

# Do I Have to File?

## Steps to Determine Filing Requirement

**Step 1:** Is your gross income (all income received from all sources in the form of money, goods, property, and services that are not exempt from tax) more than the amount shown in the California Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 2.

**Step 2:** Is your adjusted gross income (federal adjusted gross income from all sources reduced or increased by all California income

adjustments) more than the amount shown in the California Adjusted Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, you do not have a filing requirement.



File a return in order to get a refund if California state income tax was withheld from your pay, if you made California estimated tax payments, or you have earned income and qualify for the child and dependent care expenses credit (get form FTB 3506).

On 12/31/06, my filing status was:	and on 12/31/06, my age was (If your 65th birthday is on January 1, 2007, you are considered to be age 65 on December 31, 2006)	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of household	Under 65	13,713	23,213	30,338	10,970	20,470	27,595
	65 or older	18,263	25,388	31,088	15,520	22,645	28,345
Married filing jointly Married filing separately (The income of both spouses must be combined; both spouses may be required to file a return even if only one spouse had income over the amounts listed.)	Under 65 (both spouses)	27,426	36,926	44,051	21,940	31,440	38,565
	65 or older (one spouse)	31,976	39,101	44,801	26,490	33,615	39,315
	65 or older (both spouses)	36,526	43,651	49,351	31,040	38,165	43,865
Qualifying widow(er)	Under 65		23,213	30,338		20,470	27,595
	65 or older		25,388	31,088		22,645	28,345
Dependent of another person Any filing status	Any age	More than your standard deduction (Use the California Standard Deduction Worksheet for Dependents on page 9 or page 13 to figure your standard deduction.)					

## Requirements for Children with Investment Income

Federal law allows parents' election to report a child's interest and dividend income from a child under age 18 on their return. California allows you to report your child's interest and dividend income on your return if they are under age 14. For each child under age 14 who received more than \$1,700 of investment income in 2006, complete Form 540 and form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, to figure the tax on a separate Form 540 for your child.

**Note:** If you qualify, you may elect to report your child's income of \$8,500 or less (but not less than \$850) on your return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. To make this election, your child's income must be **only** from interest and/or dividends. See "Order Forms and Publications" on page 67 or go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## Other Situations When You Must File

If you owe any of the following taxes for 2006, you must file Form 540.

- Tax on a lump-sum distribution;
- Tax on a qualified retirement plan including an Individual Retirement Arrangement (IRA) or an Archer Medical Savings Account (MSA);
- Tax for children under age 14 who have investment income greater than \$1,700 (see paragraph above);
- Alternative minimum tax;
- Recapture taxes;
- Deferred tax on certain installment obligations; or
- Tax on an accumulation distribution from a trust.

## Filing Status

Use the same filing status for California that you used for your federal income tax return.

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

- An active member of the United States armed forces or any auxiliary military branch during 2006; or
- A nonresident for the entire year and had no income from California sources during 2006.

**Caution – Community Property States:** If the spouse earning the California source income is domiciled in a community property state, community income will be split equally between the spouses. Both spouses will have California source income and they will not qualify for the nonresident spouse exception. If you had no federal filing requirement, use the same filing status for California you would have used to file a federal income tax return.

**Note:** If you filed a joint return and either you or your spouse was a nonresident for 2006, file the Long or Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

**Single** – If any of the following was true on December 31, 2006:

- You were never married;
- You were either divorced under a final decree of divorce or legally separated under a final decree of legal separation; or
- You were widowed before January 1, 2006, and did not remarry in 2006.

**Married Filing Jointly** – If any of the following is true:

- You were married as of December 31, 2006, even if you did not live with your spouse at the end of 2006;
- Your spouse died in 2006 and you did not remarry in 2006; or
- Your spouse died in 2007 before you filed a 2006 return.

## Married Filing Separately

- Community property rules apply to the division of income if you use the married filing separately status. For more information, get FTB Pub. 1031, Guidelines for Determining Resident Status, FTB Pub. 1051A, Guidelines for Married Filing Separate Returns, or FTB Pub. 1032, Tax Information for Military Personnel. See "Order Forms and Publications" on page 67.
- You cannot claim a personal exemption credit for your spouse even if your spouse had no income, is not filing a return, and is not claimed as a dependent on another person's return.
- You may be able to file as head of household if you had a child living with you and you lived apart from your spouse during the entire last six months of 2006.

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

- You were unmarried or considered unmarried on December 31, 2006;
- You paid more than one-half the cost of keeping up a home for the year 2006;
- For more than half the year, your home was the main home for you and another person who lived with you;
- The other person was your qualifying relative; and
- You were not a nonresident alien at any time during the year.

Beginning in 2005, for a child to qualify as your foster child for head of household purposes, the child must either be placed with you by an authorized placement agency or by order of a court.

If you are unmarried, your unmarried child no longer qualifies you for head of household filing status if he or she is 19 years of age or older, is not a student, and has gross income equal to or greater than the federal exemption amount (\$3,300 in 2006). In addition, if you are unmarried, your unmarried child also no longer qualifies you for the status if he or she is under 19 years of age or a student under 24 and pays more than half of his or her own support.

For more information, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or get FTB Pub. 1540, California Head of Household Filing Status. See code **934** on page 67 to order FTB Pub. 1540 by telephone.