

# Instructions for Form 199

## California Exempt Organization Annual Information Return

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2001**, and to the California Revenue and Taxation Code (R&TC).

### General Instructions

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2001. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information regarding California and federal law, please visit our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and select "Law and Legislation." Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

Note, the instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Organizations that do not hold a current R&TC Section 23701 tax-exempt status should not file Form 199, unless the organization is a nonexempt charitable trust described under General Instruction B, Who Must File.

Exempt organizations are **not** required to attach a copy of federal Form 990, Return of Organization Exempt from Income Tax. However, federal Form 990 may be attached to Form 199 in lieu of completing Part II of Form 199 unless otherwise provided in these instructions.

#### Private Mailbox (PMB) Number

If the organization leases 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.

### A Purpose

Form 199 is used by organizations that have been granted an exemption by the Franchise Tax Board (FTB), and operate under R&TC Section 23701, to provide the FTB with required annual information.

### B Who Must File

Answer the following questions to determine if the organization should file Form 199.

1. Have you received a letter from the FTB granting tax-exempt status to the organization?  Yes  No
2. Are you a nonexempt charitable trust as described in IRC Section 4947(a)(1)?  Yes  No

If the answer to both of these questions is "No," STOP HERE, DO NOT FILE THIS FORM.

If the answer to one of the questions is "Yes," then the organization may be required to file a Form 199 depending upon:

- The type of exempt organization it is. See below and General Instruction C, Exceptions; and
- The amount of the organization's normal gross receipts. See General Instruction E, Gross Receipts.

Except for those organizations excluded from filing under General Instruction C, an annual return using Form 199 is required from every organization exempt from tax under R&TC Section 23701. These organizations include:

- **Private foundations** must file a completed Form 199 and pay the applicable filing fee. However, they may furnish the following substitute information for Part II:
  1. A complete copy of federal Form 990-PF, with appropriate schedules; or
  2. A complete copy of the current report filed with the Registry of Charitable Trusts (including federal Form 990).
- **Nonexempt charitable trusts** described in IRC Section 4947(a)(1) must comply with the reporting requirements of private foundations. They are required to file Form 199, not Form 541, California Fiduciary Income Tax Return.
- **Religious or apostolic organizations** described in R&TC Section 23701k must attach a completed Form 565, Partnership Return of Income, to Form 199.

### C Exceptions

Except for a private foundation, organizations with gross receipts that are normally less than \$25,000 are not required to file Form 199. See General Instruction E, Gross Receipts.

Use this table to decide if you must file Form 199.

#### Normally less than \$25,000 means:

IF IN EXISTENCE FOR –	GROSS RECEIPTS/ PLEDGES EQUAL
1 year or less	\$37,500 or less
2 years	\$30,000 or less (average for current year and immediately preceding year)
3 years or more	\$25,000 or less (average for current year and immediately preceding 2 prior years)

Other organizations not required to file Form 199, regardless of the amount of gross receipts, include:

- Churches, interchurch organizations of local association units of a church, conventions or associations of churches, or integrated auxiliaries of churches;
- Religious orders;
- Organizations formed to carry out a function of a state, or a public body that is carrying out that function and is controlled by the state, or a public body;
- Political organizations exempt under R&TC Section 23701r;

- Qualified state tuition programs exempt under R&TC Section 23711;
- Coverdell ESA exempt under R&TC Section 23712; and
- Stock bonus, pension, or profit sharing trusts exempt under R&TC Section 17631.

### D Homeowners' Associations

Homeowners' associations exempt under R&TC Section 23701t include condominium management associations, residential real-estate-management associations, cooperative housing corporations, and effective January 1, 1998, timeshare associations.

Gross receipts for a homeowners' association are defined as gross receipts from all sources **before** deductions.

The taxable income for a homeowners' association is defined as all income received during the taxable year other than amounts received from membership fees, dues, or assessments.

Homeowners' associations may also be required to file Form 100, California Corporation Franchise or Income Tax Return, if the homeowners' association's gross nonexempt function income exceeds \$100.

For more complete details regarding filing requirements, get FTB Pub. 1028, Guidelines for Homeowners' Associations.

### E Gross Receipts

Gross receipts are the total amounts received by the organization during the annual accounting period from all sources without subtracting costs or expenses. Gross receipts include, but are not limited to:

- The gross amount received as contributions, gifts, grants, and similar amounts before deducting the expenses of raising and collecting such amounts;
- The gross amount received as dues and assessments from members or affiliated organizations before deducting the expenses attributable to the receipt of such amounts;
- Gross sales or receipts from business activities, including business activities unrelated to the purpose of the organization;
- The gross amount received from the sale of assets before deducting the cost or other basis of the property and expense of sale; and
- The gross amount received as investment income such as interest, dividends, rents, and royalties.

### F Payment of Filing Fee

Organizations required to file Form 199 must pay a \$10 filing fee. If the \$10 fee is not paid by the due date (including extensions), an additional \$15 is assessed for a total fee of \$25. (If the return is filed on or before the original due date, there is no extension of time in which the fee may be paid.)

**Exception.** The filing fee does not apply to the following organizations exempt under R&TC Section 23701d:

- **Exclusively religious organizations;**
- **An exclusively educational organization** if the organization normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are regularly carried on;
- **An exclusively charitable organization, or an organization for the prevention of cruelty to children or animals,** if the organization is supported, in whole or in part, by funds contributed by the United States or any state or political subdivision thereof, or is primarily supported by contributions of the general public; or
- **An organization** operated, supervised, or controlled by or in connection with an exclusively religious organization.

**Note:** Organizations required to file Form 199 but not required to pay the filing fee **must** check the box at Question C on Form 199, Side 1.

## G Miscellaneous Forms to File

1. Form 109, California Exempt Organization Business Income Tax Return, must be filed by:
  - **Exempt organizations,** when gross income derived from unrelated business is \$1,000 or more. (Form 109 must be filed whether or not Form 199 is filed.)

**Exception.** Political organizations (exempt under R&TC Section 23701r), homeowners' associations (exempt under R&TC Section 23701t), and organizations controlled by the state or other governmental municipalities are not required to file Form 109.

  - **Stock bonus, pension, or profit sharing trusts exempt under R&TC Section 17631** with unrelated business income of \$1,000 or more.
2. Form 100, Corporation Franchise or Income Tax Return, must be filed by:
  - **Political organizations** (exempt under R&TC Section 23701r) with taxable income in excess of \$100. There is no requirement to file Form 199;
  - **Homeowners' associations** (exempt under R&TC Section 23701t) with homeowners' association nonexempt gross income in excess of \$100. Form 100 must be filed whether or not Form 199 is required to be filed. See General Instruction D, Homeowners' Associations; and
  - **Some mutual and cooperative organizations** that are exempt under federal law but not exempt under California law.
3. Form 565, Partnership Return of Income, must be completed by all religious or apostolic organizations described in R&TC Section 23701k, and attached to Form 199.
4. You must file federal Form 1099 series information returns with the FTB as well as the IRS to report certain payments made or

received by your organization. Reportable payments include, but are not limited to:

- All amounts paid to an attorney whether or not the services are performed for the payer, and all amounts paid by a broker or barter exchange.
- Payments exceeding \$10 annually for interest (earned) and dividends.
- Payments exceeding \$600 annually for compensation for services that are not subject to withholding, commissions, fees, prizes and awards, payments to independent contractors, rents, royalties, legal services (whether or not the payee is incorporated), interest (such as interest charged for late payment), and pensions.
- Cash payments over \$10,000 received in a trade or business.

For more information, see the IRS General Instructions for Forms 1099, 1098, 5498, and W-2-G; federal Publication 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically; form FTB 4227A, Guide to Information Returns Filed With California; and form FTB 8305, Reporting Requirements for Forms 1098, 1099, 5498, W-2G.

5. A Statement of Information must be filed with the California Secretary of State by all corporations and exempt organizations incorporated or qualified in California.

R&TC Section 19141 requires the FTB to assess a penalty for failure to file a Statement of Information. The FTB has no authority to waive this penalty except as directed by the California Secretary of State.

For more information regarding the Statement of Information, contact:

CALIFORNIA SECRETARY OF STATE  
STATEMENT OF INFORMATION UNIT  
ATTENTION: PENALTY  
PO BOX 944230  
SACRAMENTO CA 94244-0230  
TELEPHONE: (916) 657-5448

Or, access the California Secretary of State's Website at [www.ss.ca.gov](http://www.ss.ca.gov).

6. The Attorney General's Form RRF-1, Registration/Renewal Fee Report, must be filed if the organization is organized for public benefit purposes. R&TC Section 23703 requires the FTB to disallow exemption and assess the minimum tax for any year(s) in which the organization fails to properly file this form. The FTB has no authority to reinstate exemption or cancel the tax except as directed by the California Registry of Charitable Trusts.

For more information, contact the California Attorney General's Office:

REGISTRY OF CHARITABLE TRUSTS  
PO BOX 903447  
SACRAMENTO CA 94203-4470  
TELEPHONE: (916) 445-2021  
FAX: (916) 444-3651

Or, access the California Attorney General's Website at [www.caag.state.ca.us](http://www.caag.state.ca.us).

## H Entity Information

To allow the FTB to properly process this form, you must enter a California corporation number

or federal employer identification number (FEIN) in the boxes provided.

## I Signature

**Corporations and Associations** — The return must be signed by a corporate officer such as the president, vice president, treasurer, assistant treasurer, chief accounting officer, or trustee. In the case of homeowners' association, a person who has similar authority and who is authorized to sign must sign the return.

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

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

## J When and Where to File

File Form 199 by the 15th day of the 5th month after the accounting period ends.

If payment is included with the completed form, mail it to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0701

Include the California corporation number and "2004 Form 199" on the check or money order.

If payment is not required with the completed form, mail it to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0700

**Note:** If you are sending more than one return, use separate envelopes and separate checks or money orders to make sure that the returns and payments are processed correctly.

## K Extension of Time to File

If Form 199 cannot be filed by the 15th day of the 5th month after the accounting period ends, the exempt organization has an additional seven months to file without filing a written request for extension. However, an organization that is not in good standing or suspended on the original due date of the return will not be given an extension of time to file.

If the return is not filed and/or the filing fee is not paid by the extended due date, penalties, additional fees, and interest may be imposed as explained in General Instruction L, Penalties.

## L Penalties

**Failure to File a Timely Return** — An organization that fails to file the return on or before the original due date, or extended due date, is assessed a penalty of \$5 for each month, or part of the month, the return is late. If the return is not filed by the extended due date, the automatic extension will not apply. The penalty may not exceed \$40.

**Note:** Organizations exempt from the \$10 filing fee are **not** exempt from this penalty. See General Instruction F, Payment of Filing Fee.

**Late Payment of Fee** — An organization that fails to pay the \$10 filing fee by the original due date, or extended due date, is assessed an additional filing fee of \$15.

**Failure to Furnish Information** — In the case of a private foundation, the FTB may make a written demand that a delinquent return or foundation report be filed within a reasonable amount of time after mailing a demand notice. The person who fails to file after such demand is subject to a penalty of \$5 for each month, or part of the month, (not to exceed \$25) after the period expires. The penalty is in addition to the late filing penalty described above.

**Waiver** — The law provides the FTB with the authority to waive the above penalties and late payment fee if it is shown that the failure was due to reasonable cause and not due to willful neglect.

**Suspension/Revocation** — The corporate rights, powers, and privileges may be suspended, or the exemption from tax may be revoked, for failure to file a return or pay the filing fee, penalties, or interest.

## M 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 and is similar to the sales tax paid on purchases made in California.

In general, exempt organizations must pay California use tax on purchases made from out of state (for example, by telephone, over the Internet, by mail, or in person) if:

- The seller does not collect California sales or use tax, and
- The organization uses, gives away, stores, or consumes the item in this state.

**Example:** The exempt organization purchases a conference table from a company in North Carolina. The company ships the table from North Carolina to the organization's office in California for its use and does not charge California sales or use tax. The organization owes use tax on the purchase.

**Complete the Use Tax Worksheet** on page 4 to calculate the amount due.

**Extensions to file.** If the exempt organization requests an extension to file its tax return, wait until the exempt organization files its tax return to report the purchases subject to use tax and to make the use tax payment.

**Changes in use tax reported.** Do not file an amended return to revise use tax previously reported. If the exempt organization has changes to the amount of use tax reported on its original return, contact the State Board of Equalization.

**For assistance,** please visit the State Board of Equalization's Website at [www.boe.ca.gov](http://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.

## N Group Return

A central or parent organization may file a group return for organizations that:

- Are tax-exempt under a group exemption letter that is still in effect;

- Are affiliated with the central organization at the time its annual accounting period ends;
- Are subject to the central organization's general supervision or control; and
- Have the same accounting period as the central organization.

The first group return filed should include a list of names, current addresses, and California corporate or association numbers (if assigned) or FEINs of all of the subordinates. Thereafter, only a listing of the subordinates deleted or added, or a statement that there was no change from the previous year needs to be attached to the return.

**Note:** A separate form FTB 3500, Exemption Application, must be filed on behalf of the group and approved before a group return may be filed.

## O Questions About Filing

If you need further information, write to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0540

Or, call (916) 845-4171, or see the last page of these instructions for telephone assistance and the FTB Internet address.

Include your organization's identifying number and telephone number on all correspondence.

## Specific Line Instructions

### Line 1 – Gross Sales or Receipts from Other Sources

Enter the amount from Side 2, Part II, line 8.

See General Instruction E for the definition of gross receipts. Homeowners' associations see General Instruction D.

**Note:** Do not include amounts for gross dues and assessments from members and affiliates or amounts from gross contributions, gifts, grants, and similar amounts received. These amounts are reported on Part I, line 2 and line 3.

### Line 3 – Gross Contributions, Gifts, Grants, and Similar Amounts Received

Attach an itemized schedule if money, securities, or other property aggregating \$5,000 or more is received directly or indirectly from one person in one or more transactions during the year. The schedule must show the name, address, date received, and the total amount received from each person.

In determining whether a person has contributed \$5,000 or more, organizations must aggregate gifts of \$1,000 or more from that person. Separate and independent gifts need not be aggregated if less than \$1,000. Also, if a contribution is in the form of property (other than securities), the organization must furnish a description of the property. If the property consists of securities for which market quotations are readily available, the description and fair market value of the securities must be submitted.

**Note:** Person means individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations.

Organizations that are not private foundations must report the name and address of the contributor who gave more than \$5,000 in

money, securities, or other property during the year only if it has actual knowledge of the contributor. For example, an organization need not require an employer who withholds contributions from the compensation of employees and pays over to the organization periodically the total amounts withheld, to specify the amounts paid over with respect to a particular employee. In such case, unless the organization has actual knowledge that a particular employee gave more than \$5,000, the organization must report only the name and address of the employer and the total amount paid over by the employer.

Organizations described in R&TC Sections 23701b, 23701g, and 23701i that receive contributions or gifts to be used exclusively for the purposes described in IRC Section 170 must attach a statement with respect to all gifts which aggregate \$1,000 from any one person showing:

- The name of the donor;
- The amount of the contribution;
- The specific purpose of the contribution; and
- The specific use of the contribution.

If the contribution or gift is transferred to another organization, the statement must include:

- The name of the transferee organization;
- A description of the nature of the transferee organization; and
- A description of the relationship between the transferee and transferor organizations. Such organizations must also attach a statement showing the total dollar amount of contributions and gifts received.

### Line 4 – Total Gross Receipts

Add line 1 through line 3.

### Line 13 – Use Tax

As explained under General Information M, California Use Tax, the exempt organization may owe California use tax on its purchases from out-of-state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person). If the exempt organization has questions on whether a purchase is taxable, visit the State Board of Equalization's Website at [www.boe.ca.gov](http://www.boe.ca.gov), or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

The exempt organization may report use tax on its Exempt Organization Annual Information Return instead of filing a use tax return with the State Board of Equalization. To report use tax on the exempt organization's income tax return, complete the Use Tax Worksheet.

If the exempt organization owes use tax but chooses not to report it on its tax return, the exempt organization 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](http://www.boe.ca.gov). The exempt organization can also request a copy by calling their Information Center.

**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.

**Use Tax Worksheet**

Round all amounts to the nearest whole dollar.

1. Enter purchases from out-of-state or Internet sellers made without payment of California sales/use tax. See worksheet instructions below ..... \$ \_\_\_\_\_ .00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See worksheet instructions below ..... \_\_\_\_\_
3. Multiply line 1 by the tax rate on line 2. Enter result here . \$ \_\_\_\_\_ .00
4. Enter any sales or use tax paid to another state for purchases included on line 1. See worksheet instructions below ..... \$ \_\_\_\_\_ .00
5. Total Use Tax. Subtract line 4 from line 3. Enter the amount here and on Form 199, line 13. If the amount is less than zero, enter -0- ..... \$ \_\_\_\_\_ .00

**Worksheet, Line 1, Purchases Subject to Use Tax**

- Report items that would have been taxable in a California store, such as office equipment and supplies.
- Include handling charges.
- Do not include any other state's sales or use tax paid on the purchases.
- Enter only purchases made during the year that corresponds with the tax return you are filing.

**Note:** Do not report the following on your income annual information 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.

**Worksheet, Line 2, Sales and Use Tax Rate**

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 7.25% is 0.0725, and the decimal equivalent of 7.375% is 0.07375.
- If the organization does not know the applicable rate, see the table, "Sales and Use Tax Rates by County." If the organization has 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](http://www.boe.ca.gov) or call their Information Center at (800) 400-7115 or TTY/TDD (800) 735-2929.

**Worksheet, Line 4, Credit for Tax Paid to Another State**

- This is a credit for tax paid to other states. The organization 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 the

organization paid \$8.00 sales tax to another state for a purchase, and would have paid \$6.00 in California, it can claim a credit of only \$6.00 for that purchase.

**Sales and Use Tax Rates by County**  
(includes state, local, and district taxes)  
*As of December 31, 2004*

County	Rate	County	Rate
Alameda <sup>1</sup>	8.75%	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 <sup>3</sup>	7.25%	San Francisco	8.50%
Fresno <sup>3</sup>	7.875%	San Joaquin	7.75%
Glenn	7.25%	San Luis Obispo	7.25%
Humboldt <sup>3</sup>	7.25%	San Mateo	8.25%
Imperial <sup>3</sup>	7.75%	Santa Barbara	7.75%
Inyo	7.75%	Santa Clara	8.25%
Kern	7.25%	Santa Cruz <sup>3</sup>	8.00%
Kings	7.25%	Shasta	7.25%
Lake <sup>3</sup>	7.25%	Sierra	7.25%
Lassen	7.25%	Siskiyou	7.25%
Los Angeles <sup>3</sup>	8.25%	Solano	7.375%
Madera	7.75%	Sonoma <sup>3</sup>	7.50%
Marin	7.25%	Stanislaus	7.375%
Mariposa <sup>2</sup>	7.25%	Sutter	7.25%
Mendocino <sup>3</sup>	7.25%	Tehama	7.25%
Merced	7.25%	Trinity	7.25%
Modoc	7.25%	Tulare <sup>3</sup>	7.25%
Mono	7.25%	Tuolumne	7.25%
Monterey	7.25%	Ventura	7.25%
Napa	7.75%	Yolo <sup>3</sup>	7.25%
Nevada <sup>3</sup>	7.375%	Yuba	7.25%

- 1 The tax rate in the county of Alameda prior to July 1, 2004, was 8.25%.
- 2 The tax rate in the county of Mariposa prior to July 1, 2004, was 7.75%.
- 3 Many cities in California impose a district tax, which results in a higher sales and use tax rate than in other parts of the county. If the organization is reporting an item that was purchased for use in any of the following cities, please use the appropriate tax rates for those areas. The following tax rates apply within the city limits of the listed community.

County	City	Citywide Rate
El Dorado	Placerville	7.50%
Fresno	Clovis	8.175%
Humboldt	Trinidad (effective 10/01/2004) <sup>a</sup>	8.25%
Imperial	Calxico	8.25%
Lake	Clearlake	7.75%
Los Angeles	Avalon	8.75%
Mendocino	Point Arena (effective 4/01/2004) <sup>b</sup>	7.75%
Mendocino	Willits	7.75%
Nevada	Town of Truckee	7.875%
Santa Cruz	Santa Cruz (effective 7/01/2004) <sup>c</sup>	8.25%
Sonoma	Sebastopol	7.625%
Tulare	Visalia (effective 7/01/2004) <sup>d</sup>	7.50%
Yolo	Davis (effective 7/01/2004) <sup>e</sup>	7.75%
Yolo	West Sacramento	7.75%
Yolo	Woodland	7.75%

- a) The tax rate in Trinidad prior to October 1, 2004, was 7.25%.
- b) The tax rate in Point Arena prior to April 1, 2004, was 7.25%.
- c) The tax rate in Santa Cruz prior to July 1, 2004, was 8.00%.
- d) The tax rate in Visalia prior to July 1, 2004, was 7.25%.
- e) The tax rate in Davis prior to July 1, 2004, was 7.25%.

**Line 15 – Influencing Legislation**

An organization that is exempt under R&TC Section 23701d is prohibited from supporting or opposing candidates for public office. However,

a R&TC Section 23701d organization may elect to make limited expenditures to influence legislation within the limitations set by R&TC Section 23704.5. Organizations making this election must complete form FTB 3509, Political or Legislative Activities by R&TC Section 23701d Organizations, and attach it to Form 199.

**Side 2, Part II**

Exempt organizations must either:

- Complete Part II of Form 199;
- Attach a completed copy of the California Attorney General's Form RRF-1, Registration/Renewal Fee Report (including federal Form 990); or
- Attach a completed copy of federal Form 990-PF for private foundations, including all appropriate schedules.

**Note:** Labor organizations exempt under R&TC Section 23701a, attach a copy of the Department of Labor Form LM-2 or LM-3, Labor Organization Annual Report, as appropriate, in lieu of completing Part II.

**Line 1 – Gross Sales or Receipts from All Business Activities**

See General Instruction E for the definition of gross receipts. Homeowners' associations see General Instruction D.

**Note:** Do not include amounts for gross dues and assessments from members and affiliates or amounts from gross contributions, gifts, grants, and similar amounts received. Report these amounts on Side 1, Part I, line 2 and line 3, respectively.

**Line 6 – Gross Amount Received from Sale of Assets**

Attach a schedule showing for each asset (whether or not depreciable) sold or exchanged:

- The date acquired, manner of acquisition, date sold, and to whom sold;
- The gross sales price;
- The cost or other basis, or value at time of acquisition if received by donation (state how received);
- The expense of sale and cost of improvements subsequent to acquisition; and
- If depreciable property, depreciation since acquisition.

Enter the gross sales price on Side 2, Part II, line 6 and total and enter the cost or other basis, expenses, etc. (less depreciation if applicable), on Side 1, Part I, line 6.

**Line 8 – Total Gross Sales or Receipts from Other Sources**

Add line 1 through line 7. Enter on line 8 and on Side 1, Part I, line 1.

**Line 9 – Contributions, Gifts, Grants, and Similar Amounts Paid**

Private foundations, regardless of gross receipts, and other organizations required to file Form 199, must attach a schedule to support contributions, gifts, grants, scholarships, etc., showing:

- Each class of activity;
- Separate totals for each activity;
- Name and address of the donee and the amount of the distribution to the donee; and

- Relationship of the donee, if related by blood, marriage, adoption, or employment (including children of employees) to any person or corporation having an interest in the organization (such as creator, donor, director, trustee, officer, etc.).

Classify activities according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, laboratory construction, fellowships, or assistance to indigent families should be so identified.

Private foundations making contributions, etc., to a trust, association, or corporation shall also indicate the organizational status of each donee; such as private foundation, operating private foundation, or other public charity, etc.

When the fair market value of the property at the time of disbursement is used to measure a contribution, the schedule must also show the:

- Description of the contributed property;
- Book value of the contributed property;
- Method used to determine the book value; and
- Date of the gift.

In such a case, the difference between fair market value and book value should be reflected in the books of account.

#### **Line 11 – Compensation of Officers, Directors, and Trustees**

All organizations must attach a schedule of officers, directors, trustees, or individuals having similar responsibilities. The schedule must show for each: name, business or personal address, position, compensation, and time devoted to the position.

#### **Line 16 – Depreciation and Depletion**

**Corporations and Associations** — California law is generally the same as federal law.

California differences:

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

Complete form FTB 3885, Corporation Depreciation and Amortization, to figure the difference between state and federal depreciation.

Exempt corporations claiming depreciation deductions must attach a schedule showing:

- Description of property;
- Date acquired;
- Cost or other basis (exclude land);
- Depreciation allowed or allowable in prior years;
- Method of computation;
- Rate (%) or life (years); and
- Depreciation this year (total additional first-year depreciation claimed must be shown on a separate line of the depreciation schedule).

**Trusts** — In 1987, California changed the rules for depreciation by conforming to the federal MACRS. Estates and trusts are not eligible to take the IRC Section 179 deduction. The California MACRS applies to assets placed in service on or after January 1, 1987.

Complete form FTB 3885F, Depreciation and Amortization, to figure the difference between state and federal depreciation.

Enter the total from form FTB 3885F, line 6, on Form 199, Side 2, Part II, line 16 and attach form FTB 3885F to Form 199.

#### **Schedule L – Balance Sheets**

The balance sheets should agree with the books of account. Any difference should be reconciled on Schedule M-1 of Form 199.

# How to Get California Tax Information

(Keep this page for future use.)

## Automated Toll-Free Phone Service

Use our Automated Toll-Free Phone Service to get recorded answers to many of your questions about California taxes and to order current year California Business Entity tax forms and publications. This service is available in English and Spanish to callers with touch-tone telephones.

Have paper and pencil handy to take notes.

Call from within the

United States ..... (800) 338-0505

Call from outside the

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

## Where to get General Tax Information

**By Internet** – You can obtain answers to Frequently Asked Questions from our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

**By Phone** – You can hear recorded answers to Frequently Asked Questions 24 hours a day, 7 days a week. Call our automated phone service at the number listed above. Select “Business Entity Information,” then select “General Tax Information.” Enter the 3-digit code, listed below, when prompted.

### Code Prefiling Assistance

715 – If my actual tax is less than the minimum franchise tax, what figure do I put on line 23 of Form 100 or Form 100W?

717 – What are the tax rates for corporations?

718 – How do I get an extension of time to file?

722 – When does my corporation have to file a short-period return?

734 – Is my corporation subject to a franchise tax or income tax?

### S corporations

704 – Is an S corporation subject to the minimum franchise tax?

705 – Are S corporations required to file estimated payments?

706 – What forms do S corporations file?

707 – The tax for my S corporation is less than the minimum franchise tax. What figure do I put on line 22 of Form 100S?

708 – Where do S corporations make adjustments for state and federal law differences on Schedule K-1 (100S) and where do nonresident shareholders get their California source income from their Schedule K-1 (100S)?

### Exempt Organizations

709 – How do I get tax-exempt status?

710 – Does an exempt organization have to file Form 199?

736 – I have exempt status. Do I need to file Form 100 or Form 109 in addition to Form 199?

### Minimum Tax and Estimate Tax

712 – What is the minimum franchise tax?

714 – My corporation is not doing business; does it have to pay the minimum franchise tax?

716 – When are my corporation's estimated payments due?

### Billings and Miscellaneous Notices

723 – I received a bill for \$250. What is this for?

### Miscellaneous

701 – I need a state employer ID number for my business. Who do I contact?

703 – How do I incorporate?

721 – How does my corporation change its accounting period?

737 – Where do I send my payment?

738 – What is electronic funds transfer?

## Letters

If you write to us regarding a notice, be sure to include the California corporation number or federal employer identification number (FEIN), your daytime and evening telephone numbers, and a copy of the notice with your letter. Send your letter to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0540

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

## 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. Get this publication from our Website.

## Where to Get Tax Forms and Publications

**By Internet** – You can download, view, and print California tax forms and publications from our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

You can order current year California Business Entity tax forms between 6 a.m. and 8 p.m. Monday through Friday. Call our automated phone service at the number listed above. Select “Business Entity Information,” then select “To Order Forms and Publications.” Follow the recorded instructions and enter the 3-digit code, listed below, when prompted. To order prior year forms, call the number listed under “Assistance,” and select option five to speak with a representative.

Please allow two weeks to receive your order. If your corporation's mailing address is outside California, please allow three weeks.

### Code –

817 California Corporation Tax Form & Instructions. This booklet contains: Form 100, Corporation Franchise or Income Tax Return

814 Form 109, Exempt Organization Business Income Tax Return

815 Form 199, Exempt Organization Annual Information Return

818 Form 100-ES, Corporation Estimated Tax

820 FTB Pub. 1068, Exempt Organizations Requirements for Filing Returns and Paying Filing Fees

802 FTB 3500, Exempt Application

**In person** – Many libraries and some quick print businesses have forms and schedules to photocopy (a nominal fee may apply).

**Note:** Employees at libraries 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

## Assistance

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

Website at [www.ftb.ca.gov](http://www.ftb.ca.gov)

### Assistance for persons with disabilities:

We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call:

TTY/TDD: ..... (800) 822-6268

### 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 al ..... (800) 852-5711

Fuera de los Estados Unidos,

llame al (cargos aplican) ... (916) 845-6500

