.)

1	(a) Care provider's name Also check if provider is a person or an organization	(b) Address (number, street, apt. no., city, state, and ZIP Code)	(c) Identifying number (SSN or EIN)	(d) Telephone number	(e) Amount paid (See instructions)
<input type="checkbox"/> Person <input type="checkbox"/> Organization		-----		()	
<input type="checkbox"/> Person <input type="checkbox"/> Organization		-----		()	

Did you receive dependent care benefits? **▶▶▶▶▶** No Complete Part III below.
Yes Complete Part V before Part III.

Part III Credit for Child and Dependent Care Expenses

2 Information about your qualifying person(s). See instructions

(a) Qualifying person's name		(b) Qualifying person's social security number (See instructions)	(c) Qualifying person's date of birth (DOB) or if disabled	(d) Percentage of time spent in your home	(e) Qualified expenses you incurred and paid in 2003 for the qualifying person's care
First	Last		DOB: _____ Disabled <input type="checkbox"/> Yes		
			DOB: _____ Disabled <input type="checkbox"/> Yes		
			DOB: _____ Disabled <input type="checkbox"/> Yes		

3 Add the amounts in column (e) of line 2. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more qualifying persons. If you completed Part V, enter the amount from line 30	3	
4 Enter YOUR earned income	4	
5 If married filing a joint return, enter YOUR SPOUSE'S earned income (if your spouse was a student or was disabled, see the instructions); all others, enter the amount from line 4	5	
6 Enter the smallest of line 3, line 4, or line 5	6	
7 Enter the decimal amount shown in the chart on page 3 of the instructions for line 7	7	X.
8 Multiply line 6 by the decimal amount on line 7. Enter the amount here and on Form 540A, line 30; Form 540, line 44; or Long Form 540NR, line 53	8	
9 Enter the decimal amount listed on the chart on page 3 of the instructions for line 9	9	X.
10 Multiply the amount on line 8 by the decimal amount on line 9	10	
11 Credit for prior year expenses paid in 2003. See instructions for line 11	11	
12 Add line 10 and line 11. Enter the amount here and on Form 540A, line 31, or Form 540, line 45. Long Form 540NR filers enter the amount here and continue to Part IV	12	

Part IV Nonresident and Part-Year Residents

13 Did you maintain your primary home in California for yourself and the qualifying person(s) during 2003? (See instructions) If "Yes" continue. If "No," stop. You do not qualify for the credit	13	<input type="checkbox"/> Yes <input type="checkbox"/> No
14 Enter the percentage from Long Form 540NR, line 25a. (If your percentage is more than 1.00, enter 1.0000)	14	X . _____
15 Multiply line 12 by line 14. Enter here and on Long Form 540NR, line 54	15	

Part V Dependent Care Benefits

16 Enter the total amount of dependent care benefits you received for 2003. This amount should be shown in box 10 of your Form(s) W-2. Do not include amounts that were reported to you as wages in box 1 of Form(s) W-2	16	
17 Enter the amount forfeited, if any. See instructions	17	
18 Subtract line 17 from line 16	18	
19 Enter the total amount of qualified expenses incurred in 2003 for the care of the qualifying person(s) . See instructions	19	
20 Enter the smaller of line 18 or line 19	20	
21 Enter YOUR earned income	21	
22 If married filing a joint return, enter YOUR SPOUSE'S earned income (if your spouse was a student or was disabled, see the instructions for line 5); all others , enter the amount from line 21	22	
23 Enter the smallest of line 20, line 21, or line 22	23	
24 Excluded benefits. Enter here the smaller of the following: • The amount from line 23; or • \$5,000 (\$2,500 if married filing a separate return and you were required to enter your spouse's earned income on line 22)	24	
25 Taxable benefits. Subtract line 24 from line 18	25	
26 Enter \$3,000 (\$6,000 if two or more qualifying persons)	26	
27 Enter the amount from line 24	27	
28 Subtract the amount on line 27 from the amount on line 26. If zero or less, stop . You do not qualify for the credit. Exception – If you paid 2002 expenses in 2003, see instructions for line 11	28	
29 Complete Part III, line 2. Do not include in column (e) any benefits shown on line 24 above. Add the amounts in column (e) and enter the total here	29	
30 Enter the smaller of line 28 or line 29. Also, enter this amount on Side 1, line 3 on the front of this form and complete line 4 through line 12	30	

Worksheet – Credit for 2002 Expenses Paid in 2003

1) Enter your 2002 qualified expenses paid in 2002. If you did not claim the credit for these expenses on your 2002 return, get and complete a 2002 form FTB 3506 for these expenses. You may need to amend your 2002 return	_____
2) Enter your 2002 qualified expenses paid in 2003	_____
3) Add the amounts on line 1 and line 2	_____
4) Enter \$2,400 if care was for one qualifying person (\$4,800 for two or more)	_____
5) Enter any dependent care benefits received for 2002 and excluded from your income (from line 25 of 2002 form FTB 3506)	_____
6) Subtract amount on line 5 from amount on line 4 and enter the result	_____
7) Compare your and your spouse's earned income for 2002 and enter the smaller amount	_____
8) Compare the amounts on line 3, line 6, and line 7 and enter the smallest amount	_____
9) Enter the amount on your 2002 form FTB 3506, line 6. Important: If you were instructed on line 1 to get and complete a 2002 form FTB 3506, enter the amount from line 6 of that form	_____
10) Subtract amount on line 9 from amount on line 8 and enter the result. If zero or less, stop here. You cannot increase your credit by any previous year's expenses	_____
11) Enter your 2002 federal adjusted gross income (AGI) (from your 2002 Form 540, line 13; 540A, line 12b; or Long Form 540NR, line 13)	_____
12) 2002 federal AGI decimal amount (from 2002 form FTB 3506, instructions for line 7)	_____ X.
13) Multiply line 10 by line 12	_____
14) 2002 California AGI decimal amount (from 2002 form FTB 3605, instructions for line 9)	_____ X.
15) Multiply line 13 by line 14. Enter the result here and on line 11 of your 2003 form FTB 3506	_____

Instructions for Form FTB 3506

Child and Dependent Care Expenses Credit

What's New

Beginning in 2003, the following changes were made:

- **Maximum qualifying expenses** – California increased the maximum qualifying expenses to \$3,000 for one qualifying person and \$6,000 for two or more qualifying persons.
- **Credit Percentage** – California decreased the percentages of the federal credit allowed.

General Information

You must attach the completed form FTB 3506 to your return.

A Purpose

If you paid someone to care for your child or other qualifying person so you (and your spouse, if married) could work or look for work in 2003, you may be able to claim the credit for child and dependent care expenses. However, you must have earned income to do so. If you qualify to claim the credit, use form FTB 3506 to figure the amount of your credit.

For additional definitions, requirements, and instructions, get federal Form 2441 or Publication 503, Child and Dependent Care Expenses.

B Differences in California and Federal Law

The differences between California and federal law are as follows:

- California adjusted gross income must be \$100,000 or less to qualify for the California credit.
- Never married parents, who have lived apart at all times during the last six months of the year, may be treated differently for federal purposes.
- Federal law increased the amount of earned income a disabled or full-time student spouse is treated as having earned. California did not conform.
- The California credit is a percentage of the federal credit as modified by California law.
- Your primary home for you and your qualifying person(s) must be in California.
- The California credit is refundable.

C Qualifications

You may take the credit if **all nine** of the following apply.

1. If you are married, you must file a joint return. For an exception, see Section E, Married Persons Filing Separate Returns, on page 2.
2. Care must be provided for one or more qualifying persons. See Section D, Qualifying Person Defined, on this page.
3. You paid for care so you (and your spouse, if married) could work or look for work. However, if you did not find a job and have no earned income for the year, you do not qualify for the credit. If your spouse was a student or disabled, see the instructions for Part III, line 5.
4. You (and your spouse, if married) paid over half the cost of keeping up your home for the qualifying person(s). The cost includes rent, mortgage interest, real estate taxes, utilities, home repairs, and food eaten in the home.
5. You and the qualifying person(s) live in the same home.
6. Your primary home (where you and your qualifying person(s) lived) must have been in California.
7. The person who provided care was not your spouse or a person for whom you can claim a dependent exemption. Generally, the person who provided the care cannot be a parent of the individual for whom care was provided. If your child provided the care, the child must have been age 19 or older by the end of 2003.
8. You report the required information about the care provider(s) in Part II, line 1, and the information about the qualifying person(s) in Part III, line 2.
9. Your California adjusted gross income is \$100,000 or less.

D Qualifying Person Defined

Rules for Most People

A qualifying person is:

1. A child under age 13. You must qualify to claim the dependent exemption credit for this child. Children turning 13 during the year qualify only for the part of the year they were 12 years old.
2. Your spouse who was physically or mentally incapable of self-care.
3. Your dependent who was physically or mentally incapable of self-care. You must qualify for the dependent exemption credit for this person (or you could have claimed the dependent exemption credit except the person had gross income of \$3,050 or more).

Divorced, Separated, or Never Married Parents

For divorced, separated, or never married parents, there are special rules for determining if your child is your qualifying person. A child can only be the qualifying person of one parent when the parents are filing separate returns. Even if both parents pay for child care for the same child, both parents cannot qualify for the credit. Some custody agreements designate which parent is entitled to the credit. However, the designated parent must still meet all the qualifications in Section C, Qualifications, to claim the credit.

Custodial Parent

You are the custodial parent if you had physical custody of your child longer than the other parent during the calendar year. On days where custody is shared, the parent having custody of the child for more than 12 hours is considered to have custody for that day. If you and the other parent have physical custody for the same number of days, then neither you nor the other parent is the custodial parent.

Divorced or Separated Parents

Use the table below to decide whether you must use the "Rules for Most People" or the "Rules for Divorced or Separated Parents," on this page.

Read the following four statements to see if they are all true.	Are all four statements true?
<ol style="list-style-type: none"> 1. Your child was under 13 or physically or mentally incapable of self-care when the care was provided. 2. You are divorced or legally separated from the other parent, or you were still married to the other parent, but lived apart at all times during the last 6 months of 2003. To be divorced or legally separated, you must have a final decree of divorce or legal separation issued by the court. Having filed a petition for divorce or legal separation, or living apart from a spouse is not the same as being divorced or legally separated under a final decree of divorce or legal separation. 3. You and the other parent, together, had custody of the child for more than half of 2003. 4. You and the other parent, together, provided more than half the child's support for 2003. 	<p>Yes. Use the "Rules for Divorced or Separated Parents" on this page.</p> <p>No. Use the "Rules for Most People" on this page.</p>

Rules for Divorced or Separated Parents

Which parent had physical custody of the child for more time during 2003?	And	Is the child your qualifying person?
You	You can claim the dependent exemption credit for the child.	Yes. The child is your qualifying person.
You	You met all of the requirements for the dependent exemption except that you did not provide more than half of the child's support during the year.	Yes. The child is your qualifying person.
The other parent		No. The child is <u>not</u> your qualifying person. Even if you are able to claim the dependent exemption credit, the child is still not your qualifying person.
You and the other parent had physical custody for the same number of days in 2003		No. The child is <u>not</u> your qualifying person. Neither parent qualifies for this credit.

Never Married Parents

Use the table below to decide whether you must use the "Rules for Most People," on page 1 or the "Rules for Never Married Parents" below.

Read the following five statements to see if they are <u>all</u> true.	Are all five statements true?
1. Your child was under 13 or physically or mentally incapable of self-care when the care was provided.	<p>Yes. Use the "Rules for Never Married Parents" on this page.</p> <p>No. Use the "Rules for Most People" on page 1.</p>
2. You and the other parent were never married.	
3. You lived apart from the other parent at all times during the last 6 months of 2003.	
4. You and the other parent, together, had custody of the child for more than half of 2003.	
5. You and the other parent, together, provided more than half the child's support for 2003.	

Rules for Never Married Parents		
Which parent had physical custody of the child for more time during 2003?	And	Is the child your qualifying person?
You	You can claim the dependent exemption credit for the child.	Yes. The child is your qualifying person.
You	You met all of the requirements for the dependent exemption except that you did not provide more than half of the child's support during the year.	<p>Yes. For tax years 2002 and after.</p> <p>No. For tax years 2000 and 2001.</p>
The other parent		No. The child is <u>not</u> your qualifying person. Even if you are able to claim the dependent exemption credit, the child is still not your qualifying person.
You and the other parent had physical custody for the same number of days in 2003.		No. The child is not your qualifying person. Neither parent qualifies for this credit.

E Married Persons Filing Separate Returns

Generally, if you are married, you must file a joint return to claim the credit. However, you can take the credit on your separate return if:

- You meet all three requirements below:
 - You lived apart from your spouse at all times during the last six months of 2003.
 - The qualifying person(s) lived in your home more than half of 2003.
 - You provided over half the cost of keeping up your home.
- You meet all the other qualifications in Section C, Qualifications.

Specific Line Instructions

Part I

Unearned Income and Other Funds

List the source and amount of **any** money you received in 2003 that is not included in your earned income (line 4 and line 5) but that was used to support your household. Include child support, property settlements, public assistance benefits, court awards, inheritances, insurance proceeds, pensions and annuities, social security payments, workers' compensation, unemployment compensation, interest, or dividends.

Part II

Line 1

Complete column (a) through column (e) for each person or organization that provided the care. You can use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for Form W-10 to get the information from your care provider. If your provider does not give you the information, complete as much of the information as possible and explain that your provider did not give you the information you requested.

If you do not give correct and complete information, your credit may be disallowed unless you can show you used due diligence in trying to get the required information.

Columns (a) and (b)

Enter your care provider's complete name (or business name) and address. Also, check the box indicating whether your care provider is a person or an organization. If you were covered by your employer's dependent care plan and your employer furnished the care (either at your workplace or by hiring a care provider), enter your employer's name in column (a). Next, enter "See W-2" in column (b). Enter your employer's telephone number in column (d). Leave column (c) and column (e) blank. If your employer paid a third party (not hired by your employer) on your behalf to provide the care, you must give information about the third party in column (a) through column (e).

Column (c)

If your care provider is:

- An individual, enter his or her social security number.
- Not an individual, enter the care provider's federal employer identification number (FEIN).
- A tax-exempt organization, enter "Tax-Exempt."

Column (d)

Enter the telephone number of your care provider, including area code. We may call to verify the provider information.

Column (e)

Enter the total amount you **actually paid** in 2003 to your care provider. Also include amounts your employer paid to a third party on your behalf. It does not matter when the expenses were incurred. Do not reduce this amount by any reimbursement you received.

Part III

Line 2

Complete column (a) through column (e) for each qualifying person. If you have more than three qualifying persons, attach a sheet of paper to your return with the required information and write "see attached." Be sure to put your name and social security number (SSN) on the sheet.

Column (a)

Enter each qualifying person's name.

Column (b)

Enter the social security numbers of the first two qualifying persons on Form 540, line 42 and line 43; Form 540A, line 28 and line 29; or Long Form 540NR, line 51 and line 52.

You must enter the qualifying person's social security number. Be sure that the name and social security number match the qualifying person's social security card. Otherwise, we may reduce or disallow your credit. If the person was born in, and later died in, 2003, and does not have a social security number, enter "Deceased" in column (b) and attach a copy of the person's birth and death certificates.

Column (c)

Enter the qualifying person's date of birth in the space provided or if the qualifying person is disabled (physically or mentally incapable of self-care), check the "Yes" box.

Column (d)

If you shared custody of the qualifying person(s), enter the percentage of time you had physical custody during 2003.

Column (e)

Enter the qualified expenses you incurred and paid in 2003 for the qualifying person. If the child turned 13 years old during the year, include only the qualified expenses for the part of the year the child was under 13. Do not include in column (e) qualified expenses:

- You incurred in 2003 but did not pay until 2004. You may be able to use these expenses to increase your 2004 credit.
- You incurred in 2002 but did not pay until 2003. Instead, see instructions for line 11.
- You prepaid in 2003 for care to be provided in 2004. These expenses may only be used to figure your 2004 credit.

Line 4

Earned Income

Includes:	Does not include:
<ul style="list-style-type: none"> • Wages, salary, tips, and other taxable employee compensation • Net earnings from self-employment • Strike benefits • Disability payments you report as wages 	<ul style="list-style-type: none"> • Pensions or annuities • Social security payments • Workers' compensation • Interest • Dividends • Capital gains • Unemployment compensation • Any nontaxable employee compensation • Public assistance • Homeowner and Renter Assistance

Line 5

Spouse Who Was a Student or Disabled

Your spouse was a **student** if he or she was enrolled as a full-time student at a school during any 5 months of 2003. A school does not include a night school or correspondence school. Your spouse was **disabled** if he or she was not capable of self-care. Figure your spouse's earned income on a monthly basis.

For each month your spouse was a full-time student or disabled, enter on line 5 the larger of

- Your spouse's actual earned income for that month, or
- \$200 (\$400, if you have 2 or more qualifying persons).

If, in the same month, both you and your spouse were either full-time students or disabled, only one of you can be treated as having earned income of \$200 (or \$400) in that month. For any month that your spouse was not a full-time student or disabled, use your spouse's actual earned income for that month.

Line 7

Use the chart on this page to determine the decimal amount to enter on line 7. Your federal adjusted gross income (AGI) is on Form 540A, line 12b; Form 540, line 13; or Long Form 540NR, line 13.

If your Federal AGI is:		The decimal amount on Line 7 is:
Over	But not over	
\$0	\$15,000	.35
15,000	17,000	.34
17,000	19,000	.33
19,000	21,000	.32
21,000	23,000	.31
23,000	25,000	.30
25,000	27,000	.29
27,000	29,000	.28
29,000	31,000	.27
31,000	33,000	.26
33,000	35,000	.25
35,000	37,000	.24
37,000	39,000	.23
39,000	41,000	.22
41,000	43,000	.21
43,000	No limit	.20

Line 9

Use the chart below to determine the decimal amount to enter on line 9.

If your California AGI from Form 540A, line 14; Form 540, line 17; or Long Form 540NR, line 21 is:	The decimal amount to enter on Line 9 is:
\$40,000 or less	.50
Over \$40,000 but not over \$70,000	.43
Over \$70,000 but not over \$100,000	.34
Over \$100,000	Stop. You do not qualify for this credit.

Line 11

If you had qualified expenses for care that was provided in 2002, but that you paid for in 2003, you may be able to increase your credit for 2003. Complete the worksheet on Side 2 of form FTB 3506. You will need a copy of your 2002 California return to complete the worksheet.

Part IV

Line 13- Line 15

Nonresidents and part-year residents must complete and attach Schedule CA (540NR), California Adjustments - Nonresidents or Part-Year Residents, to their Long Form 540NR tax return. If Part I of Schedule CA (540NR) is not fully completed, your credit may be disallowed.

You must maintain your primary home in California for yourself and your qualifying person(s) during the year or portion of the year to qualify for the credit. Full-year nonresidents of California who retained their main home in another state do not qualify for this credit.

Nonresidents and part-year residents must calculate the percentage of the Child and Dependent Care Expenses Credit that they may be qualified to take. It is based on the percentage from Long Form 540NR, line 25a.

Part V

Line 16

Dependent care benefits are:

- Amounts an employer paid directly to you (or your spouse, if married), or to your care provider for the care of your qualifying persons while you worked.
- A day-care facility provided by your employer.
- Generally deducted from your salary.
- Shown in box 10 of your 2003 Form(s) W-2.

Line 17

If you had a flexible spending account, any amount included on line 16 that you did not receive because you did not incur the expense is considered forfeited. Do not include amounts you expect to receive at a future date.

Line 19

Enter the total of all qualified expenses incurred in 2003. It does not matter when the expenses were paid.

Example: You received \$2,000 cash under your employer's dependent care plan for 2003. The \$2,000 is shown in box 10 of your Form W-2. You incurred \$900 of qualified expenses in 2003 for the care of your 5-year-old dependent child. You would enter \$900 on line 19, but would report the entire \$2,000 on line 16.

For all other lines, follow specific line instructions on the form. For additional information, see federal Form 2441 or Publication 503.

Worksheet

Line 12 and line 14

You will need to get the 2002 form FTB 3506 instructions to complete the Credit for 2002 Expenses Paid in 2003 Worksheet. You can get forms from our Website at www.ftb.ca.gov or by calling (800) 338-0505.

Line 12

Enter the decimal amount from the chart in the line 7 instructions of the **2002** form FTB 3506 that corresponds to your **2002** federal adjusted gross income.

Line 14

Enter the decimal amount from the chart in the line 9 instructions of the **2002** form FTB 3506 that corresponds to your **2002** California adjusted gross income

2003 California Tax Table

To Find Your Tax:

- Read down the column labeled "If Your Taxable Income Is . . ." to find the range that includes your taxable income from Form 540, line 19 or Form 540A, line 16.
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married Filing Separately)		2 or 5 (Married Filing Jointly; Qualifying Widow(er))			4 (Head of Household)									
If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status							
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is					
1	50	0	0	0	6,451	6,550	70	65	65	12,951	13,050	200	141	141
51	150	1	1	1	6,551	6,650	72	66	66	13,051	13,150	202	143	143
151	250	2	2	2	6,651	6,750	74	67	67	13,151	13,250	204	145	145
251	350	3	3	3	6,751	6,850	76	68	68	13,251	13,350	206	147	147
351	450	4	4	4	6,851	6,950	78	69	69	13,351	13,450	208	149	149
451	550	5	5	5	6,951	7,050	80	70	70	13,451	13,550	210	151	151
551	650	6	6	6	7,051	7,150	82	71	71	13,551	13,650	212	153	153
651	750	7	7	7	7,151	7,250	84	72	72	13,651	13,750	214	155	155
751	850	8	8	8	7,251	7,350	86	73	73	13,751	13,850	216	157	157
851	950	9	9	9	7,351	7,450	88	74	74	13,851	13,950	218	159	159
951	1,050	10	10	10	7,451	7,550	90	75	75	13,951	14,050	220	161	161
1,051	1,150	11	11	11	7,551	7,650	92	76	76	14,051	14,150	222	163	163
1,151	1,250	12	12	12	7,651	7,750	94	77	77	14,151	14,250	226	165	165
1,251	1,350	13	13	13	7,751	7,850	96	78	78	14,251	14,350	230	167	167
1,351	1,450	14	14	14	7,851	7,950	98	79	79	14,351	14,450	234	169	169
1,451	1,550	15	15	15	7,951	8,050	100	80	80	14,451	14,550	238	171	171
1,551	1,650	16	16	16	8,051	8,150	102	81	81	14,551	14,650	242	173	173
1,651	1,750	17	17	17	8,151	8,250	104	82	82	14,651	14,750	246	175	175
1,751	1,850	18	18	18	8,251	8,350	106	83	83	14,751	14,850	250	177	177
1,851	1,950	19	19	19	8,351	8,450	108	84	84	14,851	14,950	254	179	179
1,951	2,050	20	20	20	8,451	8,550	110	85	85	14,951	15,050	258	181	181
2,051	2,150	21	21	21	8,551	8,650	112	86	86	15,051	15,150	262	183	183
2,151	2,250	22	22	22	8,651	8,750	114	87	87	15,151	15,250	266	185	185
2,251	2,350	23	23	23	8,751	8,850	116	88	88	15,251	15,350	270	187	187
2,351	2,450	24	24	24	8,851	8,950	118	89	89	15,351	15,450	274	189	189
2,451	2,550	25	25	25	8,951	9,050	120	90	90	15,451	15,550	278	191	191
2,551	2,650	26	26	26	9,051	9,150	122	91	91	15,551	15,650	282	193	193
2,651	2,750	27	27	27	9,151	9,250	124	92	92	15,651	15,750	286	195	195
2,751	2,850	28	28	28	9,251	9,350	126	93	93	15,751	15,850	290	197	197
2,851	2,950	29	29	29	9,351	9,450	128	94	94	15,851	15,950	294	199	199
2,951	3,050	30	30	30	9,451	9,550	130	95	95	15,951	16,050	298	201	201
3,051	3,150	31	31	31	9,551	9,650	132	96	96	16,051	16,150	302	203	203
3,151	3,250	32	32	32	9,651	9,750	134	97	97	16,151	16,250	306	205	205
3,251	3,350	33	33	33	9,751	9,850	136	98	98	16,251	16,350	310	207	207
3,351	3,450	34	34	34	9,851	9,950	138	99	99	16,351	16,450	314	209	209
3,451	3,550	35	35	35	9,951	10,050	140	100	100	16,451	16,550	318	211	211
3,551	3,650	36	36	36	10,051	10,150	142	101	101	16,551	16,650	322	213	213
3,651	3,750	37	37	37	10,151	10,250	144	102	102	16,651	16,750	326	215	215
3,751	3,850	38	38	38	10,251	10,350	146	103	103	16,751	16,850	330	217	217
3,851	3,950	39	39	39	10,351	10,450	148	104	104	16,851	16,950	334	219	219
3,951	4,050	40	40	40	10,451	10,550	150	105	105	16,951	17,050	338	221	221
4,051	4,150	41	41	41	10,551	10,650	152	106	106	17,051	17,150	342	223	223
4,151	4,250	42	42	42	10,651	10,750	154	107	107	17,151	17,250	346	225	225
4,251	4,350	43	43	43	10,751	10,850	156	108	108	17,251	17,350	350	227	227
4,351	4,450	44	44	44	10,851	10,950	158	109	109	17,351	17,450	354	229	229
4,451	4,550	45	45	45	10,951	11,050	160	110	110	17,451	17,550	358	231	231
4,551	4,650	46	46	46	11,051	11,150	162	111	111	17,551	17,650	362	233	233
4,651	4,750	47	47	47	11,151	11,250	164	112	112	17,651	17,750	366	235	235
4,751	4,850	48	48	48	11,251	11,350	166	113	113	17,751	17,850	370	237	237
4,851	4,950	49	49	49	11,351	11,450	168	114	114	17,851	17,950	374	239	239
4,951	5,050	50	50	50	11,451	11,550	170	115	115	17,951	18,050	378	241	241
5,051	5,150	51	51	51	11,551	11,650	172	116	116	18,051	18,150	382	243	243
5,151	5,250	52	52	52	11,651	11,750	174	117	117	18,151	18,250	386	245	245
5,251	5,350	53	53	53	11,751	11,850	176	118	118	18,251	18,350	390	247	247
5,351	5,450	54	54	54	11,851	11,950	178	119	119	18,351	18,450	394	249	249
5,451	5,550	55	55	55	11,951	12,050	180	121	121	18,451	18,550	398	251	251
5,551	5,650	56	56	56	12,051	12,150	182	123	123	18,551	18,650	402	253	253
5,651	5,750	57	57	57	12,151	12,250	184	125	125	18,651	18,750	406	255	255
5,751	5,850	58	58	58	12,251	12,350	186	127	127	18,751	18,850	410	257	257
5,851	5,950	59	59	59	12,351	12,450	188	129	129	18,851	18,950	414	259	259
5,951	6,050	60	60	60	12,451	12,550	190	131	131	18,951	19,050	418	261	261
6,051	6,150	62	61	61	12,551	12,650	192	133	133	19,051	19,150	422	263	263
6,151	6,250	64	62	62	12,651	12,750	194	135	135	19,151	19,250	426	265	265
6,251	6,350	66	63	63	12,751	12,850	196	137	137	19,251	19,350	430	267	267
6,351	6,450	68	64	64	12,851	12,950	198	139	139	19,351	19,450	434	269	269

Continued on next page.

2003 California Tax Table - Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
19,451	19,550	438	271	271	26,451	26,550	802	411	411	33,451	33,550	1,272	655	655
19,551	19,650	442	273	273	26,551	26,650	808	413	413	33,551	33,650	1,280	659	659
19,651	19,750	446	275	275	26,651	26,750	814	415	415	33,651	33,750	1,288	663	663
19,751	19,850	450	277	277	26,751	26,850	820	417	417	33,751	33,850	1,296	667	667
19,851	19,950	454	279	279	26,851	26,950	826	419	419	33,851	33,950	1,304	671	671
19,951	20,050	458	281	281	26,951	27,050	832	421	421	33,951	34,050	1,312	675	675
20,051	20,150	462	283	283	27,051	27,150	838	423	423	34,051	34,150	1,320	679	679
20,151	20,250	466	285	285	27,151	27,250	844	425	425	34,151	34,250	1,328	683	683
20,251	20,350	470	287	287	27,251	27,350	850	427	427	34,251	34,350	1,336	687	687
20,351	20,450	474	289	289	27,351	27,450	856	429	429	34,351	34,450	1,344	691	691
20,451	20,550	478	291	291	27,451	27,550	862	431	431	34,451	34,550	1,352	695	695
20,551	20,650	482	293	293	27,551	27,650	868	433	433	34,551	34,650	1,360	699	699
20,651	20,750	486	295	295	27,651	27,750	874	435	435	34,651	34,750	1,368	703	703
20,751	20,850	490	297	297	27,751	27,850	880	437	437	34,751	34,850	1,376	707	707
20,851	20,950	494	299	299	27,851	27,950	886	439	439	34,851	34,950	1,384	711	711
20,951	21,050	498	301	301	27,951	28,050	892	441	441	34,951	35,050	1,392	715	715
21,051	21,150	502	303	303	28,051	28,150	898	443	443	35,051	35,150	1,400	719	719
21,151	21,250	506	305	305	28,151	28,250	904	445	445	35,151	35,250	1,408	723	723
21,251	21,350	510	307	307	28,251	28,350	910	447	447	35,251	35,350	1,416	727	727
21,351	21,450	514	309	309	28,351	28,450	916	451	451	35,351	35,450	1,424	731	731
21,451	21,550	518	311	311	28,451	28,550	922	455	455	35,451	35,550	1,432	735	735
21,551	21,650	522	313	313	28,551	28,650	928	459	459	35,551	35,650	1,440	739	739
21,651	21,750	526	315	315	28,651	28,750	934	463	463	35,651	35,750	1,448	743	743
21,751	21,850	530	317	317	28,751	28,850	940	467	467	35,751	35,850	1,456	747	747
21,851	21,950	534	319	319	28,851	28,950	946	471	471	35,851	35,950	1,464	751	751
21,951	22,050	538	321	321	28,951	29,050	952	475	475	35,951	36,050	1,472	755	755
22,051	22,150	542	323	323	29,051	29,150	958	479	479	36,051	36,150	1,480	759	759
22,151	22,250	546	325	325	29,151	29,250	964	483	483	36,151	36,250	1,488	763	763
22,251	22,350	550	327	327	29,251	29,350	970	487	487	36,251	36,350	1,496	767	767
22,351	22,450	556	329	329	29,351	29,450	976	491	491	36,351	36,450	1,504	771	771
22,451	22,550	562	331	331	29,451	29,550	982	495	495	36,451	36,550	1,512	775	777
22,551	22,650	568	333	333	29,551	29,650	988	499	499	36,551	36,650	1,520	779	783
22,651	22,750	574	335	335	29,651	29,750	994	503	503	36,651	36,750	1,528	783	789
22,751	22,850	580	337	337	29,751	29,850	1,000	507	507	36,751	36,850	1,536	787	795
22,851	22,950	586	339	339	29,851	29,950	1,006	511	511	36,851	36,950	1,544	791	801
22,951	23,050	592	341	341	29,951	30,050	1,012	515	515	36,951	37,050	1,552	795	807
23,051	23,150	598	343	343	30,051	30,150	1,018	519	519	37,051	37,150	1,560	799	813
23,151	23,250	604	345	345	30,151	30,250	1,024	523	523	37,151	37,250	1,568	803	819
23,251	23,350	610	347	347	30,251	30,350	1,030	527	527	37,251	37,350	1,576	807	825
23,351	23,450	616	349	349	30,351	30,450	1,036	531	531	37,351	37,450	1,584	811	831
23,451	23,550	622	351	351	30,451	30,550	1,042	535	535	37,451	37,550	1,592	815	837
23,551	23,650	628	353	353	30,551	30,650	1,048	539	539	37,551	37,650	1,600	819	843
23,651	23,750	634	355	355	30,651	30,750	1,054	543	543	37,651	37,750	1,608	823	849
23,751	23,850	640	357	357	30,751	30,850	1,060	547	547	37,751	37,850	1,616	827	855
23,851	23,950	646	359	359	30,851	30,950	1,066	551	551	37,851	37,950	1,624	831	861
23,951	24,050	652	361	361	30,951	31,050	1,072	555	555	37,951	38,050	1,632	835	867
24,051	24,150	658	363	363	31,051	31,150	1,080	559	559	38,051	38,150	1,640	839	873
24,151	24,250	664	365	365	31,151	31,250	1,088	563	563	38,151	38,250	1,648	843	879
24,251	24,350	670	367	367	31,251	31,350	1,096	567	567	38,251	38,350	1,656	847	885
24,351	24,450	676	369	369	31,351	31,450	1,104	571	571	38,351	38,450	1,664	851	891
24,451	24,550	682	371	371	31,451	31,550	1,112	575	575	38,451	38,550	1,672	855	897
24,551	24,650	688	373	373	31,551	31,650	1,120	579	579	38,551	38,650	1,680	859	903
24,651	24,750	694	375	375	31,651	31,750	1,128	583	583	38,651	38,750	1,688	863	909
24,751	24,850	700	377	377	31,751	31,850	1,136	587	587	38,751	38,850	1,696	867	915
24,851	24,950	706	379	379	31,851	31,950	1,144	591	591	38,851	38,950	1,704	871	921
24,951	25,050	712	381	381	31,951	32,050	1,152	595	595	38,951	39,050	1,712	875	927
25,051	25,150	718	383	383	32,051	32,150	1,160	599	599	39,051	39,150	1,720	879	933
25,151	25,250	724	385	385	32,151	32,250	1,168	603	603	39,151	39,250	1,729	883	939
25,251	25,350	730	387	387	32,251	32,350	1,176	607	607	39,251	39,350	1,738	887	945
25,351	25,450	736	389	389	32,351	32,450	1,184	611	611	39,351	39,450	1,748	891	951
25,451	25,550	742	391	391	32,451	32,550	1,192	615	615	39,451	39,550	1,757	895	957
25,551	25,650	748	393	393	32,551	32,650	1,200	619	619	39,551	39,650	1,766	899	963
25,651	25,750	754	395	395	32,651	32,750	1,208	623	623	39,651	39,750	1,776	903	969
25,751	25,850	760	397	397	32,751	32,850	1,216	627	627	39,751	39,850	1,785	907	975
25,851	25,950	766	399	399	32,851	32,950	1,224	631	631	39,851	39,950	1,794	911	981
25,951	26,050	772	401	401	32,951	33,050	1,232	635	635	39,951	40,050	1,804	915	987
26,051	26,150	778	403	403	33,051	33,150	1,240	639	639	40,051	40,150	1,813	919	993
26,151	26,250	784	405	405	33,151	33,250	1,248	643	643	40,151	40,250	1,822	923	999
26,251	26,350	790	407	407	33,251	33,350	1,256	647	647	40,251	40,350	1,831	927	1,005
26,351	26,450	796	409	409	33,351	33,450	1,264	651	651	40,351	40,450	1,841	931	1,011

Continued on next page.

2003 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
40,451	40,550	1,850	935	1,017	47,451	47,550	2,501	1,273	1,485	54,451	54,550	3,152	1,693	2,061
40,551	40,650	1,859	939	1,023	47,551	47,650	2,510	1,279	1,493	54,551	54,650	3,161	1,699	2,070
40,651	40,750	1,869	943	1,029	47,651	47,750	2,520	1,285	1,501	54,651	54,750	3,171	1,705	2,079
40,751	40,850	1,878	947	1,035	47,751	47,850	2,529	1,291	1,509	54,751	54,850	3,180	1,711	2,089
40,851	40,950	1,887	951	1,041	47,851	47,950	2,538	1,297	1,517	54,851	54,950	3,189	1,717	2,098
40,951	41,050	1,897	955	1,047	47,951	48,050	2,548	1,303	1,525	54,951	55,050	3,199	1,723	2,107
41,051	41,150	1,906	959	1,053	48,051	48,150	2,557	1,309	1,533	55,051	55,150	3,208	1,729	2,117
41,151	41,250	1,915	963	1,059	48,151	48,250	2,566	1,315	1,541	55,151	55,250	3,217	1,735	2,126
41,251	41,350	1,924	967	1,065	48,251	48,350	2,575	1,321	1,549	55,251	55,350	3,226	1,741	2,135
41,351	41,450	1,934	971	1,071	48,351	48,450	2,585	1,327	1,557	55,351	55,450	3,236	1,747	2,144
41,451	41,550	1,943	975	1,077	48,451	48,550	2,594	1,333	1,565	55,451	55,550	3,245	1,753	2,154
41,551	41,650	1,952	979	1,083	48,551	48,650	2,603	1,339	1,573	55,551	55,650	3,254	1,759	2,163
41,651	41,750	1,962	983	1,089	48,651	48,750	2,613	1,345	1,581	55,651	55,750	3,264	1,765	2,172
41,751	41,850	1,971	987	1,095	48,751	48,850	2,622	1,351	1,589	55,751	55,850	3,273	1,771	2,182
41,851	41,950	1,980	991	1,101	48,851	48,950	2,631	1,357	1,597	55,851	55,950	3,282	1,777	2,191
41,951	42,050	1,990	995	1,107	48,951	49,050	2,641	1,363	1,605	55,951	56,050	3,292	1,783	2,200
42,051	42,150	1,999	999	1,113	49,051	49,150	2,650	1,369	1,613	56,051	56,150	3,301	1,789	2,210
42,151	42,250	2,008	1,003	1,119	49,151	49,250	2,659	1,375	1,621	56,151	56,250	3,310	1,795	2,219
42,251	42,350	2,017	1,007	1,125	49,251	49,350	2,668	1,381	1,629	56,251	56,350	3,319	1,801	2,228
42,351	42,450	2,027	1,011	1,131	49,351	49,450	2,678	1,387	1,637	56,351	56,450	3,329	1,807	2,237
42,451	42,550	2,036	1,015	1,137	49,451	49,550	2,687	1,393	1,645	56,451	56,550	3,338	1,813	2,247
42,551	42,650	2,045	1,019	1,143	49,551	49,650	2,696	1,399	1,653	56,551	56,650	3,347	1,819	2,256
42,651	42,750	2,055	1,023	1,149	49,651	49,750	2,706	1,405	1,661	56,651	56,750	3,357	1,825	2,265
42,751	42,850	2,064	1,027	1,155	49,751	49,850	2,715	1,411	1,669	56,751	56,850	3,366	1,831	2,275
42,851	42,950	2,073	1,031	1,161	49,851	49,950	2,724	1,417	1,677	56,851	56,950	3,375	1,837	2,284
42,951	43,050	2,083	1,035	1,167	49,951	50,050	2,734	1,423	1,685	56,951	57,050	3,385	1,843	2,293
43,051	43,150	2,092	1,039	1,173	50,051	50,150	2,743	1,429	1,693	57,051	57,150	3,394	1,849	2,303
43,151	43,250	2,101	1,043	1,179	50,151	50,250	2,752	1,435	1,701	57,151	57,250	3,403	1,855	2,312
43,251	43,350	2,110	1,047	1,185	50,251	50,350	2,761	1,441	1,709	57,251	57,350	3,412	1,861	2,321
43,351	43,450	2,120	1,051	1,191	50,351	50,450	2,771	1,447	1,717	57,351	57,450	3,422	1,867	2,330
43,451	43,550	2,129	1,055	1,197	50,451	50,550	2,780	1,453	1,725	57,451	57,550	3,431	1,873	2,340
43,551	43,650	2,138	1,059	1,203	50,551	50,650	2,789	1,459	1,733	57,551	57,650	3,440	1,879	2,349
43,651	43,750	2,148	1,063	1,209	50,651	50,750	2,799	1,465	1,741	57,651	57,750	3,450	1,885	2,358
43,751	43,850	2,157	1,067	1,215	50,751	50,850	2,808	1,471	1,749	57,751	57,850	3,459	1,891	2,368
43,851	43,950	2,166	1,071	1,221	50,851	50,950	2,817	1,477	1,757	57,851	57,950	3,468	1,897	2,377
43,951	44,050	2,176	1,075	1,227	50,951	51,050	2,827	1,483	1,765	57,951	58,050	3,478	1,903	2,386
44,051	44,150	2,185	1,079	1,233	51,051	51,150	2,836	1,489	1,773	58,051	58,150	3,487	1,909	2,396
44,151	44,250	2,194	1,083	1,239	51,151	51,250	2,845	1,495	1,781	58,151	58,250	3,496	1,915	2,405
44,251	44,350	2,203	1,087	1,245	51,251	51,350	2,854	1,501	1,789	58,251	58,350	3,505	1,921	2,414
44,351	44,450	2,213	1,091	1,251	51,351	51,450	2,864	1,507	1,797	58,351	58,450	3,515	1,927	2,423
44,451	44,550	2,222	1,095	1,257	51,451	51,550	2,873	1,513	1,805	58,451	58,550	3,524	1,933	2,433
44,551	44,650	2,231	1,099	1,263	51,551	51,650	2,882	1,519	1,813	58,551	58,650	3,533	1,939	2,442
44,651	44,750	2,241	1,105	1,269	51,651	51,750	2,892	1,525	1,821	58,651	58,750	3,543	1,945	2,451
44,751	44,850	2,250	1,111	1,275	51,751	51,850	2,901	1,531	1,829	58,751	58,850	3,552	1,951	2,461
44,851	44,950	2,259	1,117	1,281	51,851	51,950	2,910	1,537	1,837	58,851	58,950	3,561	1,957	2,470
44,951	45,050	2,269	1,123	1,287	51,951	52,050	2,920	1,543	1,845	58,951	59,050	3,571	1,963	2,479
45,051	45,150	2,278	1,129	1,293	52,051	52,150	2,929	1,549	1,853	59,051	59,150	3,580	1,969	2,489
45,151	45,250	2,287	1,135	1,301	52,151	52,250	2,938	1,555	1,861	59,151	59,250	3,589	1,975	2,498
45,251	45,350	2,296	1,141	1,309	52,251	52,350	2,947	1,561	1,869	59,251	59,350	3,598	1,981	2,507
45,351	45,450	2,306	1,147	1,317	52,351	52,450	2,957	1,567	1,877	59,351	59,450	3,608	1,987	2,516
45,451	45,550	2,315	1,153	1,325	52,451	52,550	2,966	1,573	1,885	59,451	59,550	3,617	1,993	2,526
45,551	45,650	2,324	1,159	1,333	52,551	52,650	2,975	1,579	1,893	59,551	59,650	3,626	1,999	2,535
45,651	45,750	2,334	1,165	1,341	52,651	52,750	2,985	1,585	1,901	59,651	59,750	3,636	2,005	2,544
45,751	45,850	2,343	1,171	1,349	52,751	52,850	2,994	1,591	1,909	59,751	59,850	3,645	2,011	2,554
45,851	45,950	2,352	1,177	1,357	52,851	52,950	3,003	1,597	1,917	59,851	59,950	3,654	2,017	2,563
45,951	46,050	2,362	1,183	1,365	52,951	53,050	3,013	1,603	1,925	59,951	60,050	3,664	2,023	2,572
46,051	46,150	2,371	1,189	1,373	53,051	53,150	3,022	1,609	1,933	60,051	60,150	3,673	2,029	2,582
46,151	46,250	2,380	1,195	1,381	53,151	53,250	3,031	1,615	1,941	60,151	60,250	3,682	2,035	2,591
46,251	46,350	2,389	1,201	1,389	53,251	53,350	3,040	1,621	1,949	60,251	60,350	3,691	2,041	2,600
46,351	46,450	2,399	1,207	1,397	53,351	53,450	3,050	1,627	1,958	60,351	60,450	3,701	2,047	2,609
46,451	46,550	2,408	1,213	1,405	53,451	53,550	3,059	1,633	1,968	60,451	60,550	3,710	2,053	2,619
46,551	46,650	2,417	1,219	1,413	53,551	53,650	3,068	1,639	1,977	60,551	60,650	3,719	2,059	2,628
46,651	46,750	2,427	1,225	1,421	53,651	53,750	3,078	1,645	1,986	60,651	60,750	3,729	2,065	2,637
46,751	46,850	2,436	1,231	1,429	53,751	53,850	3,087	1,651	1,996	60,751	60,850	3,738	2,071	2,647
46,851	46,950	2,445	1,237	1,437	53,851	53,950	3,096	1,657	2,005	60,851	60,950	3,747	2,077	2,656
46,951	47,050	2,455	1,243	1,445	53,951	54,050	3,106	1,663	2,014	60,951	61,050	3,757	2,083	2,665
47,051	47,150	2,464	1,249	1,453	54,051	54,150	3,115	1,669	2,024	61,051	61,150	3,766	2,089	2,675
47,151	47,250	2,473	1,255	1,461	54,151	54,250	3,124	1,675	2,033	61,151	61,250	3,775	2,095	2,684
47,251	47,350	2,482	1,261	1,469	54,251	54,350	3,133	1,681	2,042	61,251	61,350	3,784	2,101	2,693
47,351	47,450	2,492	1,267	1,477	54,351	54,450	3,143	1,687	2,051	61,351	61,450	3,794	2,107	2,702

Continued on next page.

2003 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status			If Your Taxable Income Is . . .		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
61,451	61,550	3,803	2,113	2,712	68,451	68,550	4,454	2,665	3,363	75,451	75,550	5,105	3,225	4,014
61,551	61,650	3,812	2,119	2,721	68,551	68,650	4,463	2,673	3,372	75,551	75,650	5,114	3,233	4,023
61,651	61,750	3,822	2,125	2,730	68,651	68,750	4,473	2,681	3,381	75,651	75,750	5,124	3,241	4,032
61,751	61,850	3,831	2,131	2,740	68,751	68,850	4,482	2,689	3,391	75,751	75,850	5,133	3,249	4,042
61,851	61,950	3,840	2,137	2,749	68,851	68,950	4,491	2,697	3,400	75,851	75,950	5,142	3,257	4,051
61,951	62,050	3,850	2,145	2,758	68,951	69,050	4,501	2,705	3,409	75,951	76,050	5,152	3,265	4,060
62,051	62,150	3,859	2,153	2,768	69,051	69,150	4,510	2,713	3,419	76,051	76,150	5,161	3,273	4,070
62,151	62,250	3,868	2,161	2,777	69,151	69,250	4,519	2,721	3,428	76,151	76,250	5,170	3,281	4,079
62,251	62,350	3,877	2,169	2,786	69,251	69,350	4,528	2,729	3,437	76,251	76,350	5,179	3,289	4,088
62,351	62,450	3,887	2,177	2,795	69,351	69,450	4,538	2,737	3,446	76,351	76,450	5,189	3,297	4,097
62,451	62,550	3,896	2,185	2,805	69,451	69,550	4,547	2,745	3,456	76,451	76,550	5,198	3,305	4,107
62,551	62,650	3,905	2,193	2,814	69,551	69,650	4,556	2,753	3,465	76,551	76,650	5,207	3,313	4,116
62,651	62,750	3,915	2,201	2,823	69,651	69,750	4,566	2,761	3,474	76,651	76,750	5,217	3,321	4,125
62,751	62,850	3,924	2,209	2,833	69,751	69,850	4,575	2,769	3,484	76,751	76,850	5,226	3,329	4,135
62,851	62,950	3,933	2,217	2,842	69,851	69,950	4,584	2,777	3,493	76,851	76,950	5,235	3,337	4,144
62,951	63,050	3,943	2,225	2,851	69,951	70,050	4,594	2,785	3,502	76,951	77,050	5,245	3,345	4,153
63,051	63,150	3,952	2,233	2,861	70,051	70,150	4,603	2,793	3,512	77,051	77,150	5,254	3,353	4,163
63,151	63,250	3,961	2,241	2,870	70,151	70,250	4,612	2,801	3,521	77,151	77,250	5,263	3,361	4,172
63,251	63,350	3,970	2,249	2,879	70,251	70,350	4,621	2,809	3,530	77,251	77,350	5,272	3,369	4,181
63,351	63,450	3,980	2,257	2,888	70,351	70,450	4,631	2,817	3,539	77,351	77,450	5,282	3,377	4,190
63,451	63,550	3,989	2,265	2,898	70,451	70,550	4,640	2,825	3,549	77,451	77,550	5,291	3,385	4,200
63,551	63,650	3,998	2,273	2,907	70,551	70,650	4,649	2,833	3,558	77,551	77,650	5,300	3,393	4,209
63,651	63,750	4,008	2,281	2,916	70,651	70,750	4,659	2,841	3,567	77,651	77,750	5,310	3,401	4,218
63,751	63,850	4,017	2,289	2,926	70,751	70,850	4,668	2,849	3,577	77,751	77,850	5,319	3,409	4,228
63,851	63,950	4,026	2,297	2,935	70,851	70,950	4,677	2,857	3,586	77,851	77,950	5,328	3,417	4,237
63,951	64,050	4,036	2,305	2,944	70,951	71,050	4,687	2,865	3,595	77,951	78,050	5,338	3,425	4,246
64,051	64,150	4,045	2,313	2,954	71,051	71,150	4,696	2,873	3,605	78,051	78,150	5,347	3,433	4,256
64,151	64,250	4,054	2,321	2,963	71,151	71,250	4,705	2,881	3,614	78,151	78,250	5,356	3,441	4,265
64,251	64,350	4,063	2,329	2,972	71,251	71,350	4,714	2,889	3,623	78,251	78,350	5,365	3,449	4,274
64,351	64,450	4,073	2,337	2,981	71,351	71,450	4,724	2,897	3,632	78,351	78,450	5,375	3,458	4,283
64,451	64,550	4,082	2,345	2,991	71,451	71,550	4,733	2,905	3,642	78,451	78,550	5,384	3,468	4,293
64,551	64,650	4,091	2,353	3,000	71,551	71,650	4,742	2,913	3,651	78,551	78,650	5,393	3,477	4,302
64,651	64,750	4,101	2,361	3,009	71,651	71,750	4,752	2,921	3,660	78,651	78,750	5,403	3,486	4,311
64,751	64,850	4,110	2,369	3,019	71,751	71,850	4,761	2,929	3,670	78,751	78,850	5,412	3,496	4,321
64,851	64,950	4,119	2,377	3,028	71,851	71,950	4,770	2,937	3,679	78,851	78,950	5,421	3,505	4,330
64,951	65,050	4,129	2,385	3,037	71,951	72,050	4,780	2,945	3,688	78,951	79,050	5,431	3,514	4,339
65,051	65,150	4,138	2,393	3,047	72,051	72,150	4,789	2,953	3,698	79,051	79,150	5,440	3,523	4,349
65,151	65,250	4,147	2,401	3,056	72,151	72,250	4,798	2,961	3,707	79,151	79,250	5,449	3,533	4,358
65,251	65,350	4,156	2,409	3,065	72,251	72,350	4,807	2,969	3,716	79,251	79,350	5,458	3,542	4,367
65,351	65,450	4,166	2,417	3,074	72,351	72,450	4,817	2,977	3,725	79,351	79,450	5,468	3,551	4,376
65,451	65,550	4,175	2,425	3,084	72,451	72,550	4,826	2,985	3,735	79,451	79,550	5,477	3,561	4,386
65,551	65,650	4,184	2,433	3,093	72,551	72,650	4,835	2,993	3,744	79,551	79,650	5,486	3,570	4,395
65,651	65,750	4,194	2,441	3,102	72,651	72,750	4,845	3,001	3,753	79,651	79,750	5,496	3,579	4,404
65,751	65,850	4,203	2,449	3,112	72,751	72,850	4,854	3,009	3,763	79,751	79,850	5,505	3,589	4,414
65,851	65,950	4,212	2,457	3,121	72,851	72,950	4,863	3,017	3,772	79,851	79,950	5,514	3,598	4,423
65,951	66,050	4,222	2,465	3,130	72,951	73,050	4,873	3,025	3,781	79,951	80,050	5,524	3,607	4,432
66,051	66,150	4,231	2,473	3,140	73,051	73,150	4,882	3,033	3,791	80,051	80,150	5,533	3,616	4,442
66,151	66,250	4,240	2,481	3,149	73,151	73,250	4,891	3,041	3,800	80,151	80,250	5,542	3,626	4,451
66,251	66,350	4,249	2,489	3,158	73,251	73,350	4,900	3,049	3,809	80,251	80,350	5,551	3,635	4,460
66,351	66,450	4,259	2,497	3,167	73,351	73,450	4,910	3,057	3,818	80,351	80,450	5,561	3,644	4,469
66,451	66,550	4,268	2,505	3,177	73,451	73,550	4,919	3,065	3,828	80,451	80,550	5,570	3,654	4,479
66,551	66,650	4,277	2,513	3,186	73,551	73,650	4,928	3,073	3,837	80,551	80,650	5,579	3,663	4,488
66,651	66,750	4,287	2,521	3,195	73,651	73,750	4,938	3,081	3,846	80,651	80,750	5,589	3,672	4,497
66,751	66,850	4,296	2,529	3,205	73,751	73,850	4,947	3,089	3,856	80,751	80,850	5,598	3,682	4,507
66,851	66,950	4,305	2,537	3,214	73,851	73,950	4,956	3,097	3,865	80,851	80,950	5,607	3,691	4,516
66,951	67,050	4,315	2,545	3,223	73,951	74,050	4,966	3,105	3,874	80,951	81,050	5,617	3,700	4,525
67,051	67,150	4,324	2,553	3,233	74,051	74,150	4,975	3,113	3,884	81,051	81,150	5,626	3,709	4,535
67,151	67,250	4,333	2,561	3,242	74,151	74,250	4,984	3,121	3,893	81,151	81,250	5,635	3,719	4,544
67,251	67,350	4,342	2,569	3,251	74,251	74,350	4,993	3,129	3,902	81,251	81,350	5,644	3,728	4,553
67,351	67,450	4,352	2,577	3,260	74,351	74,450	5,003	3,137	3,911	81,351	81,450	5,654	3,737	4,562
67,451	67,550	4,361	2,585	3,270	74,451	74,550	5,012	3,145	3,921	81,451	81,550	5,663	3,747	4,572
67,551	67,650	4,370	2,593	3,279	74,551	74,650	5,021	3,153	3,930	81,551	81,650	5,672	3,756	4,581
67,651	67,750	4,380	2,601	3,288	74,651	74,750	5,031	3,161	3,939	81,651	81,750	5,682	3,765	4,590
67,751	67,850	4,389	2,609	3,298	74,751	74,850	5,040	3,169	3,949	81,751	81,850	5,691	3,775	4,600
67,851	67,950	4,398	2,617	3,307	74,851	74,950	5,049	3,177	3,958	81,851	81,950	5,700	3,784	4,609
67,951	68,050	4,408	2,625	3,316	74,951	75,050	5,059	3,185	3,967	81,951	82,050	5,710	3,793	4,618
68,051	68,150	4,417	2,633	3,326	75,051	75,150	5,068	3,193	3,977	82,051	82,150	5,719	3,802	4,628
68,151	68,250	4,426	2,641	3,335	75,151	75,250	5,077	3,201	3,986	82,151	82,250	5,728	3,812	4,637
68,251	68,350	4,435	2,649	3,344	75,251	75,350	5,086	3,209	3,995	82,251	82,350	5,737	3,821	4,646
68,351	68,450	4,445	2,657	3,353	75,351	75,450	5,096	3,217	4,004	82,351	82,450	5,747	3,830	4,655

Continued on next page.

2003 California Tax Table – Continued

Filing status: 1 or 3 (Single; Married Filing Separately) 2 or 5 (Married Filing Jointly; Qualifying Widow(er)) 4 (Head of Household)

If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
82,451	82,550	5,756	3,840	4,665	88,451	88,550	6,314	4,398	5,223	94,451	94,550	6,872	4,956	5,781
82,551	82,650	5,765	3,849	4,674	88,551	88,650	6,323	4,407	5,232	94,551	94,650	6,881	4,965	5,790
82,651	82,750	5,775	3,858	4,683	88,651	88,750	6,333	4,416	5,241	94,651	94,750	6,891	4,974	5,799
82,751	82,850	5,784	3,868	4,693	88,751	88,850	6,342	4,426	5,251	94,751	94,850	6,900	4,984	5,809
82,851	82,950	5,793	3,877	4,702	88,851	88,950	6,351	4,435	5,260	94,851	94,950	6,909	4,993	5,818
82,951	83,050	5,803	3,886	4,711	88,951	89,050	6,361	4,444	5,269	94,951	95,050	6,919	5,002	5,827
83,051	83,150	5,812	3,895	4,721	89,051	89,150	6,370	4,453	5,279	95,051	95,150	6,928	5,011	5,837
83,151	83,250	5,821	3,905	4,730	89,151	89,250	6,379	4,463	5,288	95,151	95,250	6,937	5,021	5,846
83,251	83,350	5,830	3,914	4,739	89,251	89,350	6,388	4,472	5,297	95,251	95,350	6,946	5,030	5,855
83,351	83,450	5,840	3,923	4,748	89,351	89,450	6,398	4,481	5,306	95,351	95,450	6,956	5,039	5,864
83,451	83,550	5,849	3,933	4,758	89,451	89,550	6,407	4,491	5,316	95,451	95,550	6,965	5,049	5,874
83,551	83,650	5,858	3,942	4,767	89,551	89,650	6,416	4,500	5,325	95,551	95,650	6,974	5,058	5,883
83,651	83,750	5,868	3,951	4,776	89,651	89,750	6,426	4,509	5,334	95,651	95,750	6,984	5,067	5,892
83,751	83,850	5,877	3,961	4,786	89,751	89,850	6,435	4,519	5,344	95,751	95,850	6,993	5,077	5,902
83,851	83,950	5,886	3,970	4,795	89,851	89,950	6,444	4,528	5,353	95,851	95,950	7,002	5,086	5,911
83,951	84,050	5,896	3,979	4,804	89,951	90,050	6,454	4,537	5,362	95,951	96,050	7,012	5,095	5,920
84,051	84,150	5,905	3,988	4,814	90,051	90,150	6,463	4,546	5,372	96,051	96,150	7,021	5,104	5,930
84,151	84,250	5,914	3,998	4,823	90,151	90,250	6,472	4,556	5,381	96,151	96,250	7,030	5,114	5,939
84,251	84,350	5,923	4,007	4,832	90,251	90,350	6,481	4,565	5,390	96,251	96,350	7,039	5,123	5,948
84,351	84,450	5,933	4,016	4,841	90,351	90,450	6,491	4,574	5,399	96,351	96,450	7,049	5,132	5,957
84,451	84,550	5,942	4,026	4,851	90,451	90,550	6,500	4,584	5,409	96,451	96,550	7,058	5,142	5,967
84,551	84,650	5,951	4,035	4,860	90,551	90,650	6,509	4,593	5,418	96,551	96,650	7,067	5,151	5,976
84,651	84,750	5,961	4,044	4,869	90,651	90,750	6,519	4,602	5,427	96,651	96,750	7,077	5,160	5,985
84,751	84,850	5,970	4,054	4,879	90,751	90,850	6,528	4,612	5,437	96,751	96,850	7,086	5,170	5,995
84,851	84,950	5,979	4,063	4,888	90,851	90,950	6,537	4,621	5,446	96,851	96,950	7,095	5,179	6,004
84,951	85,050	5,989	4,072	4,897	90,951	91,050	6,547	4,630	5,455	96,951	97,050	7,105	5,188	6,013
85,051	85,150	5,998	4,081	4,907	91,051	91,150	6,556	4,639	5,465	97,051	97,150	7,114	5,197	6,023
85,151	85,250	6,007	4,091	4,916	91,151	91,250	6,565	4,649	5,474	97,151	97,250	7,123	5,207	6,032
85,251	85,350	6,016	4,100	4,925	91,251	91,350	6,574	4,658	5,483	97,251	97,350	7,132	5,216	6,041
85,351	85,450	6,026	4,109	4,934	91,351	91,450	6,584	4,667	5,492	97,351	97,450	7,142	5,225	6,050
85,451	85,550	6,035	4,119	4,944	91,451	91,550	6,593	4,677	5,502	97,451	97,550	7,151	5,235	6,060
85,551	85,650	6,044	4,128	4,953	91,551	91,650	6,602	4,686	5,511	97,551	97,650	7,160	5,244	6,069
85,651	85,750	6,054	4,137	4,962	91,651	91,750	6,612	4,695	5,520	97,651	97,750	7,170	5,253	6,078
85,751	85,850	6,063	4,147	4,972	91,751	91,850	6,621	4,705	5,530	97,751	97,850	7,179	5,263	6,088
85,851	85,950	6,072	4,156	4,981	91,851	91,950	6,630	4,714	5,539	97,851	97,950	7,188	5,272	6,097
85,951	86,050	6,082	4,165	4,990	91,951	92,050	6,640	4,723	5,548	97,951	98,050	7,198	5,281	6,106
86,051	86,150	6,091	4,174	5,000	92,051	92,150	6,649	4,732	5,558	98,051	98,150	7,207	5,290	6,116
86,151	86,250	6,100	4,184	5,009	92,151	92,250	6,658	4,742	5,567	98,151	98,250	7,216	5,300	6,125
86,251	86,350	6,109	4,193	5,018	92,251	92,350	6,667	4,751	5,576	98,251	98,350	7,225	5,309	6,134
86,351	86,450	6,119	4,202	5,027	92,351	92,450	6,677	4,760	5,585	98,351	98,450	7,235	5,318	6,143
86,451	86,550	6,128	4,212	5,037	92,451	92,550	6,686	4,770	5,595	98,451	98,550	7,244	5,328	6,153
86,551	86,650	6,137	4,221	5,046	92,551	92,650	6,695	4,779	5,604	98,551	98,650	7,253	5,337	6,162
86,651	86,750	6,147	4,230	5,055	92,651	92,750	6,705	4,788	5,613	98,651	98,750	7,263	5,346	6,171
86,751	86,850	6,156	4,240	5,065	92,751	92,850	6,714	4,798	5,623	98,751	98,850	7,272	5,356	6,181
86,851	86,950	6,165	4,249	5,074	92,851	92,950	6,723	4,807	5,632	98,851	98,950	7,281	5,365	6,190
86,951	87,050	6,175	4,258	5,083	92,951	93,050	6,733	4,816	5,641	98,951	99,050	7,291	5,374	6,199
87,051	87,150	6,184	4,267	5,093	93,051	93,150	6,742	4,825	5,651	99,051	99,150	7,300	5,383	6,209
87,151	87,250	6,193	4,277	5,102	93,151	93,250	6,751	4,835	5,660	99,151	99,250	7,309	5,393	6,218
87,251	87,350	6,202	4,286	5,111	93,251	93,350	6,760	4,844	5,669	99,251	99,350	7,318	5,402	6,227
87,351	87,450	6,212	4,295	5,120	93,351	93,450	6,770	4,853	5,678	99,351	99,450	7,328	5,411	6,236
87,451	87,550	6,221	4,305	5,130	93,451	93,550	6,779	4,863	5,688	99,451	99,550	7,337	5,421	6,246
87,551	87,650	6,230	4,314	5,139	93,551	93,650	6,788	4,872	5,697	99,551	99,650	7,346	5,430	6,255
87,651	87,750	6,240	4,323	5,148	93,651	93,750	6,798	4,881	5,706	99,651	99,750	7,356	5,439	6,264
87,751	87,850	6,249	4,333	5,158	93,751	93,850	6,807	4,891	5,716	99,751	99,850	7,365	5,449	6,274
87,851	87,950	6,258	4,342	5,167	93,851	93,950	6,816	4,900	5,725	99,851	99,950	7,374	5,458	6,283
87,951	88,050	6,268	4,351	5,176	93,951	94,050	6,826	4,909	5,734	99,951	100,000	7,381	5,465	6,290
88,051	88,150	6,277	4,360	5,186	94,051	94,150	6,835	4,918	5,744	OVER \$100,000 YOU MUST USE THE TAX RATE SCHEDULES on page 65.				
88,151	88,250	6,286	4,370	5,195	94,151	94,250	6,844	4,928	5,753					
88,251	88,350	6,295	4,379	5,204	94,251	94,350	6,853	4,937	5,762					
88,351	88,450	6,305	4,388	5,213	94,351	94,450	6,863	4,946	5,771					

2003 California Tax Rate Schedules



Go to www.ftb.ca.gov to e-file and eliminate the math. Or search our Website for "tax calculator" to use the online tax calculator to figure your tax.

Caution: Use only if your taxable income on Form 540, line 19 or Form 540A, line 16 is more than \$100,000. If \$100,000 or less, use the Tax Table.

Schedule X -

Use if your filing status is
Single or Married Filing Separately

If the amount on Form 540, line 19 or Form 540A, line 16 is:		Enter on Form 540, line 20 or Form 540A, line 17		of the
over -	But not over -			amount over -
\$ 0	\$ 5,962	\$ 0.00	+ 1.0%	\$ 0.00
5,962	14,133	59.62	+ 2.0%	5,962
14,133	22,306	223.04	+ 4.0%	14,133
22,306	30,965	549.96	+ 6.0%	22,306
30,965	39,133	1069.50	+ 8.0%	30,965
39,133	AND OVER	1722.94	+ 9.3%	39,133

Schedule Y -

Use if your filing status is
**Married Filing Jointly or Qualifying
Widow(er) with Dependent Child**

If the amount on Form 540, line 19 or Form 540A, line 16 is:		Enter on Form 540, line 20 or Form 540A, line 17		of the
over -	But not over -			amount over -
\$ 0	\$ 11,924	\$ 0.00	+ 1.0%	\$ 0.00
11,924	28,266	119.24	+ 2.0%	11,924
28,266	44,612	446.08	+ 4.0%	28,266
44,612	61,930	1099.92	+ 6.0%	44,612
61,930	78,266	2139.00	+ 8.0%	61,930
78,266	AND OVER	3445.88	+ 9.3%	78,266

Schedule Z -

Use if your filing status is
Head of Household

If the amount on Form 540, line 19 or Form 540A, line 16 is:		Enter on Form 540, line 20 or Form 540A, line 17		of the
over -	But not over -			amount over -
\$ 0	\$ 11,930	\$ 0.00	+ 1.0%	\$ 0.00
11,930	28,267	119.30	+ 2.0%	11,930
28,267	36,437	446.04	+ 4.0%	28,267
36,437	45,096	772.84	+ 6.0%	36,437
45,096	53,267	1292.38	+ 8.0%	45,096
53,267	AND OVER	1946.06	+ 9.3%	53,267

How to Figure Tax Using the 2003 California Tax Rate Schedules

Example: John and Jackie Anderson are filing a joint return using Form 540. Their taxable income on Form 540, line 19 is \$125,000.

Step 1: Using Schedule Y, they find the taxable income range that includes their taxable income of \$125,000. See the boxed range in the sample below.

If the amount on Form 540, line 19 is:		Enter on Form 540, line 20		of the
over -	But not over -			amount over -
\$ 0	\$ 11,924	\$ 0.00	+ 1.0%	\$ 0.00
11,924	28,266	119.24	+ 2.0%	11,924
28,266	44,612	446.08	+ 4.0%	28,266
44,612	61,930	1099.92	+ 6.0%	44,612
61,930	78,266	2139.00	+ 8.0%	61,930
78,266	AND OVER	3445.88	+ 9.3%	78,266

	Example	Your Income
Step 2: They subtract the amount at the beginning of their range from their taxable income.	\$125,000 - 78,266 \$ 46,734	\$ - \$
Step 3: They multiply the result from Step 2 by the percentage for their range.	\$46,734 x .093 \$4,346.26	\$ x \$
Step 4: They round the amount from Step 3 to two decimals (if necessary) and add it to the tax amount for their income range. After rounding the result, they will enter \$7,792 on Form 540, line 20. For information on rounding, see "Filing in your return" on page 8.	\$3,445.88 + 4,346.26 \$7,792.14	\$ + \$

Additional Information

California Sales And Use Tax

California Use Tax

The use tax has been in effect in California since July 1, 1935. It applies to purchases from out-of-state or Internet sellers. It is similar to the sales tax paid on purchases you make in California.

In general, you must pay California use tax if you purchase an item out of state (for example, by telephone, over the Internet, by mail, or in person) *and*

- The seller does not collect California sales or use tax, and
- You use, give away, store, or consume the item in this state.

Example: You live in California and purchase a dining table from a company in North Carolina. The company ships the table from North Carolina to your home for your use and does not charge California sales or use tax. You owe use tax for the purchase.

Complete the Use Tax Worksheet on page 14 or page 21 to calculate the amount due. If you do not know your use tax rate, see the chart on page 24. If you have questions regarding the use tax rate in effect in your area, please visit the State Board of Equalization's Website at www.boe.ca.gov or call the State Board of Equalization's Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929. Please call this number for use tax questions only. Income tax information is not available at this number.

Extensions to file. If you request an extension to file your income tax return, wait until you file your return to report your purchases subject to use tax and to make your use tax payment.

Corrected use tax calculations. Do not complete an Amended Income Tax return to revise your use tax. If you have changes to the amount of use tax you reported on your original income tax return, contact the State Board of Equalization.

For assistance, please visit the State Board of Equalization's Website at www.boe.ca.gov or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929. Income tax information is not available at this number.

Collection Fees

The FTB is required to assess collection and filing enforcement cost recovery fees on delinquent accounts.

Deceased Taxpayers

A final return must be filed for a person who died in 2003 if a return normally would be required. The administrator or executor, if one is appointed, or beneficiary must file the return. Please print "deceased" and the date of death next to the taxpayer's name at the top of the return.

If you are a surviving spouse and no administrator or executor has been appointed, you may file a joint return if you did not remarry during 2003. Indicate next to your signature that you are the surviving spouse.

You may also file a joint return with an administrator or executor acting on behalf of the deceased taxpayer.

If you file a return and claim a refund due to a deceased taxpayer, you are certifying under penalty of perjury either that you are the legal representative of the deceased taxpayer's estate (in this case, you must attach certified copies of the letters of administration or letters testamentary) or that you are entitled to the refund as the deceased's surviving relative or sole beneficiary under the provisions of the California Probate Code. You must also attach a copy of federal Form 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer, or a copy of the death certificate when you file a return and claim a refund due.

Homeowner and Renter Assistance

Homeowner assistance is a once-a-year payment from the State of California as a reimbursement for part of the property taxes you paid on your home. If eligible, you could receive up to 96% of the property taxes you paid in the prior year. In 2003, you would have qualified for this assistance if you:

- Were one of the following on December 31, 2002: 62 years of age* or older, blind, or disabled; and
- Owned your home and lived in it on December 31, 2003, had total household income of \$37,676 or less, and are a U.S. citizen, designated alien, or qualified alien, when you file your claim.

*If your 62nd birthday is on January 1, 2004, you are considered to be age 62 on December 31, 2003.

Renter assistance is a once-a-year payment from the State of California as a reimbursement for part of the property taxes that you pay indirectly when you pay your rent. In 2003, you would have qualified for this assistance if you:

- Were one of the following on December 31, 2002: 62 years of age* or older, blind, or disabled; and
- Paid \$50 or more rent per month in the prior year, had total household income of \$37,676 or less, and are a U.S. citizen, designated alien, or qualified alien when you file your claim.

*If your 62nd birthday is on January 1, 2004, you are considered to be age 62 on December 31, 2003.

The 2004 filing season for these programs begins July 1, 2004. For more information, call **(800) 852-5711** or visit us at our Website at www.ftb.ca.gov

Innocent Spouse Relief

You may qualify for relief from liability for tax on a joint return if (1) there is an understatement of tax because your spouse omitted income or claimed false deductions or credits, (2) you are divorced, separated, or no longer living with your spouse, **or** (3) given all the facts and circumstances, it would be unfair to hold you liable for the tax. Get FTB Pub. 705, "Innocent Spouse – Are you eligible?," for more information.

Military Personnel

If you are a member of the military and need additional information on how to file your return, get FTB Pub 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on the back cover.

Requesting a Copy of Your Tax Return

The FTB keeps personal income tax returns for three and one-half years from the original due date. If you need to get a copy of a return from those years, you must request it by writing a letter or by completing form FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return. In most cases, there is a \$20 fee for each tax year you request. However, there is no charge if you were the victim of a designated California or federal disaster; or you request copies from a field office that assisted you in completing your return. See "Order Forms and Publication" on the back cover.

Vehicle License Fees for Federal Schedule A

On your federal Schedule A, you may deduct the California motor vehicle license fee listed on your Vehicle Registration Billing Notice from the Department of Motor Vehicles. The other fees listed on your billing notice such as registration fee, weight fee, and county fees are not deductible.

Voting Is Everybody's Business

You may register to vote if you meet these requirements:

- You are a United States citizen;
- You are a resident of California;
- You will be 18 years old by the date of the next election; and
- You are not in prison or on parole for the conviction of a felony.

You need to re-register every time you move, change your name, or wish to change political parties. In order to vote in an election, you must be registered to vote at least 15 days before that election. To obtain a Voter Registration Card, call the California Secretary of State's office toll-free voter hotline at (800) 345-VOTE or visit their Website at www.ss.ca.gov

It's Your Right . . . Register and Vote

Where To Get Income Tax Forms and Publications

By Internet – You can view, download, and print California income tax forms and publications from our Website at www.ftb.ca.gov or you may have these forms and publications mailed to you. Many of our most frequently used forms may be filed electronically, printed out for submission, and saved for record keeping.

By phone – To order 2001 – 2003 California tax forms and publications and 2003 federal booklets:

- Refer to the list on the next page and find the code number for the form you want to order.
- Call (800) 338-0505.
- Select “Personal Income Tax.”
- Select “To Order Forms and Publications.”
- Enter the three-digit form code when you are instructed.

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

In person – Many post offices and banks provide free California 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 social security number and your daytime and evening telephone numbers. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

We will respond to your letter within 10 weeks. In some cases, we may call you to respond to your inquiry, or ask you for additional information. Do not attach correspondence to your tax return unless the correspondence relates to an item on the return.

General Toll-Free Phone Service

Telephone assistance is available year-round from 7 a.m. until 7 p.m. Monday through Friday, except state holidays. We may modify these hours without notice to meet operational needs.

From within the United States, call (800) 852-5711
From outside the United States, call (not toll-free) (916) 845-6500
For federal tax questions, call the IRS at (800) 829-1040

Assistance for persons with disabilities

We comply with the Americans with Disabilities Act. Persons with a hearing or speech impairment please call:

TTY/TDD (800) 822-6268

Large-print forms and instructions – The Resident Booklet is available in large print upon request and is also available on cassette tape. See “Where To Get Income Tax Forms and Publications” on this page.

Asistencia bilingüe en español

Asistencia telefónica esta disponible todo el año durante las 7 a.m. y las 7 p.m. lunes a viernes, excepto días festivos estatales. Sin embargo, podríamos modificar este horario sin aviso previo para cumplir necesidades de operación.

Dentro de los Estados Unidos, llame a (800) 852-5711
Fuera de los Estados Unidos, llame al (cargos aplican) . (916) 845-6500
Para preguntas sobre impuestos federales,
llame el IRS al (800) 829-1040

Página Electrónica:
www.ftb.ca.gov

Asistencia para personas discapacitadas: Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos o de habla, pueden llamar al (800) 822-6268 con un aparato de telecomunicación TTY/TTD.

Your Rights As A Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See “Where To Get Income Tax Forms and Publications,” on this page.

Privacy Act Notice

The Franchise Tax Board considers the privacy of your tax information to be of the utmost importance.

Your Rights:

You have a right to see our records that contain your personal information, and we must tell you why we ask for your tax information and to whom we may provide that information. You also have the right to question the correctness of the information that is contained within your file.

Your Responsibility:

If you meet certain income requirements, the California Revenue & Taxation Code requires you to file a return on the forms we prescribe (see sections 18501 and 18621). When you file these forms and related documents, you must include your social security number for identification and return processing (section 18624).

Reasons for Information Requests:

We ask for return information so that we can administer the tax law fairly and correctly. We may request additional information to resolve audit or collection issues. It is mandatory that you furnish all requested information.

If you do not file a return, do not provide the information we ask for, or if you provide fraudulent information, you may be charged penalties and interest, and, in certain cases, you may be criminally prosecuted. Additionally, we may disallow your claimed exemptions, exclusions, credits, deductions, or adjustments. This could increase your tax liability, or delay or reduce any refund.

Information Disclosure:

We may give your tax information to the Internal Revenue Service, to income tax officials of other states, to the Multistate Tax Commission, and to certain California government agencies and officials, as provided by law. Also, as provided by law, we may give your tax information to other persons as necessary to determine your tax liability or to collect the amount of tax you owe. If you owe the Franchise Tax Board money, the amount due may be disclosed to employers, financial institutions, county recorders, vacation trust funds, process agents, or others who hold assets belonging to you.

Responsibility for the Records:

The Director of the Enterprise Data Management Bureau is responsible for maintaining the records of the Franchise Tax Board. To obtain information about your records, 1) write to: Disclosure Officer, Mailstop B-1 Franchise Tax Board, PO Box 1468, Sacramento CA 95812-1468, or 2) call: (800) 852-5711 within the United States, or (916) 845-6500 outside of the United States.

Automated Toll-Free Phone Service

(Keep This Booklet For Future Use)

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. You can:

- Order California and federal tax forms and publications;
- 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) 845-6500
(not toll-free)

Order Forms and Publications

If your current address is on file, you can order California tax forms for the current and previous two years. You can also order current year federal tax booklets. See the following list of forms and follow the instructions for ordering forms on the previous page.

Code California Tax Forms and Publications

- 900 California Resident Income Tax Booklet: Form 540, Resident Income Tax Return Form 540A, Resident Income Tax Return
- 965 Form 540 2EZ Tax Booklet
- 903 Schedule CA (540), California Adjustments: FTB 3885A, Depreciation & Amortization Adjustments
- Schedule D, California Capital Gain or Loss Adjustment
- 969 Large Print Resident Booklet
- 970 Resident Booklet on Cassette
- 907 540-ES, Estimated Tax for Individuals
- 908 540X, Amended Individual Income Tax Return
- 909 Schedule D-1, Sales of Business Property
- 910 Schedule G-1, Tax on Lump-Sum Distributions
- 911 Schedule P (540), Alternative Minimum Tax and Credit Limitations – Residents
- 913 Schedule S, Other State Tax Credit
- 914 California Nonresident Income Tax Booklet:
Long and Short Form 540NR, Nonresident or Part-Year Resident Income Tax Return
- 917 Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents
- 918 Schedule P (540NR), Alternative Minimum Tax and Credit Limitations – Nonresident or Part-Year Residents
- 933 FTB 3504, Long-Term Care Credit
- 932 FTB 3506, Child and Dependent Care Expenses Credit
- 937 FTB 3516, Request for Copy of Personal Income Tax or Fiduciary Return
- 921 FTB 3519, Payment Voucher for Automatic Extension for Individuals

- 972 FTB 3520, Power of Attorney Form and FTB Pub. 1144, Power of Attorney Frequently Asked Questions
- 922 FTB 3525, Substitute for W-2 Wage and Tax Statement
- 923 FTB 3526, Investment Interest Expense Deduction
- 931 FTB 3534, Joint Strike Fighter Credits
- 940 FTB 3540, Credit Carryover Summary
- 949 FTB 3567, Installment Agreement Request
- 924 FTB 3800, Tax Computation for Children with Investment Income
- 929 FTB 3801, Passive Activity Loss Limitations
- 930 FTB 3803, Parents' Election to Report Child's Interest and Dividends
- 935 FTB 3805D, Net Operating Loss (NOL) Computation and Limitations – Pierce's Disease
- 925 FTB 3805E, Installment Sale Income
- 928 FTB 3805P, Additional Taxes from Qualified Retirement Plans
- 926 FTB 3805V, Net Operating Loss (NOL) — Individuals
- 901 FTB 3805Z, Enterprise Zone Businesses
- 927 FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries
- 919 FTB Pub. 1001, Supplemental Guidelines to California Adjustments
- 920 FTB Pub. 1005, Pension and Annuity Guidelines
- 945 FTB Pub. 1006, California Tax Forms and Related Federal Forms
- 946 FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights
- 941 FTB Pub. 1031, Guidelines for Determining Resident Status
- 942 FTB Pub. 1032, Tax Information for Military Personnel
- 951 FTB Pub. 1051A, Guidelines for Married Filing Separate Returns
- 934 FTB Pub. 1540, California Head of Household Filing Status Information

Code Federal Tax Forms

- 902 1040 Booklet (with Schedules A, B, D, & E; Forms 1040V, EIC, and 2441)
- 904 1040A Booklet (with Schedule 1; Form EIC)
- 915 1040EZ Booklet

Current Year Refund Information

If you file by mail, you should wait at least 8 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.

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.

Answers To Tax Questions

Call our automated phone service, select personal income tax information, then general tax information, and enter the 3-digit question code.

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?
- 113 What is the Teacher Retention Credit?
- 201 How can I get an extension to file?
- 203 What is the nonrefundable renter's credit and how do I qualify?
- 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?
- 209 I lived in California for part of the year. Do I have to file a return?
- 210 I did not live in California. Do I have to file a return?
- 215 Who qualifies me to use the head of household filing status?
- 222 How much can I deduct for vehicle license fees?

Penalties

- 403 What is the estimate penalty rate?

Notices And Bills

- 503 How do I file a protest against a Notice of Proposed Assessment?
- 506 How can I get information about my Form 1099-G?

Tax For Children

- 601 Can my child take a personal exemption credit when I claim her or him as a dependent on my return?

Miscellaneous

- 611 What address do I send my payment to?
- 619 How do I report a change of address?

