

Tax Practitioner Guidelines for Computer-Prepared Returns

Introduction

The Franchise Tax Board (FTB) has established these guidelines for tax practitioners who use personal computers to computer-prepare the following personal income tax returns and business entity tax vouchers filed on paper:

- Form 100-ES, *Corporation Estimated Tax*;
- Form 540, *California Resident Income Tax Return*;
- Form 540-ES, *Estimated Tax for Individuals*;
- Form 540 2EZ, *California Resident Income Tax Return*;
- Form 540NR, *California Nonresident or Part-Year Resident Income Tax Return (Long and Short)*;
- Form 540X, *Amended Individual Income Tax Return*;
- Form 541-ES, *Estimated Tax for Fiduciaries*;
- Form FTB 3519, *Automatic Extension for Individuals*;
- Form FTB 3522, *LLC Tax Voucher*;
- Form FTB 3537, *Automatic Extension for LLCs*;
- Form FTB 3538, *Automatic Extension for LPs, LLPs, and REMICs*;
- Form FTB 3539, *Automatic Extension for Corps and Exempt Orgs*;
- Form FTB 3563, *Automatic Extension for Fiduciaries*;
- Form FTB 3582, *Voucher for Individual e-filed Returns*; and
- Form FTB 3586, *Voucher for Corp e-filed Returns*.

This publication also provides information on:

- California's e-file Program. See page 8.
- Filing Business Entity returns, including paperless Schedules K-1 (565 or 568). See page 9.

If you prepare your clients' tax returns by hand, you must use the official forms as printed and distributed by the FTB or an FTB-approved substitute version.

By following these guidelines, you help accelerate processing and get your clients' refunds to them faster.

As a tax practitioner, you do not need approval by the FTB to computer-prepare your clients' tax returns. However, make sure that the tax software you use produces FTB-approved forms. Ask your software provider for a copy of its FTB-approval letter for the form(s) you want to prepare.

Note: If you use electronic software that allows you the ability to create tax forms that your clients will file with FTB, they may need FTB approval first. Get FTB Pub. 1098, *Guidelines for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms*, and form FTB 1096, *Agreement to Comply with FTB Pub. 1098*, for more information.

To ensure that you receive software updates and other information necessary to produce FTB-approved forms, register with your software provider, as necessary, upon receiving the product.

What's New for 2005

Business e-file Program

Starting January 2006, FTB is offering an e-file option for corporations filing Form 100, *California Corporation Franchise or Income Tax Return*, and certain accompanying forms and schedules. Check with your software provider to see if they include Business e-file in their product. For more information

about FTB's Business e-file program, go to www.ftb.ca.gov and search for: Business e-file.

New Business Entity Vouchers and the Scannable Format

For 2005, FTB adds Business Entity voucher FTB 3586 to the existing pool of BE and PIT scannable vouchers FTB 3519, 3522, 3537, 3538, 3539, 3563, 3582, and Forms 100-ES, 540-ES, and 541-ES, and scannable Form 540, that FTB will support in a scannable format. In an effort to expedite processing, reduce costs, and minimize manual intervention, **we request that software companies no longer produce or support these forms in a format other than scannable.**

New Forms

- Scannable form FTB 3586, Voucher for Corp e-filed Returns.
- Form FTB 3511, Environmental Tax Credit.
- Schedule W-2 CG, Wage and Withholding Summary. Replaces Schedule W in a substitute format.
- Form FTB 8453-C, California e-file Return Authorization for Corporations. New for corporations that e-file their Form 100.

Obsolete Forms

- Form FTB 3504 – Long-Term Care Credit.
- Form FTB 3535, Manufacturers' Investment Credit. Taxpayers with a carryover credit will use form FTB 3540, Credit Carryover Summary.
- Form FTB 5123, Employer-Provided Adoption Assistance Exclusion.
- Schedule W, California W-2 Attachment.

Format Changes

- Prior Name Line – personal income tax returns only. If taxpayer and spouse, if any, filed their last year's tax return under a different name, enter the last name only from the last year's return. This will improve taxpayer recognition.
- Mental Health Services Tax line (2004 voter-approved Proposition 63), personal income tax returns only.
- All "Step" number designations on personal income tax returns are deleted.
- Estimate and extension scannable vouchers (Forms 100-ES, 540-ES, 541-ES, FTB 3519, 3522, 3537, 3538, 3539, and 3586) no longer contain an OCR line.
- We moved "When and Where to File" text on PIT estimate and extension vouchers, to boxes above the voucher (same format as BE vouchers).

Voluntary Contributions

Three new voluntary contributions are added to Forms 540, 540 2EZ, Long and Short 540NR and official Forms 540A and 541.

- **Veterans' Quality of Life Fund.** Contributions will be allocated to the Morale, Welfare, and Recreation Fund to provide additional funding for each of the veterans' homes.
- **California Sexual Violence Victim Services Fund.** Contributions will be allocated to the State Department of Health Services for allocation to the California Coalition Against Sexual Assault (CALCASA) for the award of grants to support CALCASA rape crisis center programs for victims of rape and sexual assault.

- **California Colorectal Cancer Prevention Fund.** Contributions will be allocated to the State Department of Health Services for making grants to foundations that qualify as exempt organizations and whose mission is the prevention and early detection of colorectal cancer. The grants shall contribute toward the expansion of community-based colorectal cancer education and culturally sensitive and appropriate prevention activities targeted toward communities that are disproportionately at risk or afflicted by colorectal cancer.

Two Voluntary Contributions are Removed:

- California Missions Foundation Fund
- Asthma and Lung Disease Research Fund

Important Reminders

“Amount of Payment” – Exception for all Estimate Vouchers

To better meet taxpayers' expectations and enable FTB to optimize efficient processing of scannable estimate vouchers (Forms 100-ES, 540-ES, and 541-ES), we will allow software programs to leave the taxpayer's "Amount of payment" dollar amount blank. This provides a solution for your clients who determine their estimate payment amount at a later date allowing them to enter the payment amount by hand.

Use of Hyphens in Street Address Field

FTB allows the use of hyphens in the taxpayer's street address field only. Use hyphens in this field on all personal income tax and business income tax forms and vouchers (scannable and substitute versions).

Disaster and Military Designations on Scannable Form 540

We continue to enlist the support from preparers to identify their clients with a disaster or military special processing requirement. In addition to instructions to "write the disaster or military special circumstance, in red, in the top margin on Side 1," of scannable Form 540, the Entity Area of scannable Form 540 has two fields for software to print the words "Disaster," "Military," or both.

Disasters

Certain disasters legislatively grant additional time for taxpayers to file returns and make tax payments, including estimated tax payments (IRC 7508A / R&TC 18572). We **do** abate interest and any late filing or late payment penalties during the extension period.

Please ensure the following information is written in red ink in the top margin of your clients' California tax return:

- Disaster – enter the specific name of the disaster (e.g., 2003 Southern California Wildfires)

Although the disaster indicator in the entity will tell us the taxpayer was affected by some disaster, we also need the **specific disaster identified in red ink** in the top margin of the return. With this specific information, we can process the return quickly with the correct extension, if an extension was granted, and adjust interest and penalties as needed.

For more details about *How to Claim a State Tax Deduction for Your Disaster Loss*, get FTB Pub 1034.

Military – Combat Zone/Overseas

Combat Zone – Members of the Armed Forces (including National Guard and reservists called to active duty) and civilians acting under the direction of the Armed Forces in support of those forces, are allowed an extension of 180 days after leaving a

combat zone or qualified hazardous duty area (QHDA) for filing returns and paying taxes without interest or penalties. In addition to the 180 days, they are allowed an additional extension of up to 107 days (the number of days they were in a combat zone or QHDA during the filing season).

We need the following information **written in red** in the top margin of the return:

- Combat Zone
- Location or area served: _____
- Dates of deployment: From / / To / /

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

Military Overseas – Members of the Armed Forces (including National Guard and reservists called to active duty) and Merchant Marines working beyond the boundaries of the United States, are allowed an extension of 180 days after returning from overseas for filing returns and paying tax without interest or penalties.

We need the following information **written in red** in the top margin of the return:

- Military Overseas
- Dates of deployment: From / / To / /

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

For more details about "*Tax Information for Military Personnel*," get FTB Pub 1032.

Go to www.ftb.ca.gov to get or view these publications.

FTB Conforms with IRS Notice 2004-54

We will accept the same alternative forms of signature as described in IRS Notice 2004-54. Specifically, it will permit income tax return preparers to sign original returns, amended returns, or requests for filing extensions by rubber stamp, mechanical device, or computer software program. These alternative methods of signing must include either a facsimile of the individual preparer's signature or the individual preparer's printed name.

Income tax return preparers who use alternative methods of signing must provide all of the other preparer information that is required on returns and extensions, such as the name, address, relevant employer identification number, the preparer's individual identification number (social security number or preparer tax identification number), and phone number.

To Verify Personal Income Tax Estimate Payments

A significant number of personal income tax returns fall out during processing because taxpayers claim the wrong amount of estimate payment. Confirming personal income tax estimate payments first will resolve many issues where your clients claim amounts or payments that we don't have on record. This could reduce the number of notices your clients receive in connection with claiming the wrong amount of payments, which is frustrating for you and your clients.

How can you help? Go to our Website at www.ftb.ca.gov under Quick Links, selecting Check your account:

- Estimated tax payments,
- Recent payments applied to a balance due,
- The total current balance due, and
- A summary of each balance due tax year on the account.

You or your clients will need the following information to complete one of the requests listed above:

- Social security number, and
- 2005 Customer Service Number (CSN)(see Power of Attorney Program, page 10).

A Note about Customer Service Numbers (CSN)

We issue a new CSN to every taxpayer each calendar year. The number is only valid during the year for which it is assigned. Your clients can get their current year CSN online at www.ftb.ca.gov.

To ensure the security of taxpayer information, be sure to use the log off button to exit the *View Payments and Balance Due* application. For information about your client's federal income tax account, please contact the IRS at (800) 829-1040.

Envelope Guidelines

If you provide pre-printed envelopes or labels to customers for delivery to FTB, please use these guidelines. Doing so will expedite processing and reduce processing problems.

- Use white envelopes only - **no colored envelopes**, please. (Tax practitioners may use their current supply of colored envelopes as long as they have the correct ZIP +4 on them, before changing over to white envelopes.
- Use sans serif fonts.
- Ensure envelopes you use contain the correct address and ZIP +4 extension.

Check with your envelope supplier to make sure your supply of envelopes uses sans serif fonts and contains current year FTB return mail addresses or check our Website at www.ftb.ca.gov for current year FTB return mail addresses.

What is Needed to Computer-Prepare California Tax Forms

Tax practitioners must produce computer-prepared forms using:

- Software that produces FTB-approved forms;
- Personal computer hardware required by the software to produce FTB-approved forms (i.e., font cartridges, etc.);
- Good quality, white, standard, stock machine paper (8 1/2 x 11 at minimum 20 lb. weight);
- Black ink; and
- Software user manuals that include instructions for correctly producing FTB-approved forms.

Please read your software provider's user manual (and ALL "**Read Me's**," etc.) to make sure you have the necessary hardware and printer fonts to correctly produce FTB-approved forms. **Note:** "**Read Me's**" are a great resource tool to learn about enhancements or revisions made to the software you use.

All printing must be:

- Laser or ink jet;
- Courier 12-point, standard OCR-A font, or standard print font (no bold font);
- Alpha characters must be in upper case;
- Original printed output (no corrections or photocopies accepted); and
- On one side of the paper (scannable forms only).

General Information About Scannable Form 540

(A graphic of this form is shown on page 12.)

We will use our automated processing system to capture information from the tax return, rather than having the information entered manually by key data operators (KDOs).

Scannable Form 540 **must** have a scannable band (scanband) area that contains the taxpayer's tax data. The scanband directly follows the "Name and Address" area on Side 1. The two-digit field numbers in the scanband correspond to the line numbers, direct deposit, and practitioner areas found on sides 1 and 2. Even though the tax data will print in the scanband and the conventional area of the form, only the tax data in the scanband will be "captured." Monetary amounts in the scanband **must** be whole dollars only, without decimal points or other punctuation. The rest of scannable Form 540 is exactly like the official form.

To ensure the integrity of the scanband data, if **any** corrections are made, you must reprint the entire scannable Form 540 return before your client (or you) mail it to FTB.

Note: We will capture the tax practitioner's identification number, i.e., federal employer identification number (FEIN), and the preparer's tax identification number (PTIN), or social security number (SSN) from all personal income tax returns.

Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Personal Income Tax Forms

Taxpayer entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information such as:

- Spouse name;
- Executor/guardian name;
- Apartment number and/or letter;
- Private mailbox (for the "PMB" to print) and PMB number (or letter);
- Deceased date of taxpayer or taxpayer's spouse, if any; and
- Prior name, if any.

It is critical that you enter the taxpayer entity information correctly. This will help the FTB accurately process your clients' tax returns, and help ensure that your clients' refund checks print with the correct name(s) and address. Your clients' entity information should print like the examples shown under "*Taxpayer Entity Information Examples*" shown on page 5.

Note: We encourage the use of the PMB no. field; however, we realize that not all of your clients will choose to use this field.

Two Asterisks () in the Entity – THIS IS CRITICAL**

Two asterisks (**) in the taxpayer entity area indicates to us that certain taxpayer information is **UNCHANGED** from last year. Print two asterisks **ONLY** if the taxpayer (and taxpayer's spouse, if any):

- Filed a California Form 540, 540A, 540 2EZ, or Long or Short 540NR tax return last year;
- Did **not** change the address shown on last year's tax return;
- Has the same social security number (SSN) or ITIN, if applicable, as last year;
- Has the same name (first, middle, and last) as last year;

- Has the same filing status as last year; and
- Is not deceased.

Otherwise, do not print the asterisks.

Personal Income Taxpayer Name and Address Entry Instructions

Use these instructions when you enter your client's name and address information. It will help reduce processing time and help ensure that refunds are mailed to the correct name(s) and address.

- Alpha characters must be in upper case.
 - Other than the hyphen (-) and slash (/), use no punctuation or symbols in the Street Address field.
- See *Taxpayer Entity Information Examples*: JORDAN A TAXPAYER and AUSTIN M TEXAN on page 5.
- **Do not** use commas or periods to separate address information.
 - **Do not** space or use punctuation in the Name Control (first four letters of the taxpayer's last name) field.

Example:

| | | |
|------------|--------|------|
| McPeak | Enter: | MCPE |
| O'Toole | Enter: | OTOO |
| De Martino | Enter: | DEMA |
| Lee | Enter: | LEE |
| Lee-Smith | Enter: | LEES |

Note: Form 541-ES and form FTB 3563: Name Control is the first four letters of the estate's or trust's proper name and follows the estate's or trust's FEIN.

- **Do not** include titles or ranks such as DR, MD, ENSIGN, SGT, etc.
- Use Roman numerals (alpha characters) for numeric suffixes that follow the last name.
- Never space in name field(s). **Exception:** Use one space for JR, SR, II, etc., when following the last name.

Example:

| | | | |
|-------------|------------|--------|-----------|
| First name: | JoAnne | Enter: | JOANNE |
| Last name: | Von Wodtke | Enter: | VONWODTKE |
| Last name: | Lee-Smith | Enter: | LEESMITH |
| Last name: | Rush, Sr. | Enter: | RUSH SR |

- Enter last name of taxpayer and/or spouse, if different from the last name used on last year's return, in the Prior Name fields. (Example: Marriage in the current tax year changes spouse's maiden name.)

See *Taxpayer Entity Information Example*: JORDAN A TAXPAYER and KAITLYNN G TAXPAYER on page 5.

- The taxpayer and spouse SSN must be 11 digits (includes "-"). Enter "000-00-0000" in the SSN field if an individual has applied for or does not have an SSN. See next bullet.
- Individual Taxpayer Identification Number (ITIN): If a taxpayer has an "ITIN," it should be entered in the SSN field.

Note: Form 541-ES and form FTB 3563: The FEIN must be 10 digits (includes "-").

- Enter Principal Business Activity (PBA) code, if applicable, (Scannable Form 540 and Long Form 540NR only). Otherwise, leave this field blank.

See *Taxpayer Entity Information Example*: SARAH E LEE on page 5.

- Use standard abbreviations for the suffix of the street name. See "**Standard Abbreviations**" on page 5.
- **Do not** enter apartment and apartment number/letter in the Street Address field. Enter them in the designated "Apartment"

and "Apartment Number" fields. These fields are on the same line as the "Street Address" field. **Note:** Use these abbreviations in the "Apartment" field: APT, BLDG, SP, STE, RM, FL, and UN.

- Enter Private Mailbox (PMB) and PMB number/letter in the "PMB" and "PMB number/letter" fields. These fields are on the same line as the "Street Address" field. If no "PMB" leave both fields blank.

See *Taxpayer Entity Information Example*: MICKEY J BEEHAPPY and LYNN S BEEHAPPY on page 5.

- Additional Address field is a supplemental field used only for "in care of" name and additional address information. Other than a slash(/), use no punctuation or symbols in this field. See *Taxpayer Entity Information Example*: AUSTIN M TEXAN on page 5.

- Military "APO" or "FPO" addresses:

- Enter "APO" or "FPO" in the first three positions of the City field.

- **Do not** enter the name of the city for "APO" and "FPO" addresses.

- Enter two-digit state code in the State field:

| City field | State Code | ZIP Code Range |
|------------|------------|-----------------------|
| APO | AA | 34000-34099 |
| APO | AE | 09000-09999 |
| FPO | AP | 96200-96699 and 98700 |

See *Taxpayer Entity Information Example*: ELIJAH M MISSION on page 5.

- In the State field, use the standard two-digit abbreviation for the state or United States possession. See "**State or U.S. Possessions**" on page 5.
 - If using a foreign address, enter the country beginning in the State field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country name and, if applicable, the foreign country's postal code.)
 - The ZIP Code can be 10 digits (includes hyphen "-").
 - Enter "DISASTER," if applicable. Otherwise, leave field blank. (Taxpayer **must also** write the qualifying disaster name, in red, in the top margin on Side 1 of Scannable Form 540 and substitute Forms 540 2EZ and Long and Short 540NR.)
 - Enter "MILITARY," if applicable. Otherwise, leave field blank. (Taxpayer **must also** write the qualifying military information, in red, in the top margin on Side 1 of Scannable Form 540 and substitute Forms 540 2EZ and Long and Short 540NR.)
- See *Taxpayer Entity Information Examples*: SARAH E LEE, AUSTIN M TEXAN, and ELIJAH M MISSION on page 5.
- Entity information may contain deceased date on substitute Forms 540 2EZ, Long and Short 540NR, and 540X (See MICKEY J BEEHAPPY AND LYNN S BEEHAPPY shown on page 5.). The scannable Form 540 posts deceased dates in the scanband. See scannable Form 540 sample on page 12 for deceased dates location in the scanband.
 - Apply these guidelines, then truncate if the information exceeds the field length.

Taxpayer Entity Information Examples:

111-11-1111 LEE 05 PBA 123456
SARAH E LEE

1234 STATE ST

CROWN CA 12345 DISASTER

111-11-1111 TAXP 222-22-2222 05
JORDAN A TAXPAYER
KAITLYNN G TAXPAYER SINGLENFREE

12345½ SHORT ST
ANYPLACE CA 12345

111-11-1111 TEXA ** 05
AUSTIN M TEXAN

HOMESTYLE NURSING HOME
1234 BEAUTIFUL DR-21
WELCOME CA 54321 DISASTER MILITARY

111-11-1111 BEEH 222-22-2222 05
MICKEY J BEEHAPPY
LYNN S BEEHAPPY

9876 LONGNAME WY STE 141 PMB 263
WALLACE CA 12345-6789

(PDECD 11-10-05) (SDECD 11-10-05)

111-11-1111 SMIT 05
ROBERT J SMITH

3452 BUSY DR KIMBERLY SMITH
APT 5

BORDERTOWN CA 12345

111-11-1111 MISS ** 05
ELIJAH M MISSION

PO BOX 888
APO AP 09876 MILITARY

Note: If there is no spouse name, leave the line blank. If there is no additional address or executor/guardian name, leave the line blank.

Standard Abbreviations

| | | | |
|----------------|------|-----------------|-------|
| AIR FORCE BASE | AFB | PARKWAY | PKY |
| APARTMENT | APT | PLACE | PL |
| AVENUE | AV | PLAZA | PLZ |
| BOULEVARD | BL | POINT | PT |
| BUILDING | BLDG | POST OFFICE BOX | PO BX |
| CAUSEWAY | CSWY | ROAD | RD |
| CENTER | CTR | ROOM | RM |
| CIRCLE | CIR | SAN/SANTO | SN |
| COURT | CT | SOUTH * | S |
| CROSSING | XING | SOUTHEAST * | SE |
| DEPARTMENT | DEPT | SOUTHWEST * | SW |
| DRIVE | DR | SPACE | SP |
| EAST * | E | SQUARE | SQ |
| EXPRESSWAY | EXPY | STREET | ST |
| FLOOR | FL | SUITE | STE |
| FREEWAY | FWY | TERRACE | TER |
| HIGHWAY | HWY | TRACK | TRAK |
| LANE | LN | UNIT | UN |
| LOOP | LP | WALK | WK |
| NORTH * | N | WALKWAY | WKWY |
| NORTHEAST * | NE | WAY | WY |
| NORTHWEST * | NW | WEST * | W |
| NUMBER | NO | | |

Never use mixed upper/lower case or # sign.

*Abbreviate only when used as a direction.

State and U.S. Possessions Abbreviations

| | | | |
|--------------------------------|----|--------------------------|----|
| Alabama | AL | Montana | MT |
| Alaska | AK | Nebraska | NE |
| American Samoa | AS | Nevada | NV |
| Arizona | AZ | New Hampshire | NH |
| Arkansas | AR | New Jersey | NJ |
| California | CA | New Mexico | NM |
| Colorado | CO | New York | NY |
| Connecticut | CT | North Carolina | NC |
| Delaware | DE | North Dakota | ND |
| Dist Columbia | DC | Northern Mariana Islands | MP |
| Federated States of Micronesia | FM | Ohio | OH |
| Florida | FL | Oklahoma | OK |
| Georgia | GA | Oregon | OR |
| Guam | GU | Palau | PW |
| Hawaii | HI | Pennsylvania | PA |
| Idaho | ID | Puerto Rico | PR |
| Illinois | IL | Rhode Island | RI |
| Indiana | IN | South Carolina | SC |
| Iowa | IA | South Dakota | SD |
| Kansas | KS | Tennessee | TN |
| Kentucky | KY | Texas | TX |
| Louisiana | LA | Utah | UT |
| Maine | ME | Vermont | VT |
| Marshall Islands | MH | Virgin Islands | VI |
| Maryland | MD | Virginia | VA |
| Massachusetts | MA | Washington | WA |
| Michigan | MI | West Virginia | WV |
| Minnesota | MN | Wisconsin | WI |
| Mississippi | MS | Wyoming | WY |
| Missouri | MO | | |

Miscellaneous Information

Tax Preparer Identification Number: SSN, PTIN, and FEIN

Tax preparers have the option of using either their SSN or PTIN in the "Paid preparer's SSN/PTIN" box in addition to their FEIN when signing tax returns for their clients.

Direct Deposit of Refund (DDR)

DDR is available to your clients who file their personal income tax return electronically or on paper and to your business entity clients who file Forms 100, 100W, 100S, and 109. When your clients select this option, be sure to complete **ALL three** fields in the "Direct Deposit of Refund" area (Side 2 on personal income tax returns; Side 1 on business entity income tax returns).

Payment Options

- **Web Pay** – Your clients can enjoy the convenience of online bill payment with **Web Pay**. This secure service lets the taxpayer pay the current amount owed and schedule future payments, such as estimated tax, up to one year in advance. The taxpayer selects the amount to pay and when to pay it. We will deduct the payment from the taxpayer's bank account on the date selected. The social security number, bank account and routing number, and current customer service number is needed to use this service.
- **Credit Card** – Whether your clients e-file or file by mail, they may use their Discover/NOVUS, MasterCard, Visa, or American Express to pay their tax (tax return balance, extension payment, estimated tax payment, or tax due with bill notice). They can make payments online or by phone. For more information about fees, etc., call (800) 272-9829, or visit the Website www.officialpayments.com.
- **Check** – Provide the correct form to report the payment, then your clients should:
 1. Make a check or money order payable to the "Franchise Tax Board."

2. Write their social security number, tax form, and tax year on the check or money order.

3. Mail the payment to:
Franchise Tax Board
PO Box 942867
Sacramento CA 94267-0001

What are Keying Symbols?

Keying symbols are important. Although we will process most personal income tax returns through our automated imaging system, there are times when certain returns require manual intervention by our KDOs.

Keying symbols are shown on all computer-prepared tax returns, including the conventional areas on sides 1 and 2 of scannable Form 540. They will print to the left of specified tax data line numbers. They reduce time and guide KDOs to enter the correct tax return information.

Exact placement, shape, and size of keying symbols that will be present on the 2005 personal income tax returns is shown below in the snapshot of a 2005 Form 540.

Note: Before you give your clients their returns to file, please verify that these symbols are present. If they are not present, please read your software company's user manual and make sure you have the minimum hardware and printer fonts necessary to print FTB-approved forms. If you cannot determine why the keying symbols do not print correctly, contact your software provider's technical support staff.

| | | | |
|---------|----|-------|-------|
| ▶ | 29 | _____ | _____ |
| ● | 30 | _____ | _____ |
| ● | 31 | _____ | _____ |
| | 32 | _____ | _____ |
| | 33 | _____ | _____ |
| ● | 34 | _____ | _____ |
| ● | 35 | _____ | _____ |
| ● | 36 | _____ | _____ |
| ● | 37 | _____ | _____ |
| ■ | 38 | _____ | _____ |
| ■ | 39 | _____ | _____ |

Fiscal Year Filers

If any of your clients file their personal income tax return on a fiscal year basis, the tax software you use must accommodate their needs. Not all tax software products support the filing of fiscal year personal income tax returns. As a result, you may need to complete the tax returns for your fiscal year clients by hand.

Always remember to enter the fiscal year date as the filing date for your fiscal year clients; otherwise, we will process the tax return as a calendar year tax return. When this happens, the tax return most likely will appear to be delinquent in some way. As a result, your fiscal year clients could receive a delinquent or late payment of tax penalty or an underpayment of estimated tax penalty and may be assessed interest.

Contact your software provider and confirm the tax software you use supports fiscal year filing for personal income tax filers.

Prior Year and Amended Returns

Do not use 2005 software to file a prior year tax return.

Amend personal income tax Forms 540, 540A, 540 2EZ, and Long or Short 540NR by completing Form 540X, *Amended Individual Income Tax Return*. **Note:** When amending Long or Short Form 540NR, you **must** also attach a revised Long or Short Form 540NR to Form 540X.

Amend corporate income tax Forms 100, 100S, and 100W by completing Form 100X, *Amended Corporation Franchise or Income Tax Return*.

Payment Forms (Vouchers)

There are several types of scannable payment vouchers:

- Form 100-ES, *Corporation Estimated Tax*, is used by business entities to figure and pay the business entity's estimated tax.
- Form 540-ES, *Estimated Tax for Individuals*, is used by taxpayers to figure and pay their estimated tax.
- Form 541-ES, *Estimated Tax for Fiduciaries*, is used to figure and pay estimated tax for an estate or trust.
- Form FTB 3519, *Automatic Extension for Individuals*, is used **only** if taxpayers cannot file their 2005 tax return by April 17, 2006, and tax is due.
- Form FTB 3522, *LLC Tax Voucher*, is used to pay the annual LLC Tax of \$800 for 2006.
- Form FTB 3537, *Automatic Extension for LLCs*, is used **only** if a limited liability company owes tax or fees for 2005 and is unable to file Form 568, *Limited Liability Company Return of Income*, by the original due date.
- Form FTB 3538, *Automatic Extension for LPs, LLPs, and REMICs*, is used **only** if a partnership owes tax for 2005 and is unable to file Form 565, *Partnership Return of Income*, by the original due date.
- Form FTB 3539, *Automatic Extension for Corps and Exempt Orgs*, is used **only** if a corporation or exempt organization owes tax for 2005 and is unable to file its return by the original due date.
- Form FTB 3563 (541), *Automatic Extension for Fiduciaries*, is used **only** if an estate or trust cannot file Form 541, *California Fiduciary Income Tax Return*, by the original due date, and tax is due.
- Form FTB 3582 (e-file), *Voucher for Individual e-filed Returns*, is used **only** when an individual tax return has been filed electronically, and there is a balance due.
- Form FTB 3586 (e-file), *Voucher for Corp e-filed Returns*, is used **only** when a corporation electronically files its Form 100 tax return and there is a balance due.

Do not use any of the forms shown above to make installment payments for your clients that owe tax. Only we can set up an installment agreement plan for your clients. Get form FTB 3567, *Installment Agreement Request*, for information on how to request an installment agreement plan for your clients. The taxpayer or you, as the preparer, can access our Website at www.ftb.ca.gov (select "Installment Agreement Request") for more information or to download forms to request an installment agreement.

Remind your clients NOT to mail any voucher, listed above to FTB if the "Amount of payment" is zero (0).

FTB Taxpayer Signature and Authentication Policy

Our policy is to ensure proper authentication of the information provided to us by taxpayers. The level of authentication needed on specific documents depends on several factors, including how we use the information. To help you determine whether or not we will accept photocopies or facsimiles of a taxpayer's signature, we have categorized the level of signature authentication required into three groups. The category and its number (C1, C2, or C3) will print after the form number on each tax form. The three categories are:

| | |
|-----------------|---|
| Category 1 (C1) | Original authentication required; facsimiles acceptable only if original is subsequently provided. |
| Category 2 (C2) | Copy of signature is sufficient proof that original was signed; photocopy or facsimile is acceptable. |
| Category 3 (C3) | No authentication required. |

Additional Credit Names, Codes, and Acronym Names

The tax software you use should include the credit acronym and code number for each additional credit shown below. See "Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR)," on this page.

| <u>Credit Name</u> | <u>Code</u> | <u>Acronym</u> | <u>PIT*</u> | <u>CT*</u> |
|---|-------------|----------------|-------------|------------|
| Child Adoption | 197 | CHILD ADOPT | X | |
| Child and Dependent Care Expenses | NONE | NONE | X | |
| Community Development Financial Institution Deposits | 209 | CDFI DEPOSIT | X | X |
| Dependent Parent | 173 | DEP PARENT | X | |
| Disabled Access for Eligible Small Businesses | 205 | DSABL ACCESS | X | X |
| Donated Agricultural Products Transportation | 204 | DONATE AGTRN | X | X |
| Employer Child Care Contribution | 190 | CHLDCARE CTR | X | X |
| Employer Child Care Program | 189 | CHLDCARE PRG | X | X |
| Enhanced Oil Recovery | 203 | ENHNC OILREC | X | X |
| Enterprise Zone Employee | 169 | E/Z EMPL | X | |
| Enterprise Zone Hiring & Sales or Use Tax | 176 | E/Z HIRE/USE | X | X |
| Environmental Tax | 218 | ENVRNMNTL TAX | X | X |
| Farmworker Housing: New Construction/ Rehabilitation | 207 | F/W HS CONST | | X |
| New Construction/ Rehabilitation Loans | 208 | F/W HS LOAN | | X |
| Joint Custody Head of Household | 170 | JT CSTDY HOH | X | |
| Joint Strike Fighter: Property Costs | 216 | JSFPROPERTY | X | X |
| Wages | 215 | JSFWAGES | X | X |
| Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax | 198 | LAMBRA HR/US | X | X |
| Low-Income Housing | 172 | LOW-INC HOUS | X | X |
| Manufacturing Enhancement Area (MEA) Hiring | 211 | MEA HIRE | X | X |
| Natural Heritage Preservation Tax | 213 | HERITAGE | X | X |
| Nonrefundable Renter's Credit | NONE | NONE | X | |
| Other State Tax | 187 | OTHER STATE | X | |
| Prior Year Alternative Minimum Tax | 188 | PRIOR YR AMT | X | X |
| Prison Inmate Labor | 162 | INMATE LABOR | X | X |
| Research | 183 | RESEARCH | X | X |
| Rice Straw | 206 | RICE STRAW | X | X |

| | | | | |
|---|---------------------------------------|--------------|---|---|
| Senior Head of Household | 163 | SR HOH | X | |
| Solar Energy | 217 | SOLAR ENERGY | X | X |
| Targeted Tax Area (TTA) Hiring & Sales or Use Tax | 210 | TTA HIRE/USE | X | X |
| Teacher Retention Credit | Suspended for tax years 2004 and 2005 | | | |

| Repealed Credits with Carryover Provisions | | | | |
|---|----------------|-------------|------------|---|
| <u>Code</u> | <u>Acronym</u> | <u>PIT*</u> | <u>CT*</u> | |
| 175 | AGRI PRODUCT | X | X | |
| 196 | COMSLR EL CO | X | X | |
| 181 | COM SLR NRG | X | X | |
| 202 | CTB COMPSOFT | | | X |
| 194 | R/S EMPL VN | X | | |
| 191 | R/S LG EMPLR | X | X | |
| 192 | R/S SM EMPL | X | X | |
| 193 | R/S TRANSIT | X | X | |
| 182 | NRG CSRV CO | X | X | |
| 159 | LARZ HRE/USE | X | X | |
| 160 | LOW-EMS VHCL | X | X | |
| 199 | MFG INVSTMNT | X | X | |
| 185 | ORPHN DRG CO | X | X | |
| 184 | POLTCL CTB | X | | |
| 174 | RCYCL EQUIP | X | X | |
| 186 | RES RNT/FARM | X | | |
| 171 | R/S CO | X | X | |
| 200 | SALMON/TROUT | X | X | |
| 180 | SLR NRG CO | X | X | |
| 179 | SLR PUMP CO | X | X | |
| 201 | TECHPROP CTB | | | X |
| 178 | WATRCRSRV CO | X | | |
| 161 | YNG INFNT CO | X | | |

Additional Credits

Field numbers 28 and 29 in the scanband on Form 540 are where your clients' additional credit amounts, if any, print. The appropriate three-digit numeric credit code number **must** precede the additional credit amount.

Additional Credit Example

Dependent Parent Credit (code 173) of \$20 in field number 28. The scanband on Form 540 will look like this:

28 17320

Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR)

When your clients claim additional credits, the credit acronym, code number, and amount should print on the applicable lines of Forms 100, 100S, 100W, 540, and Long Form 540NR. (**Note:** The credit acronym, code number, and amount of credit will print on the applicable line on side 2 of scannable Form 540.)

When a client claims credits on Schedule P (100, 100W, 540, or 540NR) and the credits are listed in more than one section, the tax software you use should total column (b) of the credits that have the same code numbers and bring the total forward to the applicable line of the tax return being filed.

If your client has any other credits to claim on Schedule P (100, 100W, 540, or 540NR), the tax software you use should add the amounts from column (b) for those credits and bring the total forward to the applicable line of the tax return being filed.

California's e-file Program

California Revenue and Taxation Code Section 18621.9 requires practitioners who prepare more than 100 individual state income tax returns annually and who prepare one or more current year returns using tax preparation software to e-file. For more information about mandatory e-file, go to www.ftb.ca.gov and search for: Mandatory e-file.

The FTB and the IRS have approved over 38,000 tax practitioners to provide e-filing services to the more than seven million California taxpayers expected to e-file during the 2006 filing season. Participating in the California e-file Program has many benefits for you and your clients. Here are some highlights:

- **Faster refunds** – The refund can be deposited directly into your client's bank account within five to seven banking days after the tax return is filed.
- **Proof of receipt** – We provide acknowledgement that we have accepted the tax return for processing.
- **Opportunity to correct errors** – Our system performs up-front edits on all incoming e-file tax returns. We let you know if we detect any errors, what those errors are, and allow you time to make any corrections. This step reduces subsequent notices to your clients.
- **Accurate tax returns** – Because most errors can be resolved before we accept your tax return for processing, less than one percent of e-file tax returns require special handling.
- **Safe** – We use the latest technologies to ensure the security and privacy of all taxpayer information. We receive most tax returns via modem transmission. Our Internet filing portal uses 128-bit Secure Socket Layer encryption-the industry standard. We have never experienced a breach of security in our e-file system. We have successfully processed over 24 million tax returns since 1994.

How to join the California e-file Program

To participate in the California e-file Program, you must:

- Be currently enrolled in the IRS e-file Program. Submit an application, federal Form 8633, to the IRS. Get the application from their Website at www.irs.gov.
- Have an approved electronic filer identification number (EFIN). Once the IRS approves your application, they will assign you an EFIN that we will also use.
- Complete and submit our online California e-file Program Participant Enrollment form (FTB 8633). To find the online enrollment form, go to www.ftb.ca.gov and search for: Join the e-file program.
- Pass our suitability check. All business entities must be valid and licensed, their tax returns must be filed on time, and their liabilities must be paid and current.

We will notify you of your acceptance in the program and provide you with a CD of e-file resources. Keep your acceptance letter for your records.

To find out more about the California e-file Program:

- Visit our Website at www.ftb.ca.gov.
- Email your inquiries to e-file@ftb.ca.gov.
- Call the e-file Help Desk at (916) 845-0353, Monday through Friday, 8 a.m. – 5 p.m., except state holidays.

Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Business Entity (BE) Tax Vouchers

BE Entity ID Number, Name, and Address Entry Instructions

BE entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information. Use these instructions when you enter your client's entity ID number, name, and address information. It will help reduce processing time and help ensure refunds are mailed to the correct name and address.

- Alpha characters must be upper case.
 - Entity ID number is a corporation number, federal identification number (FEIN), or Secretary of State (SOS) file identification number. The number can be up to 12 digits, including hyphen.
 - Entity ID Number field must be one of the following:
 - **Form 100-ES and form FTB 3539**
 - Corporation number - 7 digits, includes leading zeros
 - **Form FTB 3538**
 - FEIN - 10 digits, includes hyphen (-) (e.g., 78-1234567)
 - **Forms FTB 3522 and 3537**
 - SOS File Number - 10 or 12 digits (If SOS File Number is 10 digits, precede with zeros (e.g., "001934567891"). The SOS File Number **must begin with 19 or 20** (e.g., 200412345678).
 - When the entity has applied for or does not have an Entity ID Number, enter the appropriate number of zeros in the Entity ID Number field. When entering zeros for the FEIN, include the hyphen (i.e., 00-0000000).
 - Entity name control consists of the first 4 characters of the corporation, exempt organization, partnership, or LLC name, **with these exceptions:**
 - Spell out ampersand (&) as "AND" if (&) is contained in the first 4 characters of the Entity's name. (See Business Entity Information Example 1.)
 - **Do not** space or use symbols or any punctuation, including hyphens (-) and slashes (/). (See Business Entity Information Example 2.)
 - **Do not** use "The" when it is the first word in the Entity's name. (See Business Entity Information Example 4.)
 - **Do not** use punctuation, hyphens, or blanks in the name control.
- | | | | | |
|------------------|--------------|------------------|--------|------|
| Examples: | Entity name: | The LTP LLC | Enter: | LTPL |
| | Entity name: | ABC Incorporated | Enter: | ABCI |
| | Entity name: | 012-015 Apts | Enter: | 0120 |
| | Entity name: | 9 Twelve | Enter: | 9TWE |
| | Entity name: | BZX | Enter: | BZX |
| | Entity name: | 9-12 | Enter: | 912 |
- Enter Form Type Indicator as:
 - Forms 100, 100W, or 100S = 1, 109 = 2, 199 = 3, If more than one form, or no form indicated = 0

- Enter Taxable Year Beginning (TYB) and Taxable Year Ending (TYE)
 - TYB = "MM-DD-YY" (Enter "00-00-00" **only** if TYB is unknown.
 - TYE = "MM-DD-YY" (Enter "00-00-00" **only** if TYE is unknown.
- Enter Entity name (use business name as is):
 - The corporation, partnership, or LLC name may contain embedded spaces, hyphens (-), slashes (/), and ampersands (&). (See Business Entity Information Examples 1, 2, and 3.)
 - **Do not** use any other symbols or punctuation in the Business Entity Name field.
- Street Address information:
 - Other than the hyphen(-) and slash (/), use no punctuation or symbols in the Street Address field.
 - **Do not** use commas or periods to separate address information.
 - Use standard abbreviations for the suffix of the street name. See "Standard Abbreviations" on page 5.
 - **Do not** enter suite and suite number/letter in the Street Address field. Enter in the designated Suite and Suite Number fields. These fields are on the same line as the Street Address field. **Note:** Use these abbreviations in the Suite field; STE, RM, FL, BLDG, and UN.
 - Enter Private Mailbox (PMB) and PMB number/letter in the PMB and PMB number/letter fields. These fields are on the same line as the Street Address field. "PMB" will print with a PMB number/letter. If no PMB leave both fields blank.
- Use Additional Information field for "Doing Business As" (DBA), "Owner/Representative/Attention" name, and other supplemental address information only. Other than the slash (/), use no punctuation or symbols in this field.
- Military "APO" or "FPO" addresses:
 - Enter "APO" or "FPO" in the first three positions of the City field.
 - **Do not** enter the name of the city for "APO" or "FPO" addresses. Enter the two-digit state code in the State field:

| City Field | State Field | ZIP Code Range |
|------------|-------------|-----------------------|
| APO | AA | 34000-34099 |
| APO | AE | 09000-09999 |
| FPO | AP | 96200-96699 and 98700 |
- In the State field, use the standard two-digit abbreviation for the state or United States possession. See "**State and U.S. Possessions Abbreviations**", page 5.
- If using a foreign address, enter the country beginning in the State field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country's postal code.)
- The ZIP Code can be 10 digits (includes hyphen "-").
- Apply these guidelines, then truncate if information exceeds the field length.

Business Entity Information Examples:

Example 1 Corporation

0000823 LPAN 44-1234567 06 FORM 1
 TYB 01-01-04 TYE 12-31-04
 LP & T CONSULTING SERVICES INCORPORATED
 B GANGLER
 123 MAIN ST
 RANCHO CORDOVA CA 95670-3720

Example 2 Partnership

99-7654321 LZ 1999712345678 05 FORM 0
 TYB 01-01-04 TYE 12-31-04
 L - Z
 5800 SANTA ANITA AV STE 2
 EL MONTE CA 92102-1230

Example 3 LLC:

200387654321 2011 95-8654321 05 FORM 0
 TYB 00-00-00 TYE 00-00-00
 2011 - 2015 - 2017 - 2019 WHASSUP STREET
 4900 W CAMBRIDGE
 ATLANTA GA 30303

Example 4 Exempt Organization:

7777888 LTPL 99-7777777 05 FORM 2
 TYB 01-01-04 TYE 12-31-04
 THE LTP LLC
 C VEGA
 4545 BUTTERFLY LN
 SACRAMENTO CA 95823

Filing Business Entity Returns

To ensure accurate and timely processing of your clients' business entity returns that require Schedules K-1 (100S, 541, 565, or 568), use software that produces the FTB-approved schedules. Make sure that the substitute forms you use meet our requirements. Schedules K-1 (565 and 568) filed with incomplete information may cause us to contact the partnership or limited liability company (LLC) for more information or return the Schedules K-1 to the partnership or LLC. Either circumstance may subject the partnership or LLC to penalties.

Note: Do not file

- K-1 data on microfiche;
- Federal Schedule K-1 (Sch. 1065);
- Database printout information; or
- Abbreviated schedules.

California Encourages Tax Preparers to File Paperless Schedules K-1 (565 or 568)

For the highest rate of accuracy and rapid processing of your clients' Schedules K-1 (565 or 568), file them on CD or diskette.

If you want to produce Schedules K-1 (565 or 568), use software that produces FTB-approved paperless formatting or contact a professional who can format them for you. For more information, go to our Website at www.ftb.ca.gov and get FTB Pub. 1062, *Guide for Filing Paperless Schedules K-1 (565 or 568)* and K-1 (565 or 568), TestWare.

Mail Forms 565 and 568 to the FTB using the appropriate addresses. Do not attach paper Schedules K-1 (565 or 568).

Compliance with Partnership and LLC Filing Requirements for Paperless Schedules K-1 (565 and 568)

Before you submit your clients' paperless Schedules K-1 (565 or 568), make sure you complete the procedures shown below. Doing so will further ensure error-free files and timely processing.

Note:

- Mail Forms 565 and 568 to the FTB using the appropriate addresses. Do not attach paper Schedules K-1 (565 or 568).
- Confirm Schedules K-1 (565 or 568) have been formatted and put on a CD or diskette for **each** person identified on Forms 565 or 568, Question J.

- Confirm all fields on the Schedules K-1 (565 or 568) are formatted and completed as described in FTB Pub. 1062.
- Verify the paperless Schedules K-1 (565 or 568) that you format on a CD or diskette, reconcile to Forms 565 or 568, Schedule K-1 (565 or 568), and have been pre-tested with the K-1 (565 or 568) TestWare.
- Provide your clients with the information contained on their paperless Schedules K-1 (565 or 568) before April 15, or the applicable filing date. **Reminder:** The information you provide your clients does not have to print on a Schedule K-1 (565 or 568); it may be in a test format.

You can download and send multiple partnership and LLC Schedules K-1 (565 or 568) to the FTB on the same CD or diskette. It is not necessary to provide a separate CD or diskette for each individual partnership or LLC. Use form FTB 3604, *Transmittal of Paperless Schedules K-1 (565 or 568)*, on CD or diskette, to provide the name, FEIN, and number of Schedules K-1 (565 or 568) that are included for each partnership or LLC on the CD or diskette.

K-1 (565 or 568) TestWare

We provide K-1 (565 or 568) TestWare as a tool to help you accurately prepare paperless Schedules K-1 (565 or 568). The program validates the K-1 (565 or 568) files and enables you to submit your clients' Schedules K-1 (565 or 568) error-free via CD or diskette. The TestWare can also expand your files from a delimited format into the format required to process the K-1 information through our mainframe. **Reminder:** You can download a copy of the K-1 (565 or 568) TestWare from our Website at www.ftb.ca.gov or you can call the e-file Help Desk at (916) 845-0353.

Substitute Schedules K-1 (565 or 568) Filing Requirements

If you choose to develop your clients' Schedules K-1 (565 or 568) (paperless or paper format), you must follow the same substitute forms review and approval requirements used by tax software developers, transfer agents, and others. You must complete and return to the FTB form FTB 1096, *Agreement to Comply with FTB Pub. 1098*. FTB Pub. 1098, *Guidelines for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms*, includes the information you need to develop FTB-approved forms. To get a copy of form FTB 1096 or FTB Pub. 1098, please go to www.ftb.ca.gov.

Note: The paper format of Schedules K-1 (565 or 568) may be either a one-sided or two-sided format. The one-sided format includes only those tax data lines applicable to the partner or member. The two-sided format includes all tax data lines. Software companies choose the format to include in their tax products and both formats require approval from the FTB.

Common Trusts and Investment Clubs

Common trust funds and investment clubs should use Form 565, *Partnership Return of Income*, to report their filing information. To help ensure accurate processing, common trust funds are required to use the principal business activity (PBA) code 525920. Investment clubs are required to use PBA code 523910. For further information, see the instructions for federal Form 1065, *U.S. Partnership Return of Income*.

Power of Attorney (POA) Program

We have a centralized POA database where we store POA declaration information we receive from your customers and clients. Only authorized FTB employees can view the POA declaration information.

We can mail a copy of most FTB computer-generated notices (some computer-generated notices are not yet available for this service) sent to the primary representative's clients.

For more information about the Power of Attorney program get FTB Pub. 1144, *Power of Attorney Frequently Asked Questions*. This publication is available on our Website at www.ftb.ca.gov.

PLEASE NOTE: When filing a Power of Attorney from any other state agency, the form used must clearly state that the taxpayer wishes to be represented for FTB matters by specifying the exact tax year and California form number in question (e.g., 2005 California Form 540).

The Power of Attorney Form – Form FTB 3520, *Power of Attorney*

To ensure accurate and timely processing of your client's POA declaration, be sure to provide the required information:

- Taxpayer's name and address.
- Taxpayer's social security number (or ITIN, if applicable) and/or business identification number.
- Name, address, telephone, and fax number of the individual(s) the taxpayer is authorizing to represent them.
- The specific years or periods involved.
- A clear expression of the authorities the taxpayer is granting the representative.
- Taxpayer's signature and date. If a joint authorization, both spouses must sign.
- For fiduciary or corporate Power of Attorney a signature and title are required.

How to File a Power of Attorney with FTB

Mail to:

POWER OF ATTORNEY
FRANCHISE TAX BOARD
PO BOX 2828
RANCHO CORDOVA CA 95741-2828

For faster service, you may FAX form FTB 3520 to the FTB at: (916) 845-0523.

Where To Get Income Tax Forms and Publications By Internet

Go to our Website at www.ftb.ca.

Tax Professionals Services Available on the FTB Website

Be sure and visit the Tax Professionals area on our Website at www.ftb.ca.gov. You will find helpful information to fulfill the needs of CPAs, enrolled agents, and attorneys. Subjects covered on the web page are:

- **e-file for tax professionals** – online services and other paperless options
- **Compliance initiatives**
- **Law, legislation & form updates**
- **Practitioner services**
- **Procedures & practices**
- **Tax agencies and professional organizations**

FTB's Tax Practitioner Services

The Practitioners' Hotline is dedicated to helping CPAs, enrolled agents, attorneys, and other tax practitioners with questions on tax law, forms, California reporting requirements, and account resolution matters.

We encourage you to provide any of the acceptable Power Of Attorney forms to us. The information you provide on any of these forms allows you to receive confidential or sensitive taxpayer information. We will accept the following Power of Attorney forms:

- Forms FTB 3520, *Power of Attorney*, and FTB 3520C-1, *Power of Attorney Declaration for Administration of Tax Matters*,
- Board of Equalization (BOE) Form 392, *Power of Attorney*,
- Federal Form 8821, *Tax Information Authorization*,
- Federal Form 2848, *Power of Attorney and Declaration of Representative*,
- Employment Development Department Form DE 48, *Power of Attorney*.

Note: The BOE, EDD, and federal forms must clearly state that the taxpayer also wishes to be represented for FTB matters by specifying the exact year and California form number in question (e.g. 2005 California Form 540).

The Tax Practitioners' Hotline telephone number is (916) 845-7057. If you call, be ready to provide client information such as social security number (or ITIN, if applicable), latest notice received, or facts relating to the inquiry. Customer Service Representatives can respond to questions on both personal income tax law and corporation tax law.

You can FAX correspondence 24 hours a day, seven days a week. The FAX number is (916) 845-6377. When you FAX your correspondence, be sure your cover sheet includes your business letterhead, FAX number, and daytime telephone number. In addition, please submit a copy of your *Power of Attorney* (form FTB 3520), if you have not already submitted one to FTB. To help ensure a response by FAX, it is recommended that you keep your FAX machine turned on at all times.

The Tax Practitioner's Hotline is staffed year round, Monday through Friday, 8 a.m. – 5 p.m. We are closed on all State and Federal holidays.

2005 Scannable Form 540 Assembly Guidelines

For Privacy Act Notice, get form FTB 1131.
California Resident Income Tax Return 2005 **540** CI Side 1

FEDERAL RETURN ATTACHMENT REQUIRED:
 YES NO

111-11-1111 ANDE 222-22-2222 02 PBA 11111
 JOHN J ANDERSON PRIORLASTNAME
 JACKIE A ANDERSON SPRIORLASTNAME

111 BUTTERFIELD WAY APT 50
 SACRAMENTO CA 95827-1111 DISASTER MILITARY

| FOR COMPUTERIZED USE ONLY | | | | | | | | | |
|---------------------------|--------|----|------|----|------|---------------|-----------|--|--|
| 01 | 2 | 36 | 300 | 54 | 0 | APE | 0 | | |
| 06 | 0 | 37 | 0 | 55 | 0 | 3800 | 0 | | |
| 09 | 0 | 38 | 5000 | 56 | 0 | 3803 | 0 | | |
| 10 | 2 | 39 | 0 | 57 | 0 | SCHG1 | 1 | | |
| 12 | 40000 | 40 | 0 | 58 | 0 | S870A | 1 | | |
| 14 | 200000 | 41 | 0 | 59 | 0 | S805 S805F | 0 | | |
| 16 | 4000 | 42 | 0 | 60 | 0 | TPIDP12345678 | | | |
| 17 | -10854 | 43 | 0 | 63 | 25 | FN 123456789 | | | |
| 18 | 25000 | 44 | 0 | 64 | 4675 | PDECD | | | |
| 20 | 0 | 45 | 4700 | 65 | 0 | SDECD 073105 | | | |
| 23 | 300 | 47 | 0 | 66 | 0 | | | | |
| 28 | 0 | 48 | 4700 | 67 | 0 | | | | |
| 29 | 0 | 49 | 0 | 68 | 0 | | | | |
| 30 | 0 | 50 | 0 | 69 | 0 | | | | |
| 31 | 0 | 51 | 25 | 70 | 0 | | 011111111 | | |
| 34 | 0 | 52 | 0 | 72 | 0 | | 54382 | | |
| 35 | 0 | 53 | 0 | | | | 2 | | |

Filing Status
 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.

Exemptions
 6 If someone can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. ● 6 L J

Exemptions, but do not staple any payment.
 7 Personal: If you checked 1, 3, or 4 above, enter 1 in the box. If you checked 2 or 5, enter 2 in the box. If you checked the box on line 6, see instructions. ● 7 X \$87 = \$ 164
 8 Blind: If you (or if married, your spouse) are visually impaired, enter 1; if both, enter 2. ● 8 X \$87 = \$
 9 Senior: If you (or if married, your spouse) are 65 or older, enter 1; if both, enter 2. ● 9 X \$87 = \$

Dependent Exemptions
 10 Dependents: Enter name and relationship. Do not include yourself or your spouse.
 Karyl Gregory Total dependent exemptions ● 10 X \$272 = \$ 514
 11 Exemption amount: Add line 7 through line 10. Transfer this amount to line 21. ● 11 \$ 578

Taxable Income
 12 State wages from your Form(s) W-2, box 16 or CA Sch. W-2 CG, line C ● 12 40,000.00
 13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040EZ, line 4 ● 13 185,146
 14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 37, column B ● 14 -200,000
 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions. ● 15 -14,854
 16 California adjustments - additions. Enter the amount from Schedule CA (540), line 37, column C ● 16 4,000
 17 California adjusted gross income. Combine line 15 and line 16 ● 17 -10,854
 18 Enter the larger of your CA standard deduction OR your CA itemized deductions ● 18 25,000
 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- ● 19 0

Tax
 Do not attach any withholding forms here. See W-2 CG Wage and Withholding Summary.
 20 Tax. Check box if from: Tax Table Tax Rate Schedule FTB 9800 or FTB 9803 ● 20 0
 21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$143,839, see insts. ● 21 652
 22 Subtract line 21 from line 20. If less than zero, enter -0- ● 22 0
 23 Tax. See instructions. Check box if from: Schedule G-1 Form FTB 5870A ● 23 300
 24 Add line 22 and line 23. Continue to Side 2 ● 24 300

54005106613

Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Scannable Form 540

| Item/Activity | Scannable Form 540 |
|---|---|
| Monetary Amounts (Taxpayer's Tax Data) | Monetary amounts must print in the scanband and must be whole dollars without decimal points or other punctuation. Monetary amounts in the conventional area of the form must include decimal points or a vertical rule (penny line). Note: Most software is programmed to print whole dollars only followed by a decimal point. |
| Additional Credits Line 28 and Line 29 | Credit acronym, code number, and amount will print on the applicable line(s) on Side 2 of the form. See example on page 7. |
| Direct Deposit of Refund (DDR) | DDR consists of three fields: 1) DDR routing number (Must be 9 positions. The first two positions must be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete all three fields when selecting the DDR option. Otherwise, leave all three fields blank. |
| FTB-Supplied Label* | Do not apply the FTB-supplied label to the tax return. FTB will capture the information that the software prints on the tax return. |
| Making Corrections* | Do not make corrections on the tax return. Do not modify the name(s), address, or tax data information. If there is an error, print a new tax return. |
| Submit Original Tax Returns* | Submit original (hardcopy) tax returns. Do not submit a photocopy. Tax returns should be single-sided, not two-sided. |
| Attaching California Supporting Forms and Federal Forms | Scannable Form 540 may require attachments. Include California supporting forms and schedules behind California Schedule W-2 CG, and follow with federal forms and schedules. |
| Attaching Wage Statements | California Schedule W-2 CG, Wage and Withholding Summary – If your software doesn't populate this form, you must staple "state" copy of Form(s) W-2, W-2G, and any Form(s) 592-B, 593-B, 594, and 1099 showing CA tax withheld to it. Attach Schedule W-2 CG directly behind Side 2 of scannable Form 540. |
| Enclosing payment | Enclose check or money order with tax return. Do not staple to tax return. |
| Assembling Tax Return | Leave Side 1 loose, staple Side 2 and any attachments in the upper left-hand corner. |
| Where to Mail the Tax Return | REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0009 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0009 |

*Apply these rules to all scannable vouchers (Forms 100-ES, 540-ES, 541-ES, FTB 3519, 3522, 3537, 3538, 3539, 3563, 3582, and 3586). Mail to the address shown on each form.

Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Form 540 2EZ, Long or Short Form 540NR, and Form 540X

| Item/Activity | Form 540 2EZ | Long or Short Form 540NR | Form 540X |
|---|--|--|--|
| Monetary Amounts (Taxpayer's Tax Data) | Monetary amounts may include decimal points or a vertical rule (penny line). | Same as Form 540 2EZ. | Same as Form 540 2EZ. |
| Additional Credits | Your clients may not claim additional credits. | Credit acronym, code number, and amount will print on the applicable line(s) of Long Form 540NR only. (Your clients may not claim additional credits on Short Form 540NR.) | Not applicable. |
| Direct Deposit of Refund (DDR) | DDR consists of three fields: 1) DDR routing number (Must be 9 positions. The first two positions must be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete all three fields when selecting the DDR option. Otherwise, leave all three fields blank. | Same as Form 540 2EZ. | Not applicable. |
| FTB-Supplied Label | Do not apply the FTB supplied label to the tax return. FTB will capture the information that the software prints on the tax return. | Same as Form 540 2EZ. | Same as Form 540 2EZ. |
| Making Corrections | Do not make corrections on the tax return. Do not modify the name(s), address, or tax data information. If there is an error, print a new tax return. | Same as Form 540 2EZ. | Same as Form 540 2EZ. |
| Submit Original Tax Returns | Submit the original (hard copy) tax returns. Do not submit a photocopy. | Same as Form 540 2EZ. | Same as Form 540 2EZ. |
| Attaching California Supporting Forms and Federal Forms | Never attach the federal tax return. | Always attach the complete federal tax return, include the supporting schedules and forms. | Attach all supporting forms and schedules for items changed. Include federal forms and schedules if you made a change to your federal return. Include name and SSN for taxpayer (and taxpayer's spouse, if any,) (or ITIN, if applicable) on all attachments. Include complete copies of the Federal Audit Report(s) if you are reporting changes made by the IRS. |
| Attaching Wage Statements | California Schedule W-2 CG, Wage and Withholding Summary – If your software doesn't populate this form, you must staple "state" copy of Form(s) W-2, W-2G, and any Form(s) 592-B, 593-B, 594, and 1099 showing CA tax withheld to it. Attach Schedule W-2 CG directly behind Side 2 of scannable Form 5402 EZ.. | Same as Form 540 2EZ. | Same as Form 540 2EZ. |
| Enclosing Payment | Enclose check or money order with tax return. Do not staple to tax return. | Same as Form 540 2EZ. | Same as Form 540 2EZ. |
| Where to Mail the Tax Return | REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0002 AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001 | Same as Form 540 2EZ. | Same as Form 540 2EZ. |

2005

Wage and Withholding Summary

W-2 CG

Important: Attach this schedule directly behind Side 2 of your return.

Name(s) as shown on return

SSN or ITIN

Caution: If your Form(s) W-2 are from multiple states, or this schedule is not filled out, only use this schedule to attach copies of your Form(s) W-2, 592-B, 593-B, 594, and 1099 showing CA tax withheld to it. Attach this schedule directly behind Side 2 of your return.

Taxpayer W-2 information. (Transfer amounts from your Form(s) W-2 to the appropriate boxes below.) Complete a box for each Form W-2 you receive.

Table with 2 columns: 1st W-2 and 2nd W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Table with 2 columns: 3rd W-2 and 4th W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Table with 2 columns: 1st W-2 and 2nd W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Table with 2 columns: 3rd W-2 and 4th W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Spouse W-2 information. (Transfer amounts from your Form(s) W-2 to the appropriate boxes below.) Complete a box for each Form W-2 you receive.

Table with 2 columns: 1st W-2 and 2nd W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Table with 2 columns: 3rd W-2 and 4th W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Table with 2 columns: 1st W-2 and 2nd W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

Table with 2 columns: 3rd W-2 and 4th W-2. Rows include Social Security Number, Employer ID Number, State & Employer's State ID Number, Employer Name, State Wages, Tips, etc., CA State Income Tax, Social Security Wages, and SDI (Local Income Tax).

- A. Total state wages from your Form(s) W-2 for taxpayer (Add box 16 from all Form(s) W-2 for taxpayer) \$
B. Total state wages from your Form(s) W-2 for spouse (Add box 16 from all Form(s) W-2 for spouse) \$
C. Total California Wages from all Form(s) W-2 (Add line A and line B, and enter on line C.) \$
D. Transfer the amount on line C to Form 540 2EZ, line 9; Form 540, Form 540NR (Short or Long), line 12; or Form 540X, line 1a, Column B.