California

Forms & Instructions

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2008

Local Agency Military Base
Recovery Area Business Booklet

This booklet contains:

Form FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD

Instructions for Form FTB 3807
Local Agency Military Base Recovery Area Businesses

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005,** and to the California Revenue and Taxation Code (R&TC).

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What's New

Expired LAMBRAs

"Until further notice, LAMBRAs whose designation periods have expired should continue to operate as active LAMBRAs," according to the California Department of Housing and Community Development (HCD) in a memorandum dated August 22, 2008, to Enterprise Zone Coordinators.

The HCD is reassessing each LAMBRA's designation period as a result of legislation which caused the designation start date of each LAMBRA to recommence. Once the HCD completes its analysis, it will notify the LAMBRAs of the correct designation periods. For the most updated information regarding the correct LAMBRA designation periods, go to **www.hcd.ca.gov** and search for **eda**.

Net Operating Loss – For taxable years beginning in 2008 and 2009, California has suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. **However**, taxpayers with taxable income (corporations), net business income (individuals) of less than $500,000, or with disaster loss carryovers are not affected by the NOL suspension rules.

The carryover period for suspended losses is extended by:

- Two years for losses incurred in taxable years beginning before January 1, 2008.
- One year for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

Also, NOL carrybacks, NOL carryovers, and the number of taxable years to which the loss may be carried, are modified. For more information, see form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations –Corporations or form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals.

Business Tax Credit Limitation –- For taxable years beginning on or after January 1, 2008, and before January 1, 2010, business tax credits can only offset 50% of the net tax, if a corporation's taxable income is $500,000 or more, or if an individual's net business income is $500,000 or more.

Business tax credits disallowed due to the 50% limitation may be carried over. The carryover period for disallowed credits is extended by the number of taxable years the credits were not allowed.

Assigned Credits to Affiliated Corporations – For taxable years beginning on or after July 1, 2008, credit earned by members of a combined reporting group may be assigned to an affiliated corporation. A credit assigned may only be applied by the affiliated corporation against their tax in a taxable year beginning on or after January 1, 2010.

Minimum Wage Increase

Beginning January 1, 2008, the California minimum wage increased to $8.00 per hour.

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. 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, go to our website at **ftb.ca.gov** and search for **conformity**. 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.

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.

Pass-Through Entities

For purposes of this booklet, the term "pass-through entity" refers to an S corporation, estate, trust, partnership, and limited liability company (LLC). References to "partnerships" include LLCs classified as partnerships.

Introduction

Economic Development Area (EDA) Tax Incentives

California has established four types of EDAs that have related tax incentives. These incentives have been established to stimulate growth and development in selected areas that are economically depressed. EDA tax incentives apply only to certain business transactions that are undertaken after an EDA has received final designation from the California Department of Housing & Community Development (HCD). Final designation is when the HCD designates an area to be an EDA. Tax incentives are available to individuals and businesses operating or investing within the geographic boundaries of the following EDAs:

- Enterprise Zones (EZs)
- Local Agency Military Base Recovery Areas (LAMBRAs)
- Manufacturing Enhancement Areas (MEAs)
- Targeted Tax Area (TTA)

Additional information on other EDAs can be found in the following FTB tax booklets:

- EZ tax incentives, FTB 3805Z, Enterprise Zone Business Booklet
- The MEA hiring credit, FTB 3808, Manufacturing Enhancement Area Business Booklet
- TTA tax incentives, FTB 3809, Targeted Tax Area Business Booklet

Reporting Requirement

California statutes require the Franchise Tax Board (FTB) to provide information to the California Legislature regarding the number of businesses using the EDA tax incentives, types of EDA tax incentives being used, and the EDAs in which the businesses are claiming the tax incentives.

Complete items A through J on form FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement.

Purpose

This booklet provides specific information on the types of available LAMBRA tax incentives. Taxpayers operating or investing in a business located within a designated LAMBRA may

be eligible for the following credits and deductions:

- Hiring Credit
- Sales or Use Tax Credit
- Business Expense Deduction
- Net Operating Loss Carryover Deduction

Use this booklet to determine the correct amount of deductions and credits that the business may claim for operating or investing in a business located within a designated LAMBRA. Complete the worksheets in this booklet for each deduction or credit for which the business is eligible. Then enter the total deductions and credits on form FTB 3807.

LAMBRA Designation

LAMBRAs are established to stimulate growth and development in areas that experience military base closures. These are the designated LAMBRAs with their designation and expiration dates:

Southern California Logistic Airport

Designation Date	Expiration Date
2/1/1996	2/20/2010

Castle Air Force Base

Designation Date	Expiration Date
6/1/1996	5/31/2012

Mare Island Naval Base

Designation Date	Expiration Date
1/1/1999	1/30/2009

San Bernardino International Airport and Trade Center

Designation Date	Expiration Date
4/1/2000	3/31/2008

Alameda Naval Air Station

Designation Date	Expiration Date
6/1/2000	5/31/2008

Mather Field/McClellan Park

Designation Date	Expiration Date
7/1/2000	6/30/2008

Liberty Station
(former San Diego Naval Training Center)

Designation Date	Expiration Date
6/1/2001	5/31/2009

Tustin Marine Corps Air Station in Tustin

Designation Date	Expiration Date
9/1/2001	8/31/2009

Until further notice, LAMBRAs whose designation periods have expired should continue to operate as active LAMBRAs. For the most updated information regarding the correct LAMBRA designation periods, go to the HCD website shown in the paragraph below.

For business eligibility or zone related information, including questions regarding LAMBRA geographic boundaries, contact the local zone program manager in which the business is located. For a list of program managers, go to **www.hcd.ca.gov** and search for **eda**.

For information that is not tax-specific or zone-specific, you may contact the HCD by mail, phone, fax or email. For more information, see LAMBRA Contact Information on page 28.

For taxable years beginning in or after 2002, the designation of a LAMBRA is for an eight-year period that shall expire eight years after the state of California has determined the later of the following specified conditions has been met:

a. The governing body has notified the state of California that legal title to the parcels on the former military base has been transferred to the governing body; or in the case of early transfer authority, the terms and conditions for satisfying the requirements of environmental clean up on the military base have been met and regulatory closure has occurred.
b. The governing body has notified the state of California that vouchers have been issued to an employer that has entered into a lease or has received title to the property located within the LAMBRA.

Forms Table

The titles of forms referred to in this booklet are:

Form 100	California Corporation Franchise or Income Tax Return
Form 100S	California S Corporation Franchise or Income Tax Return
Form 100W	California Corporation Franchise or Income Tax Return – Water's-Edge Filers
Form 109	California Exempt Organization Business Income Tax Return
Form 540	California Resident Income Tax Return
Long Form 540NR	California Nonresident or Part-Year Resident Income Tax Return
Form 541	California Fiduciary Income Tax Return
Form 565	Partnership Return of Income
Form 568	Limited Liability Company Return of Income
Schedule CA (540)	California Adjustments — Residents
Schedule CA (540NR)	California Adjustments — Nonresidents or Part-Year Residents
Schedule P (540)	Alternative Minimum Tax and Credit Limitations – Residents
Schedule P (540NR)	Alternative Minimum Tax and Credit Limitations – Nonresidents
Schedule R	Apportionment and Allocation of Income
FTB Pub. 1061	Guidelines for Corporations filing a Combined Report
Schedule C (100S)	S Corporation Tax Credit
Schedule K-1 (100S)	Shareholder's Share of Income, Deductions, Credits, etc.
Schedule K-1 (541)	Beneficiary's Share of Income, Deductions, Credits, etc.
Schedule K-1 (565)	Partner's Share of Income, Deductions, Credits, etc.
Schedule K-1 (568)	Member's Share of Income, Deductions, Credits, etc.

Who Can Claim the LAMBRA Tax Incentives?

The LAMBRA credits and deductions are available to individuals, sole proprietors, corporations, estates, trusts, and partnerships operating or investing in a business located within a designated LAMBRA.

How to Claim Deductions and Credits

To claim any LAMBRA deduction or credit, **attach** a completed form FTB 3807 to your California tax return.

Attach a separate form FTB 3807 for each business you operate or invest in that is located within a LAMBRA. Also complete the following schedule and/or worksheets to report credits and deductions incurred:

- Corporations complete Schedule Z and all the worksheets except for Worksheet IV, Section C.
- Sole proprietors complete Schedule Z and all the worksheets.
- Trusts, estates, and partnerships complete Worksheet II, Worksheet III, and Section A of Worksheet IV.
- Individual investors receiving pass-through LAMBRA credits or the business expense deduction, complete Worksheet IV, Section C and Schedule Z. All other investors complete Worksheet IV, Section A and Schedule Z.
- Individual investors receiving a pass-through loss, and having an overall net operating loss, complete Worksheet IV, Section C and Worksheet V, Section A and/or C. All other investors complete Worksheet IV, Section B and Worksheet V, Section B and/or C.

Schedule Z is on Side 2 of form FTB 3807.

To assist with the processing of the tax return, indicate that the business operates or invests within a LAMBRA by doing the following:

Form 540 filers:	Claim LAMBRA business tax incentives on Form 540, lines 14 and 25 through 27, as applicable.
Long Form 540NR filers:	Claim LAMBRA business tax incentives on Long Form 540NR, lines 14 and 32 through 34, as applicable.
Form 100 filers:	Claim LAMBRA business tax incentives on Form 100, line 15, line 21, and line 25 through line 27, as applicable.
Form 100S filers:	Claim LAMBRA business tax incentives on Form 100S, line 12, line 19, and line 23 through line 25, as applicable.
Form 100W filers:	Claim LAMBRA business tax incentives on Form 100W, line 15, line 21, and line 25 through line 27, as applicable

Form 109 filers: Check the "Yes" box for the LAMBRA question I on the top of Form 109, Side 1.

Keep all completed worksheets and supporting documents for your records.

Net Increase in Jobs Requirement – To qualify for the LAMBRA business tax incentives, a business must have a net increase of one or more jobs within the first two taxable years of commencing business within the LAMBRA.

Taxpayers engaged in operations within a LAMBRA are allowed to utilize the designated LAMBRA business tax incentives beginning in the first year of operation in the LAMBRA even though they have not yet fulfilled the net increase in jobs requirement. However, if after the end of the second taxable year of operations within the LAMBRA a taxpayer does not fulfill the net increase in jobs requirement, then recapture any LAMBRA business tax incentives claimed in prior years. The net increase in jobs is computed on form FTB 3807.

Form FTB 3807 – Instructions for Items A through J

For corporations, estates, trusts, partnerships, exempt organizations, and sole proprietors, complete items A through J.

Investors of pass-through entities, complete items A through D.

Principal Business Activity (PBA) Codes
The Principal Business Activity (PBA) codes chart is based on the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget. Use the PBA and NAICS codes in the chart listed on pages 22 through 24 to classify your business. Enter the PBA code of the business on form FTB 3807, Side 1.

Part I – Net Increase in Jobs – FTB 3807, Side 1

Complete the Net Increase in Jobs Worksheet on this page only if you have been doing business in a LAMBRA for two years. Enter the results on form FTB 3807, Part I, line 1.

A taxpayer may claim certain LAMBRA economic incentives if the following conditions are met:

- Conducts a trade or business within a LAMBRA.
- Has a net increase in jobs for the first two taxable years for one or more employees.

The net increase in jobs is defined as 2,000 paid hours per employee per year. The net increase in jobs is determined by subtracting the total number of full-time employees in California prior to starting business in the LAMBRA, from the number of full-time employees in California in the second year after operation in the LAMBRA. For this purpose, the number of full-time employees for each year is determined as follows:

- The total number of hours worked in California by hourly employees (not to exceed 2,000 hours per employee) divided by 2,000.
- The total number of months worked in California by salaried employees divided by 12.

If your only business in California began with your LAMBRA business, your number of California employees prior to starting business in the LAMBRA is zero.

If your business in California began during the taxable year, the first year employment information is prorated. Multiply the divisors 2,000 (hours for hourly employees) and 12 (months for salaried employees) by a fraction. The numerator is the number of months of doing business and the denominator is 12.

If your business has a net increase in jobs for the first two taxable years after commencing business operations in the LAMBRA, you must also employ one or more full-time employees within the LAMBRA in each of these years.

For this purpose, the number of full-time employees for each year is determined as follows:

Net Increase in Jobs Worksheet

		(a) Taxable year prior to operating in the LAMBRA	(b) 2nd taxable year after starting operations in the LAMBRA
1	Enter the total number of hours worked within California by hourly employees during the taxable year in column (a) and column (b). The total hours per employee cannot exceed 2,000. If your only business in California began with your LAMBRA business, enter zero in column (a) of line 1	_____	_____
2	Divide line 1 of each column by 2,000	_____	_____
3	Enter the total number of months within California worked by salaried employees. The total months per salaried employee cannot exceed 12	_____	_____
4	Divide line 3 of each column by 12	_____	_____
5	Add line 2 and line 4 of each column	_____	_____
6	Subtract line 5, column (a) from line 5, column (b). Enter the amount here and on form FTB 3807, Part I, line 1a. _____		

If the amount on line 6 is equal to or greater than one, then continue to line 7. If the amount on line 6 is less than one, your business **does not** qualify for the LAMBRA business tax incentives. Recapture (in the current year) any LAMBRA credits or deductions that were previously taken.

		(a) 1st taxable year after starting operations in the LAMBRA	(b) 2nd taxable year after starting operations in the LAMBRA
7	Enter the total number of hours worked within the LAMBRA by hourly employees during the taxable year in column (a) and column (b). The total hours per employee cannot exceed 2,000	_____	_____
8	Divide line 7 of each column by 2,000	_____	_____
9	Enter the total number of months worked within the LAMBRA by salaried employees. The total months per salaried employee cannot exceed 12	_____	_____
10	Divide line 9 of each column by 12	_____	_____
11	Add line 8 and line 10 of each column	_____	_____

Enter the amount from line 11, column (a) on form FTB 3807, Part I, line 1b. Enter the amount from line 11, column (b) on form FTB 3807, Part I, line 1c.

Net Increase in Jobs Worksheet – Example:

A Corporation employs four individuals prior to establishing operations in the LAMBRA on January 1, 2007. The following is the employment information for the employees for the taxable year prior to operating in the LAMBRA:

- Employee #1: Salaried, employed for 12 months.
- Employee #2: Hourly, full-time; worked 2,080 hours per year.
- Employee #3: Hourly, part-time; worked 1,500 hours per year.
- Employee #4: Hourly, part-time, worked 1,500 hours per year.

The corporation moves its entire operations within the LAMBRA on January 1, 2007. At the end of the first year of operation within the LAMBRA, the corporation employed the following individuals:

- Employee #1: Salaried, employed for 24 months.
- Employee #2: Hourly, full-time; worked 2,080 hours during the year.
- Employee #3: Hourly, part-time; worked 2,000 hours during the year.
- Employee #4: Hourly, part-time, worked 1,600 hours during the year.
- Employee #5: Hourly, part-time, worked 1,600 hours during the year.

At the end of the 2nd year of operation in the LAMBRA, the corporation employed the following individuals:

- Employee #1: Salaried, employed for 36 months.
- Employee #2: Hourly, full-time; worked 2,080 hours during the year.
- Employee #3: Hourly, part-time; worked 2,000 hours during the year.
- Employee #4: Hourly, part-time, worked 1,700 hours during the year.
- Employee #5: Hourly, part-time, worked 1,900 hours during the year.

The worksheet would be completed as follows:

		(a) Taxable year prior to operating in the LAMBRA	(b) 2nd taxable year after starting operations in the LAMBRA
1	Enter the total number of hours worked within California by hourly employees during the taxable year in column (a) and column (b). The total hours per employee cannot exceed 2,000. If your only business in California began with your LAMBRA business, enter zero in column (a) of line 1	5,000[a]	7,600[b]
2	Divide line 1 of each column by 2,000	2.5	3.8
3	Enter the total number of months worked within California by salaried employees. The total months per salaried employee cannot exceed 12	12[d]	12[d]
4	Divide line 3 of each column by 12	1	1
5	Add line 2 and line 4 of each column	3.5	4.8
6	Subtract line 5, column (a) from line 5, column (b). Enter the amount here and on form FTB 3807, Part I, line 1a. 1.3		

If the amount on line 6 is equal to or greater than one, then continue to line 7. If the amount on line 6 is less than one, your business **does not** qualify for the LAMBRA business tax incentives. Recapture (in the current year) any LAMBRA credits or deductions that were previously taken.

		(a) 1st taxable year after starting operations in the LAMBRA	(b) 2nd taxable year after starting operations in the LAMBRA
7	Enter the total number of hours worked within the LAMBRA by hourly employees during the taxable year in column (a) and column (b). The total hours per employee cannot exceed 2,000	7,200[c]	7,600[b]
8	Divide line 7 of each column by 2,000	3.6	3.8
9	Enter the total number of months worked within the LAMBRA by salaried employees. The total months per salaried employee cannot exceed 12	12[d]	12[d]
10	Divide line 9 of each column by 12	1	1
11	Add line 8 and line 10 of each column	4.6	4.8

Enter the amount from line 11, column (a) on form FTB 3807, Part I, line 1b. Enter the amount from line 11, column (b) on form FTB 3807, Part I, line 1c.

a

Employee #2	2,000
Employee #3	1,500
Employee #4	1,500
	5,000

b

Employee #2	2,000
Employee #3	2,000
Employee #4	1,700
Employee #5	1,900
	7,600

c

Employee #2	2,000
Employee #3	2,000
Employee #4	1,600
Employee #5	1,600
	7,200

d

Employee #1

- The total number of hours worked in the LAMBRA by hourly employees (not to exceed 2,000 hours per employee) divided by 2,000.
- The total number of months worked in the LAMBRA by salaried employees divided by 12.

If your business in the LAMBRA began during the taxable year, the first year employment information is prorated. Multiply the divisors 2,000 (hours for hourly employees) and 12 (months for salaried employees) by a fraction. The numerator is the number of months of doing business and the denominator is 12.

Important! If your business does not have a net increase in jobs for the two taxable years after commencing business operations in the LAMBRA and employs one or more full-time employees within the LAMBRA in each of the first two years, recapture (in the current year) any LAMBRA credits or deductions that were previously taken.

Part II – Credits and Recapture

Line 2a – Hiring Credit

Employers conducting a trade or business within a LAMBRA may claim the hiring credit for hiring a qualified disadvantaged individual or a qualified displaced employee.

Qualified Disadvantaged Individual

A qualified disadvantaged individual is an individual who meets all of the following:

- Was hired after the LAMBRA received its final designation.
- Spends at least 90% of work time for the qualified employer on activities directly related to the conduct of a trade or business located within the LAMBRA.
- Performs at least 50% of the work for the qualified employer within the boundaries of the LAMBRA.
- Anyone who immediately before starting work for the employer was any of the following:
  1. A person who has been determined eligible for services under the federal Job Training Partnership Act (JTPA).
  2. A person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN).
  3. An economically disadvantaged individual 16 years of age or older.
  4. A qualified dislocated worker.
  5. An individual who is enrolled in or has completed a state rehabilitation plan.
  6. A service-connected disabled veteran.
  7. A veteran of the Vietnam era.
  8. A veteran who recently separated from military service.
  9. An ex-offender.
  10. A person who is a recipient of any of the following:
      - Federal Supplemental Security Income (SSI) benefits.
      - Aid to Families with Dependent Children (AFDC).
      - Food stamps.
      - State and local general assistance.
  11. A Native American.

Qualified Displaced Employee

A qualified displaced employee is an individual who meets all of the following:

- Was hired after the LAMBRA received its final designation.
- Spends at least 90% of work time for the qualified employer on activities directly related to the conduct of a trade or business located within the LAMBRA.
- Performs at least 50% of the work for the qualified employer within the boundaries of the LAMBRA.
- Is a civilian or military employee of a base or former base who has been displaced as a result of a federal base closure act.

For more information, refer to federal JTPA.

Employers hiring qualified employees, get the VoucherCert 10-07 from the local agency responsible for verifying employee eligibility. Contact the local LAMBRA coordinator for more information on the local agency and verification process.

The percentage of wages used to compute the credit depends on the number of years the employee works for the employer in the LAMBRA. The applicable percentage begins at 50% and declines 10% for each year of employment. After the fifth year of employment, no credit can be generated.

Qualified Wages

Qualified wages means the wages paid or incurred by the employer during the taxable year to a qualified disadvantaged individual or a qualified displaced employee that does not exceed 150% of the minimum wage. The wages must be paid or incurred on or after the designation date.

Wages that qualify for the hiring credit are those wages paid to a qualified employee for the consecutive 60-month period beginning on the first date the employee commenced employment with the employer. For an employer that operates a business that has regularly occurring seasonal or intermittent employment decreases and increases, reemployment of an individual is not a new hire; rather, it is a continuation of the prior employment and does not constitute commencement of employment for the qualified wages test. Qualified wages are the smaller of the following:

- The actual hourly rate paid or incurred by the business for work performed by the employee during the taxable year.
- 150% of the minimum hourly wage established by the Industrial Welfare Commission.

Where the California minimum wage is higher than the federal minimum wage, the California minimum wage is used for purposes of computing the LAMBRA hiring credit. The current minimum wage is $8.00 per hour. For purposes of computing the LAMBRA hiring credit, 150% of the minimum wage is $12.00 per hour.

Example:

John Anderson was hired on January 1, 2008. John's hourly rate for the first month was the minimum wage $8.00. At the beginning of the second month, his hourly rate increased to $8.50. In the third month, John's hourly rate increased to $12.50. The hourly rate that qualifies for the credit is limited to 150% of the minimum wage, or currently $12.00 per hour. The amount of qualified wages is computed as follows:

Month(s)	Hours per month	x	Hourly rate allowed	=	Qualified wages per month
1	175		$ 8.00		$1,400.00
2	170		8.50		$1,445.00
3	170		12.00		$2,040.00

Record Keeping

Retain a copy of VoucherCert 10-07 to substantiate an individual's eligibility as a "qualified employee." In addition, for each qualified employee, keep a schedule for the first 60 months of employment showing (at least) the following:

- Employee's name.
- Date the employee was hired.
- Number of hours the employee worked for each month of employment.
- Smaller of the hourly rate of pay for each month of employment or 150% of the minimum wage.
- Total qualified wages per month for each month of employment.
- Records of any other federal or state subsidies you may have received for hiring the qualified employee.
- Location of the employee's job site and duties performed.

Line 2b – Hiring Credit Recapture

Employers recapture (add back to the tax liability) the amount of credit attributable to an employee's wages if you terminate an employee at any time during the longer of the following:

- The first 270 days of employment (whether or not consecutive).
- 90 days of employment plus 270 calendar days.

Employers of seasonal employees, recapture the amount of hiring credit attributable to the employee's wages if both of the following apply:

- The employer terminates the employee before the completion of 270 days of employment.
- The 270 days is during the 60-month period beginning the day the employee commences employment with the employer.

A "day of employment" means any day the employee receives wage compensation (including a paid sick day, holiday, or vacation day).

Employers add to the current year's tax the amount of credit claimed in the year of termination and all prior years in which the credit was claimed for the terminated employee.

The credit recapture does not apply if the termination of employment was any of the following:

- Voluntary on the part of the employee.
- In response to misconduct of the employee.
- Caused by the employee becoming disabled (unless the employee was able to return to work and the employer did not offer to re-employ the individual).
- Carried out so that other qualified individuals could be hired, creating a net increase in both the number of qualified employees and their hours worked.
- Due to a substantial reduction in the employer's trade or business operations.

This credit is also subject to recapture if the net increase in jobs requirement is not met. See the instructions for form FTB 3807, Part I, Net Increase in Jobs, on page 4.

Instructions for Worksheet I — Hiring Credit and Recapture

Section A – Credit Computation

Line 1, column (a) – Enter the name of each qualified employee. Attach additional schedule(s) if necessary.

Line 1, column (b) through column (f) – Enter the qualified wages paid or incurred during the taxable year to each qualified employee listed in column (a) in the appropriate column.

Line 2, column (b) through column (f) – Add the amount of qualified wages in each column.

Line 3, column (b) through column (f) – Multiply the total in each column of line 2 by the percentage in each column.

Line 5 – The LAMBRA hiring credit is reduced by the amount of the federal jobs tax credit from the Work Opportunity Tax Credit (WOTC) claimed for this year. The reduction applies for those employees who are hired and have wages paid on or before December 31, 2005.

No other California jobs tax credit may be claimed for the same wage expense paid to the employees shown in line 1, column (a).

Line 6 – For partnerships, enter the amount from line 6 on form FTB 3807, Side 1, Part II, line 2a. Also, include the current year hiring credit amount on Forms 565 and 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1, line 15f. In addition, add the entire amount of the credit on Schedule K, line 1, column (c).

For corporations, individuals, estates, and trusts, enter the amount from line 6 on Schedule Z, as follows:

- Part II, line 8B, column (b) for corporations, individuals, estates, and trusts.
- Part III, line 10, column (b) for S corporations.
- Part IV, line 12, column (b) for corporations and S corporations subject to paying only the minimum franchise tax.

Credit Limitations

- The cumulative qualified wages used to compute the credit cannot exceed $2,000,000. The limit applies for **each** taxable year, regardless of the number of qualified disadvantaged individuals employed.
- The amount of hiring credit claimed may not exceed the amount of tax on LAMBRA business income in any year. Use Schedule Z to compute the credit limitation.
- Any unused credit may be carried over and applied against the tax imposed on LAMBRA business income in future years until exhausted.
- Businesses reduce any deduction for wages by the amount of this credit.
- In the case where the business is qualified to take the LAMBRA hiring credit as well as another credit (e.g., EZ, MEA, or TTA hiring credit) for the same wage expense, the business may only claim one credit.
- S corporations may claim only 1/3 of the LAMBRA hiring credit against the 1.5% entity-level tax (3.5% for financial S corporations.) S corporations can pass through 100% of the credit to their shareholders.

Worksheet I **Hiring Credit and Recapture — LAMBRA**

Section A **Credit Computation**

		Qualified wages paid or incurred for year of employment				
	(a) Employee's name	(b) 1st year	(c) 2nd year	(d) 3rd year	(e) 4th year	(f) 5th year
1						
2	Total. See instructions					
3	Multiply line 2 by the percentage in each column. See instructions	.50	.40	.30	.20	.10

4	Add the amounts on line 3, column (b) through column (f)	4	
5	Enter the amount of 2008 federal jobs tax credit allowed. See instructions	5	
6	Subtract the amount on line 5 from the amount on line 4 and enter the result here. See instructions	6	

You cannot take the LAMBRA hiring credit as well as another credit for the same wage expense.

Section B **Credit Recapture**

	(a) Terminated employee's name		(b) Recapture amount
1			
2	Total amount of credit recapture. Add the amounts in column (b). See instructions for where to report on your California tax return	2	

- S corporations reduce their wage deduction by 1/3 of the amount on Worksheet I, Section A, line 4 and on Form 100S, line 7. In addition, the S corporation must make an adjustment for the entire amount of the credit on Schedule K (100S), line 1, column (c).

  Example: In 2008, an S corporation qualified for a $3,000 LAMBRA hiring credit. The S corporation can claim a credit for $1,000 and reduce its wage deduction by $1,000 ($3,000 X 1/3) on Form 100S, line 7. On Form 100S, Schedule K, line 1, column (c), the S corporation would add $3,000 to the S corporation's ordinary income or loss to reflect the credit passed through to the shareholder(s).

For additional information about the treatment of credits for S corporations, see instructions for Schedule Z.

Section B – Credit Recapture

Line 1, column (a) – Enter the name of the terminated employee. Attach additional schedule(s) if necessary.

Line 1, column (b) – Enter the amount of credit recapture for each employee listed in column (a).

Line 2 – Enter the amount from line 2, column (b) on form FTB 3807, Side 1, Part II, Line 2b.

Also include the amount of hiring credit recapture on your California tax return or schedule as follows:

- Form 100, Schedule J, line 5.
- Form 100S, Schedule J, line 5 and Schedule K-1 (100S), line 17d.
- Form 100W, Schedule J, line 5.
- Form 109, Schedule K, line 4.
- Form 540, line 33.
- Long Form 540NR, line 41.
- Form 541, line 21b and Schedule K-1 (541), line 14d.
- Form 565, Schedule K, line 20c and Schedule K-1 (565), line 20c.
- Form 568, Schedule K, line 20c and Schedule K-1 (568), line 20c.

Indicate that you included the hiring credit recapture on your tax return by writing **"FTB 3807"** in the space provided on the schedule or form.

Partnerships identify the recapture amounts for their partners and members on Schedule K-1 (565 or 568).

S corporation shareholders recapture the portion of the credit that was previously claimed, based on the terminated employee's wages. Also identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Schedule J.

Line 2c – Sales or Use Tax Credit

Individuals, estates, trusts, and partnerships may claim a credit equal to the sales or use tax paid or incurred to purchase up to $1 million of qualified property.

Corporations may claim a credit equal to the sales or use tax paid or incurred to purchase up to $20 million of qualified property. Individuals who are S corporation shareholders may claim their pro-rata share of pass-through credit to the extent the S corporation paid or incurred the sales or use tax to purchase up to $1 million of qualified property. See the example on this page.

The qualified property must be purchased and placed in service on or after the designation date, but before the expiration date of the LAMBRA. The sales or use tax must be paid or incurred on or after the designation date.

Qualified property is defined as follows:

- High technology equipment, such as computers and electronic processing equipment.
- Aircraft maintenance equipment, such as engine stands, hydraulic mules, power carts, test equipment, handtools, aircraft start carts, and tugs.
- Aircraft components, such as engines, fuel control units, hydraulic pumps, avionics, starts, wheels, and tires.
- IRC Section 1245 property.

The business must use the property **exclusively** within the boundaries of the LAMBRA.

The use tax paid or incurred on purchases of property manufactured outside of California qualifies for the credit only if property of a comparable quality and price was not available for timely purchase and delivery from a California manufacturer.

Leased Property

The sales tax paid or incurred on qualified property being purchased using a financial (conditional sales) contract qualifies for the sales or use tax credit.

To determine whether the lease qualifies as a purchase rather than a true lease, see federal Revenue Ruling 55-540, and FTB Legal Ruling 94-2.

Credit Limitations

- The amount of sales or use tax credit claimed may not exceed the amount of tax on the LAMBRA business income in any year. After completing Worksheet II, use Schedule Z to compute the credit limitation.
- Any unused credit may be carried over and applied against the tax on LAMBRA business income in future years until exhausted. In the case of an S corporation, 2/3 of the credit is lost and the remaining 1/3 can be carried over if it cannot be used in the current year.

For more information about the treatment of credits for S corporations, see instructions for Schedule Z inside this booklet.

Depreciation

Any taxpayer that elects to claim this credit cannot increase the basis of the qualified property by the sales or use tax paid or incurred in connection with the purchase of qualified property.

Example:

XYZ Inc., an S corporation, purchases qualified property for $20 million ($20 m.). The sales tax rate is 6% (.06) and the entity-level tax rate is 1.5% (.015).

The credit allowed XYZ Inc. and the depreciable basis of the qualified property for XYZ Inc. are computed as follows:

Facts	Depreciable basis
Qualified property	$20 m.
Sales tax paid ($20 m. x .06)	+1.2 m.
Sales or use tax credit allowed XYZ Inc.	(1.2 m.)
Depreciable basis of qualified property for XYZ Inc.	$20 m.
Credit allowed to offset the entity-level tax ($1.2 m. x 1/3)	$0.4 m.

XYZ Inc. has two 50% shareholders. The credit allowed the shareholders and the depreciable basis of the qualified property for the shareholders are computed as follows:

Facts	Depreciable basis
Qualified property (purchased by XYZ Inc.)	$20 m.
Sales tax paid ($20 m. x .06)	+1.2 m.
Maximum qualified costs for sales or use tax credit is 1m.	
Sales or use tax credit allowed to the shareholders ($1 m. x .06)	(.06 m)
Depreciable basis of qualified property for the shareholders	$21.14 m.
Total amount of credit allowed to the shareholders	.06 m.

Each shareholder is allowed a $30,000 (.06 m. ÷ 2 = .03 m.) sales or use tax credit.

To compute the difference between California and federal depreciation, use the following forms and schedules:

- Form 100 and Form 100W filers – FTB 3885, Corporation Depreciation and Amortization
- Form 100S filers – Schedule B (100S), S Corporation Depreciation and Amortization
- Form 109 filers – Form 109, Schedule J, Depreciation
- Exempt trusts use form FTB 3885F, Depreciation and Amortization
- Form 540 and Long 540NR filers – FTB 3885A, Depreciation and Amortization Adjustments
- Form 541 filers – FTB 3885F, Depreciation and Amortization
- Form 565 filers – FTB 3885P, Depreciation and Amortization
- Form 568 filers – FTB 3885L, Depreciation and Amortization

Record Keeping

To support the sales or use tax credit claimed, keep all records that document the purchase of the qualified property, such as the sales receipt

and proof of payment. Additionally, keep all records that identify or describe the following:

- The property purchased (such as serial numbers, etc.).
- The amount of sales or use tax paid or incurred on its purchase.
- The location where it is used.
- If purchased from a manufacturer located outside California, records to substantiate that property of comparable quality and price was not timely available for purchase in California.

Line 2d – Sales or Use Tax Credit Recapture

The sales or use tax credit is subject to recapture (added back to tax liability) if, before the close of the second taxable year after the property was placed in service, it is disposed of or is no longer used exclusively in the LAMBRA trade or business. In that case, the credit amount for that property is added to the tax in the current taxable year.

This credit is also subject to recapture if the net increase in jobs requirement is not met. See the instructions for Net Increase in Jobs, on page 4.

Instructions for Worksheet II – Sales or Use Tax Credit and Recapture

Section A – Credit Computation

Line 1, column (a) – List the items of qualified property purchased during the year. For each item, provide the location (street address and city) of its use. Attach additional schedule(s) if necessary.

Line 1, column (b) – Enter the cost of the property listed in column (a).

Line 1, column (c) – Enter the amount of sales or use tax paid or incurred on the property listed in column (a).

Line 2, column (b) – Add the amounts on line 1, column (b). This amount cannot exceed $1 million for individuals, estates, trusts, partnerships, or $20 million for corporations. When computing the amount of credit to pass through to S corporation shareholders, use the $1 million limitation.

Line 2, column (c) – For partnerships enter the amount from line 2, column (c), on form FTB 3807, Side 1, Part II, line 2c. Also, include the current year sales or use tax credit amount on Forms 565 and 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1, line 15f.

For corporations, individuals, estates, and trusts enter the amount from line 2, column (c), on Schedule Z, as follows:

- Part II, line 9B, column (b) for corporations, individuals, estates, and trusts.
- Part III, line 11, column (b) for S corporations.
- Part IV, line 13, column (b) for corporations and S corporations subject to paying only the minimum franchise tax.

Only the sales or use tax paid or incurred on the cost of qualified property up to the limitations on column (b) may be claimed as a credit.

Section B – Credit Recapture

Line 1, column (a) – Enter a description of the qualified property. Attach additional schedule(s) if necessary.

Line 1, column (b) – Enter the amount of credit recapture for each property listed in column (a).

Line 2 – Enter the amount from line 2, column (b) on form FTB 3807, Side 1, Part II, line 2d.

Also include the amount of sales or use tax credit recapture on your California tax return or schedule as follows:

- Form 100, Schedule J.
- Form 100S, Schedule J and Schedule K-1 (100S), line 17d.
- Form 100W, Schedule J.

Worksheet II Sales or Use Tax Credit and Recapture — LAMBRA

Section A Credit Computation

	(a) Property description and location		(b) Cost	(c) Sales or use tax
1				
2	Total the amounts in column (b) and column (c). See instructions	2		

Section B Credit Recapture

	(a) Property description		(b) Recapture amount
1			
2	Total recapture amount. Add the amounts in column (b). See instructions	2	

- Form 109, Schedule K, line 4.
- Form 540, line 33.
- Long Form 540NR, line 41.
- Form 541, line 21b and Schedule K-1 (541), line 14d.
- Form 565, Schedule K, line 20c and Schedule K-1 (565), line 20c.
- Form 568, Schedule K, line 20c and Schedule K-1 (568), line 20c.

Indicate that you included the sales or use tax credit recapture on your tax return by writing **"FTB 3807"** in the space provided on the schedule or form.

Partnerships identify the recapture amounts for partners and members on Schedule K-1 (565 or 568).

S corporations and their shareholders recapture the portion of credit that was previously claimed. S corporations also identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Schedule J.

Part III – Business Expense Deduction and Recapture

A trade or business operating within a LAMBRA may **elect** to treat 40% of the eligible cost of qualified property as a business expense rather than a capital expense. For the year the property is placed in service, the business may deduct the cost (subject to limitations) in that year rather than depreciate it over several years. The qualified property must be purchased and placed in service on or after the designation date, but before the expiration date of the LAMBRA.

The LAMBRA business expense deduction is not allowed for estates or trusts.

Qualified property is any recovery property that is IRC Section 1245 property, which includes, but is not limited to, tangible personal property (excluding buildings), most equipment, and most furnishings acquired by purchase after the LAMBRA received its final designation and before the designation expires for exclusive use within a LAMBRA. Office supplies and other small nondepreciable items are not included.

The maximum aggregate cost of the qualified property against which the 40% deduction may be claimed in any taxable year is determined by a reference to the number of taxable years that have elapsed since the LAMBRA received its final designation. See page 3, for the designation dates.

The maximum aggregate cost is:

Taxable year of designation	$100,000
1st taxable year after designation	100,000
2nd taxable year after designation	75,000
3rd taxable year after designation	75,000
Each remaining taxable year after designation	50,000

Election
The business must elect to treat the cost of qualified property as a business expense in the year the property is first placed in service. However, this deduction is not allowed if the property was any of the following:

- Transferred between members of an affiliated group.
- Acquired as a gift or inherited.
- Traded for other property.
- Received from a personal or business relation as defined in IRC Section 267 or 707(b).
- Described in IRC Section 168(f).

The LAMBRA business expense deduction must be claimed by making an election on the original filed return, and thus cannot be claimed on an amended return. Such an election cannot be revoked without the written consent of the FTB.

A husband and wife filing separate returns may each claim 1/2 of the allowable deduction. In the case of a partnership, the dollar limitation applies to the partnership and to each partner. Each partner's business expense deduction passed through from the partnership is based on his/her allocable share of the allowable deduction.

Depreciation
Corporations may not claim the additional first-year depreciation allowed under R&TC Section 24356 on any item of property if any portion of it was deducted as a LAMBRA business expense. All other taxpayers cannot claim the deduction allowed under IRC Section 179 on any item of property if any portion of it was deducted as a LAMBRA business expense.

To compute the difference between California and federal depreciation, use the forms and schedules listed on page 8, column 3.

Instructions for Worksheet III — Business Expense Deduction and Recapture

Section A – Deduction Computation

Line 2, column (a) – Enter a description of the qualified property and the location of its use. Attach additional schedule(s) if necessary.

Line 2, column (b) – Enter the cost of the property listed in column (a).

Line 4 – Enter the amount from line 4, column (b) on form FTB 3807, Side 1, Part III, line 3a, and on your California tax return or schedule as follows:

- Form 100, line 15.
- Form 100S, line 12, Form 100S, Schedule K, line 11, and Schedule K-1 (100S), line 11.
- Form 100W, line 15.
- Form 109, Part II, line 24.
- Schedule CA (540), column B, on the applicable line for your activity.
- Schedule CA (540NR), column B, on the applicable line for your activity.
- Form 565, Schedule K, line 12 and Schedule K-1 (565), line 12.
- Form 568, Schedule K, line 12 and Schedule K-1 (568), line 12.

Section B – Deduction Recapture

The deduction is subject to recapture (added back to income) if, before the close of the second taxable year after the property was placed in service, the property is sold, disposed of, or no longer used exclusively in the LAMBRA trade or business.

This deduction is also subject to recapture if the net increase in jobs requirement is not met. See the instructions for Net Increase in Jobs on page 4.

Income Adjustment
Add to current year income the amount previously deducted for the property.

Basis Adjustment
As of the first day of the taxable year in which the recapture event occurs, the recapture amount is added back to the basis of the property in the year of recapture and then depreciated over the remaining life of the qualified property.

Line 1, column (a) – Enter a description of the property. Attach additional schedule(s) if necessary.

Line 1, column (b) – Enter the amount of the business expense deduction claimed for each property listed in column (a).

Line 2 – Enter the total here, on form FTB 3807, Side 1, Part III, line 3b, and on your California tax return or schedule as follows:

- Form 100, line 15, as a negative amount.
- Form 100S, line 12, as a negative amount, Form 100S, Schedule K, line 10b and Schedule K-1 (100S), line 10b.
- Form 100W, line 15, as a negative amount.
- Form 109, Part I, line 12.
- Schedule CA (540), column C, on the applicable line for your activity.
- Schedule CA (540NR), column C, on the applicable line for your activity.
- Form 565, Schedule K, line 11b and Schedule K-1 (565), line 11b.
- Form 568, Schedule K, line 11b and Schedule K-1 (568), line 11b.

Example:
XYZ Inc. purchased a property on June 1, 2006, that qualified the corporation to take the LAMBRA business expense deduction. The property was purchased for $10,000 and had a useful life of five years. XYZ Inc.'s taxable year ends December 31 of each year. The corporation had a business expense deduction of $4,000 for the taxable year ending December 31, 2006, on the property.

Assume the corporation disposes of the property or no longer uses the property in the LAMBRA on August 5, 2008. The property was placed in service in 2006. The first year after the property was placed in service was the 2007 taxable year. The second year after the property was placed in service was the 2008 taxable year. Since the property was disposed of or no longer used in the LAMBRA before the end of the second year (December 31, 2008) after the year the property was placed

in service, the business expense deduction ($4,000) must be added to income in the 2008 taxable year. If the property was disposed of or no longer used in the LAMBRA after December 31, 2008, there is no recapture.

Situation 1
Assume on August 5, 2008, the corporation sells the asset. To compute the gain or loss on the sale, the basis of the asset is increased by the recapture amount of $4,000.

Situation 2
Assume on August 5, 2008, the corporation discontinues using the property in the zone, but does not sell the asset. To compute depreciation on the asset, the recapture amount is added to the remaining basis of the asset, and depreciation is then computed over the remainder of the useful life of the asset.

Assuming straight-line depreciation is used, the corporation will recognize $2,833 ($8,500/3) in depreciation expense in 2008. ($8,500 is arrived at by adding the $4,000 recapture amount to the $4,500 remaining basis as of December 31, 2007.)

Worksheet III Business Expense Deduction and Recapture — LAMBRA

Section A Deduction Computation

1 The maximum aggregate deduction is as follows:

- Taxable year of designation, enter $40,000
- 1st taxable year after designation, enter $40,000
- 2nd taxable year after designation, enter $30,000
- 3rd taxable year after designation, enter $30,000
- Each remaining taxable year after designation, enter $20,000 . . . . . **1**

The designation dates are listed on page 3.

	(a) Property description and location	(b) Cost
2		

3	Total. Add the amounts in line 2, column (b)	**3**	
4	Enter the smaller of line 1 or line 3. This is the maximum amount deductible as a business expense for this LAMBRA. See instructions	**4**	

Section B Deduction Recapture

	(a) Property description	(b) Recapture amount
1		

2	Total recapture amount. Add the amounts in column (b). See instructions	**2**	

Part IV – Portion of Business Attributable to the LAMBRA

LAMBRA business tax credits are limited to the tax on business income attributable to operations within the LAMBRA. LAMBRA NOL carryover deductions are limited to the business income attributable to operations within the LAMBRA. If the business is located within and outside a LAMBRA or in more than one LAMBRA, determine the portion of total business operations that are attributable to each LAMBRA.

Business Income vs. Nonbusiness Income

Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Nonbusiness income is all income other than business income. See Cal. Code Regs., tit. 18 section 25120 for further references and examples of nonbusiness income.

For an individual, business income includes but is not limited to California business income or loss from federal Form 1040, Schedules C, D, E, F, and California Schedule D-1 (or federal Form 4797, Sales of Business Property, if California Schedule D-1 is not needed), as well as wages. Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040 Schedule A as itemized deductions.

Generally, all income which arises from the conduct of trade or business operations of a taxpayer is business income.

If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of the loss that was carried back in your current year business income from the LAMBRA.

Pass-through entities report to their shareholders, beneficiaries, partners, and members the following items:

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the LAMBRA.
2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the LAMBRA included in item 1.

Report these items as other information on Schedule K-1 (100S, 541, 565 or 568.)

Form 540 and Long Form 540NR filers within the LAMBRA, refer to Worksheet IV, Section C to compute business income apportioned to the LAMBRA.

For business entities, including sole proprietors, use Worksheet IV, Section A or B to compute business income/loss apportioned to the LAMBRA.

Apportionment

Business income is apportioned to the LAMBRA by multiplying the total California business income of the taxpayer by a fraction. The numerator is the property factor plus the payroll factor, and the denominator is two. Loss is apportioned to the LAMBRA by multiplying the taxpayer's net business operating loss from all sources by a fraction. The numerator is the property factor plus the payroll factor, and the denominator is two. If an employer conducts a business in more than one LAMBRA, the LAMBRA apportionment factor and credit limitations are computed separately for each LAMBRA.

Property Factor

Property is defined as the average value of all real and tangible personal property owned or rented by the business and used during the taxable year to produce business income.

Property owned by the business is valued at its original cost. Original cost is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements and partial dispositions because of sale or exchange. Allowance for depreciation is not considered.

Rented property is valued at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total rent paid for the property, less aggregate annual subrental rates paid by subtenants.

When determining income or loss apportionment on Worksheet IV, Section A or B, the numerator of the property factor is the average value of real and tangible personal property owned or rented by the business and used within the LAMBRA during the taxable year to produce LAMBRA business income. See Worksheet IV, Section A/B, column (b).

When determining income apportionment on Worksheet IV, Section A, the denominator of the property factor is the total average value of all real and tangible personal property owned or rented and used during the taxable year within California. See Worksheet IV, Section A, column (a).

When determining loss apportionment on Worksheet IV, Section B, the denominator of the property factor is the total average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year to produce business income within and outside the LAMBRA. See Worksheet IV, Section B, column (a).

Payroll Factor

Payroll is defined as the total amount paid to the business's employees as compensation for the production of business income during the taxable year.

Compensation means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services. Payments made to independent contractors or any other person not properly classified as an employee are excluded.

Compensation Within the LAMBRA

Compensation is considered to be within the LAMBRA if any of the following conditions are met:

1. The employee services are performed within the geographical boundaries of the LAMBRA.
2. The employee services are performed within and outside the LAMBRA, but the services performed outside the LAMBRA are incidental to the employee services within the LAMBRA.

   Incidental means any temporary or transitory service performed in connection with an isolated transaction.
3. If employee services are performed within and outside the LAMBRA, employee compensation is attributed to the LAMBRA if any of the following items are met:
   A. The employee's base of operations is within the LAMBRA.
   B. There is no base of operations in any other part of the state in which some part of the service is performed, and the place from which the service is directed or controlled is within the LAMBRA.
   C. The base of operations or the place from which the service is directed or controlled is not in any other part of the state in which some part of the service is performed and the employee's residence is within the LAMBRA.

   Base of operations is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or other persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

When determining income or loss apportionment on Worksheet IV, Section A or B, the numerator of the payroll factor is the taxpayer's total compensation paid to employees for working within the LAMBRA during the taxable year. See Worksheet IV, Section A/B, column (b).

When determining income apportionment on Worksheet IV, Section A, the denominator of the payroll factor is the total taxpayer's compensation paid to employees working in California. See Worksheet IV, Section A, column (a).

When determining loss apportionment on Worksheet IV, Section B, the denominator of the payroll factor is the taxpayer's total compensation paid to employees working in all business operation locations. See Worksheet IV, Section B, column (a).

Corporations Filing a Combined Report
Business income for each corporation doing business in a LAMBRA will be its business income apportioned to California (see FTB Pub. 1061 for further information on combined reports and entity income apportionment). LAMBRA property and payroll factors used in the determination of LAMBRA business income includes only the taxpayer's California amounts in the denominator.

Example: Computation of LAMBRA business income apportioned to each entity operating within the LAMBRA
Parent Corporation A has two subsidiaries, B and C. Corporations A and B operate within the LAMBRA. The combined group operates within and outside California and apportions its income to California using Schedule R. Assume the combined group's business income apportioned to California was $1,000,000 and Corporation A's and B's share of California business income is $228,000 and $250,000, respectively. Corporation A's and B's separate LAMBRA and separate California property and payroll factor amounts are shown as follows.

Business income apportioned to the LAMBRA was determined as follows:

	A	B
Property Factor		
LAMBRA property	$1,000,000	$ 800,000
California property	$1,000,000	$1,200,000
Apportionment %	100%	66.66%
Payroll Factor		
LAMBRA payroll	$ 800,000	$ 800,000
California payroll	$ 800,000	$1,000,000
Apportionment %	100%	80%
Average Apportionment % (Property + Payroll Factors) / 2	100%	73.33%
Apportioned Business Income	$ 228,000	$ 250,000
LAMBRA business Income (Average Apportionment % X California Business Income)	$ 228,000	$ 183,325

Instructions for Worksheet IV – Income or Loss Apportionment

If the business operates solely within a single LAMBRA and all its property and payroll are solely within that single LAMBRA, enter 100% (1.00) on Section A, line 4, column (c) and Section B, line 4, column (c). Do not complete the rest of Worksheet IV.

Section A – Income Apportionment

Use Worksheet IV, Section A, Income Apportionment, to determine the amount of business income apportioned to the LAMBRA. The apportioned LAMBRA business income determines the amount of the tax incentives that can be used.

Only California source business income is apportioned to the LAMBRA. A taxpayer's LAMBRA business income is its California apportioned business income multiplied by the specific LAMBRA apportionment percentage.

The LAMBRA property and payroll factors used in the determination of apportionable business income include only the taxpayer's California amounts in the denominator.

Section B – Loss Apportionment

Use Worksheet IV, Section B, Loss Apportionment, to determine your net operating loss apportioned to the LAMBRA. A taxpayer's LAMBRA net operating loss is its net business operating loss from all

Worksheet IV **Income or Loss Apportionment — LAMBRA**

Section A – Income Apportionment

Use Worksheet IV, Section A, if your business has net income from sources within and outside a LAMBRA.	(a) Total within California	(b) Total within a LAMBRA	(c) Percentage within a LAMBRA column (b) ÷ column (a)
PROPERTY FACTOR			
1 **Average** yearly value of owned real and tangible personal property used in the business (at original cost). See instructions. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions			
Total property values			
PAYROLL FACTOR			
2 Employees' wages, salaries, commissions, and other compensation related to business income included in the return.			
Total payroll			
3 Total percentage, sum of the percentages in column (c)			
4 Average apportionment percentage (1/2 of line 3). Enter here and on form FTB 3807, Side 1, line 4			

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the LAMBRA. Factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer does not have any payroll within or outside the LAMBRA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

sources multiplied by the specific LAMBRA apportionment percentage computed in Worksheet IV, Section B.

The LAMBRA property and payroll factors used in the determination of the apportioned business net operating loss include worldwide amounts in the denominator.

Section C – Income or Loss Apportionment

Form 540 and Form 540NR filers, use Worksheet IV, Section C to determine the amount to enter on the following:

- Worksheet V, Section A, line 1
- Worksheet V, Section C, line 1 and line 6
- Schedule Z, Part I, line 1 and line 3

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the LAMBRA. A taxpayer's LAMBRA business income is its California apportioned business income computed using Schedule R, multiplied by the specific LAMBRA apportionment percentage computed using Worksheet IV, Section A.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income." Only business income is apportioned to the LAMBRA. See Part IV, Portion of Business Attributable to the LAMBRA, for a complete discussion of business and nonbusiness income.

Part I – Individual Income and Expense Items

Wages

Taxpayers with wages from a company located within and outside a LAMBRA must determine the LAMBRA wage income by entering the percentage of time that they worked within the LAMBRA in column (b). The percentage of time should be for the same period the wages entered on line 1 were earned. This percentage must be determined based on their record of time and events such as a travel log or entries in a daily planner.

Part II – Pass-Through Income or Loss

Multiple Pass-Through Entities

If you are a shareholder, beneficiary, partner, or member in multiple pass-through entities with businesses located within and outside a LAMBRA from which you received LAMBRA business tax incentives, see the example below for computing business income in the LAMBRA.

Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565, or 568)	Entity's LAMBRA apportionment percentage	LAMBRA apportioned income
ABC, Inc.	$40,000	80%	$32,000
A, B, & C	30,000	10%	3,000
ABC, LLC	10,000	50%	5,000
Total			**$40,000**

Worksheet IV **Income or Loss Apportionment – LAMBRA** (continued)

Section B **Loss Apportionment (For the computation of current year net operating loss)**

Use Worksheet IV, Section B, if your business has net losses from sources within and outside a LAMBRA.	(a) Total within and outside a LAMBRA	(b) Total within a LAMBRA	(c) Percentage within a LAMBRA column (b) ÷ column (a)
PROPERTY FACTOR			
1 **Average** yearly value of owned real and tangible personal property used in the business (at original cost). See instructions. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions			
Total property values			
PAYROLL FACTOR			
2 Employees' wages, salaries, commissions, and other compensation related to business income included in the return. **Total payroll**			
3 Total percentage, sum of the percentages in column (c)			
4 Average apportionment percentage (1/2 of line 3). Enter here and on Worksheet V, Section B, line 4			

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the LAMBRA. Factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer does not have any payroll within or outside the LAMBRA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

Part III – Taxpayer's Trade or Business

Business Income or Loss

Use business income or loss from federal Form 1040 Schedules C, C-EZ, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also include business capital gains and losses from Schedule D and business gains and losses from Schedule D-1 as adjusted on Schedule CA (540 or 540NR).

Income Computation

Located Entirely Within the LAMBRA

Line 6 – Line 9: If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is entirely within the LAMBRA, enter the income or loss from this activity in column (a), and enter 1.00 in column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within the LAMBRA, enter the gain or loss reported in column (a) and enter 1.00 in column (b).

Located Entirely Within California

Line 6 – Line 9: If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is entirely within California, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section C, column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section C, column (b).

Located Within and Outside the LAMBRA and California

Line 6 – Line 9: If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is within and outside the LAMBRA and California, get Schedule R

Worksheet IV Income or Loss Apportionment — LAMBRA (continued)

Section C Income or Loss Apportionment

Part I Individual Income and Expense Items. See instructions.

	(a) Amount	(b) Percentage of time providing services in the LAMBRA	(c) Apportioned amount (a) x (b)
1 Wages			
2 Employee business expenses			
3 Total. Add line 1, column (c) and line 2, column (c)			

Part II Pass-Through Income or Loss. See instructions

	(a) Name of entity	(b) Distributive or pro-rata share of business income or loss apportioned to the LAMBRA from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses
4		
5 Total. Add line 4, column (b)		

Part III Taxpayer's Trade or Business. See instructions.

	(a) Business income or loss	(b) Apportionment percentage for the LAMBRA	(c) Apportioned income or loss (a) x (b)
6 Schedule C or C-EZ			
7 Schedule E (Rentals)			
8 Schedule F			
9 Other business income or loss			
10 Total. Add line 6 through line 9, column (c)			

	(a) Business gain or loss	(b) Apportionment percentage for the LAMBRA	(c) Apportioned gain or loss (a) x (b)
11 Schedule D			
12 Schedule D-1			
13 Total. Add line 11, column (c) and line 12, column (c)			
14 Total. Add line 3, line 10, and line 13, column (c), and line 5, column (b)			

and complete line 1 through line 18b and line 28 through line 31. Enter the amount from Schedule R, line 18b and line 31 in column (a) of this worksheet. To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section C, column (b).

When computing Schedule R, disregard any reference to Forms 100,100S, 100W, 100X, 565, or 568. Also disregard any reference to Schedules R-3, R-4, or R-5.

Nonresidents who have an apportioning business that operates within the LAMBRA should have already computed Schedule R, and can use those amounts when that schedule is referenced.

Residents complete a Schedule R in order to determine their California source business income for purposes of the LAMBRA credit computation.

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted within and outside a LAMBRA and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, line 5 and enter the result in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section A. Enter the percentage from Worksheet IV, Section A, line 4, column (c) on Worksheet IV, Section C, column (b).

Line 14 – If you are computing the LAMBRA NOL and the result on the Worksheet IV, Section C, line 14, column (c) is a **negative** amount, enter this amount on Worksheet V, Section A, line 1.

If the amount is **positive**, you do not have a LAMBRA NOL.

If you are computing the LAMBRA business income and the result on the Worksheet IV, Section C, line 14, column (c) is a **positive** amount and:

- You have LAMBRA NOL carryovers, enter the amount on Worksheet V, Section C, line 1 and line 6 (skip line 2 through line 5).
- You have LAMBRA credits or credit carryovers, enter the amount on Schedule Z, line 1 and line 3 (skip line 2).

If the amount is **negative**, you do not have any business income attributable to the LAMBRA and you cannot utilize any LAMBRA NOL carryover, credit(s), or credit carryover(s) in the current taxable year.

Loss Computation

Located Entirely Within the LAMBRA

Line 6 – Line 9: If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is entirely within the LAMBRA, enter the income or loss from this activity in column (a), and enter 1.00 in column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within the LAMBRA, enter the gain or loss reported in column (a) and enter 1.00 in column (b).

Located Within and Outside the LAMBRA

Line 6 – Line 9: If your business operation reported on Schedule C, C-EZ, E, F, or other schedule is within and outside the LAMBRA, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section B. Enter the percentage from Worksheet IV, Section B, line 4, column (c) on Worksheet IV, Section C, column (b).

Line 11 and Line 12: If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted within and outside the LAMBRA, enter the gain or loss reported in column (a). To determine the apportionment percentage in column (b), complete Worksheet IV, Section B. Enter the percentage from Worksheet IV, Section B, line 4, column (c) on Worksheet IV, Section C, column (b).

Line 14 – See line 14 under Income Computation.

Part V – Net Operating Loss (NOL) Carryover and Deduction

An NOL generated by a business that operates or invests within a LAMBRA can be carried forward for 15 years but cannot be carried back. Financial institutions using the bad debt reserve method may carry over the loss for a maximum of five taxable years. In addition, up to 100% of the NOL generated in a LAMBRA can be carried forward.

The business cannot generate NOLs from activities within the LAMBRA area before the first taxable year beginning on or after the date the LAMBRA is officially designated.

Limitation

A LAMBRA NOL deduction can offset only business income attributable to operations within the LAMBRA.

Election

Elect and designate the carryover category (general or specific, EZ, LAMBRA, TTA, or Pierce's disease NOL) on the original return for the year of a loss and file form FTB 3807 for each year in which a LAMBRA NOL deduction is being taken. The election is **irrevocable**.

If you elect the LAMBRA NOL deduction, you are prohibited by law from carrying over any other type of NOL, from this year.

To determine which type of NOL will provide the greater benefit, taxpayers that have general or specific, EZ, LAMBRA, TTA, NOL or that may qualify for the special NOL treatment should estimate future income and complete Worksheet V and the following forms or worksheets if applicable:

- FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts
- FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations
- FTB 3805Z, Enterprise Zone Business Booklet, Schedule Z
- FTB 3809, Targeted Tax Area Business Booklet, Worksheet V

Alternative Minimum Tax

Taxpayers claiming a LAMBRA NOL deduction, determine your NOL for alternative minimum tax (AMT) purposes. Use Schedule P (100, 100W, 540, 540NR, or 541) to compute the NOL for AMT purposes.

S Corporations

LAMBRA NOLs incurred prior to becoming an S corporation cannot be used against S corporation income. See IRC Section 1371(b).

However, an S corporation is allowed to deduct a LAMBRA NOL incurred after the "S" election is made. An S corporation may use the NOL as a deduction against income subject to the 1.5% entity-level tax (3.5% for financial S corporations). The expenses (and income) giving rise to the loss are also passed through to the shareholders in the year the loss is incurred.

NOL Carryover Amount — Businesses Operating Totally Within the LAMBRA

For calendar and fiscal year taxpayers with all payroll and property within a LAMBRA, the NOL carryover is determined by computing the business loss that results from business activity in the LAMBRA.

NOL Carryover Amount — Businesses Operating Totally Within and Outside the LAMBRA

If the business is located within and outside or in more than one LAMBRA, the loss amount available for carryover is determined by apportioning the total business loss of the entity attributable to the LAMBRA pursuant to the provisions of R&TC Chapter 17 (commencing with Section 25101) with certain modifications to the apportioning factors. The apportionment factors include the property and payroll factors, and they compare the LAMBRA property and payroll to total property and payroll. The loss calculation is done on Worksheet V, Section A for individuals and exempt trusts, and Worksheet V, Section B for corporations. The apportionment factor calculation is done on Worksheet IV, Section B for business entities and Worksheet IV, Section C for individuals. The loss carryover is deducted against income apportioned by each business to the LAMBRA in subsequent years. This calculation is done on Worksheet V, Section C.

Corporations that are members of a unitary group filing a combined report, separately compute the loss carryover for each corporation in the group (R&TC Section 25108) using their individual

apportionment factors. Unlike the NOL treatment on a federal consolidated return, a loss carryover for one member included in a combined report may not be applied to the intrastate apportioned income of another member included in a combined report.

For any water's-edge taxpayer, R&TC Section 24416(c) imposes a limitation on the NOL deduction if the NOL is generated during a non-water's edge tax year. The NOL carryover is limited to the lesser of the NOL or the re-computed NOL. The re-computed NOL carryover is determined by computing the income and factors of the original worldwide combined reporting group, as if the water's-edge election had been in force for the year of the loss. R&TC Section 24416(c) serves as a limitation. If this section applies, the NOL carryover for each corporation may only be decreased, not increased.

Instructions for Worksheet V — Net Operating Loss Computation and Loss Limitations

Individuals and exempt trusts with a current year loss complete Section A. Corporations with a current year loss complete Section B. Individuals, exempt trusts, and corporations with current year income and a prior year LAMBRA NOL carryover complete Section C.

Section A – Computation of Current Year NOL — Individuals and Exempt Trusts

Use this section to compute the LAMBRA NOL to be carried over to future years by individuals and exempt trusts. Complete Section A only if you have a current year loss.

Complete form FTB 3805V before you compute the allowable LAMBRA loss.

To compute the LAMBRA NOL, separate business income and deductions from nonbusiness income and deductions. See Part IV for a complete discussion of business and nonbusiness income.

Section B – Computation of Current Year NOL — Corporations

Use this section to compute the LAMBRA NOL to be carried over to future years for corporations. Complete Section B only if the corporation has a current year loss.

Complete form FTB 3805Q before computing the allowable LAMBRA loss.

Section C – Computation of NOL Carryover and Carryover Limitations — Individuals, Exempt Trusts, and Corporations

For taxable years beginning in **2008 and 2009**, California has suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. **However**, corporations with taxable income of less than $500,000, individuals with net business income of less than $500,000, or with disaster loss carryovers are not affected by the NOL suspension rules.

Corporations use forms FTB 100, line 19, FTB 100W, line 19, or FTB 100S, line 16 (net of any adjustments on line 17) to determine the taxable income.

Individuals use the California Schedules CA (540) or CA (540NR) line, 12, line 14, and line 18; the federal Schedule E, line 26, line 32, and line 40; and the federal Form 4797, line 9. Adjust the amounts on the California Schedule CA by Columns B (subtractions) and C (additions) to get your net business income. On the Schedule CA (540NR), use the amounts from Column E to determine your net business income.

The carryover period for suspended losses is extended by:

- Two years for losses incurred in taxable years beginning before January 1, 2008.
- One year for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

For NOLs incurred in taxable years beginning on or after January 1, **2008**, California has extended the NOL carryover period from 10 to 20 taxable years following the year of the loss. Also, California will allow NOLs incurred in taxable years beginning on or after January 1, **2011**, to be carried back to each of the preceding two taxable years. An NOL carryback shall not be carried back to any taxable year beginning before January 1, 2009. The allowable NOL carryback percentage varies. For an NOL incurred in a taxable year beginning on or after:

- January 1, 2011, and before January 1, 2012, the carryback amount to any taxable year shall not exceed 50 percent of the NOL.
- January 1, 2012, and before January 1, 2013, the carryback amount to any taxable year shall not exceed 75 percent of the NOL.
- January 1, 2013, the carryback amount to any taxable year shall not exceed 100 percent of the NOL.

A LAMBRA NOL deduction can offset only business income attributable to operations within the LAMBRA. Use this worksheet to compute the LAMBRA NOL deduction for individuals, exempt trusts, and corporations.

Line 1 – See Part IV for a complete discussion of business and nonbusiness income.

Form 540 and Form 540NR filers:
Be sure to include casualty losses, disaster losses, and any business deductions reported on Schedule A as itemized deductions.

Exception: If you elected to carry back part or all of your current year disaster loss under IRC Section 165(i)(1), do not include the amount of loss that was carried back in your current year business income for the LAMBRA.

Line 2 – In modifying your income, deduct your capital losses only up to your capital gains. Enter as a positive number any net capital losses included in line 1.

Line 3 – Corporations reduce income by the disaster loss deduction and the deduction for excess net passive income.

Line 6 – This is your modified taxable income (MTI). Reduce this amount by your LAMBRA NOL deduction. The LAMBRA NOL deduction may not be larger than your MTI. If your MTI

Worksheet V **Net Operating Loss (NOL) Computation and Loss Limitations — LAMBRA**

Section A **Computation of Current Year Net Operating Loss — Individuals and Exempt Trusts**

1	Net trade or business loss from all sources. **Individuals**: Enter the total from Worksheet IV, Section C, line 14, column (c) as a positive number. For purposes of this worksheet section, do not include any 2008 losses or disaster loss carryovers in line 1. See instructions for definition of business income. **Exempt trusts:** Enter the amount from Form 109, line 4	1	
2	Business capital losses included in line 1. Enter as a positive number	2	
3	Business capital gains included in line 1	3	
4	If line 2 is greater than line 3, enter the difference as a positive number; otherwise enter -0-	4	
5	Subtract line 4 from line 1. If the result is zero or less, do not complete the rest of this section. You do not have a current year NOL from a LAMBRA	5	
6	Enter the amount from form FTB 3805V, Part I, Section A, line 20	6	
7	Enter the smaller of line 5 or line 6 here and in Section C, line 20, column (e). This is the LAMBRA NOL carryover to 2009	7	

Worksheet V NOL Computation and Loss Limitations - LAMBRA (continued)

Section B Computation of Current Year Net Operating Loss — Corporations

If you have a LAMBRA NOL and a prior year general NOL, see instructions.

Check the appropriate box to describe your entity type during the year that the NOL was incurred:

☐ C corporation ☐ S corporation ☐ Exempt corporation

1	Net loss for state purposes from Form 100, line 18 and Form 100W, line 18; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1. Enter as a positive number. Apportioning corporations, enter the amount from Schedule R, line 14 plus line 17	1	
2 a	2008 disaster relief loss included in line 1. Enter as a positive number	2a	
b	Nonbusiness income included in line 1. Enter as a negative number	2b	
c	Nonbusiness losses included in line 1. Enter as a positive number	2c	
d	Combine line 2a through line 2c	2d	
3	Subtract line 2d from line 1. If zero or less, do not complete the rest of this section; the corporation does not have a current year NOL from a LAMBRA	3	
4	Enter the average apportionment percentage from Worksheet IV, Section B, line 4	4	
5	Multiply line 3 by line 4	5	
6	Enter the amount from form FTB 3805Q, Part I, line 3	6	
7	Enter the smaller of line 5 or line 6 here and in Section C, line 20, column (e). This is the LAMBRA NOL carryover to 2009.	7	

Section C NOL Carryover and Carryover Limitations — Individuals, Exempt Trusts, and Corporations. See instructions.

1	Enter the amount from Form 100, line 18 or Form 100W, line 18; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1 or line 4. Form 540 and Long Form 540NR filers, enter the total from Worksheet IV, Section C, line 14, column (c) on line 1 and line 6 (skip line 2 through line 5). See instructions. Corporations which file a combined report, enter the taxpayer's business income assigned to California (see instructions Part IV)	1		
2 a	Form 100, Form 100W, Form 100S, and Form 109 filers: Enter any nonbusiness income included in line 1 as a negative number. Form 540 and Long Form 540NR filers leave blank	2a		
b	Form 100, Form 100S, and Form 109 filers: Enter any nonbusiness losses included in line 1 as a positive number. Form 540 and Long Form 540NR filers leave blank	2b		
c	Combine line 2a and line 2b	2c		
3	Form 100 and Form 100W filers: Enter the amount from Form 100 or Form 100W, line 22. Form 100S filers: Enter the total of the amounts from Form 100S, line 17 and line 20. Form 540, Long Form 540NR, and Form 109 filers: Enter -0-. Enter this amount as a negative number	3		
4	Combine line 1, line 2c, and line 3. If zero or less, enter -0- on line 6	4		
5	Enter the average apportionment percentage from Worksheet IV, Section A, line 4	5		
6	Modified taxable income. Multiply line 4 by line 5. See instructions		6	

	(a) Description	(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) LAMBRA NOL carryover to 2009
7	Modified taxable income from line 6				
8	LAMBRA NOL carryover beginning in 1996				
9	LAMBRA NOL carryover beginning in 1997				
10	LAMBRA NOL carryover beginning in 1998				
11	LAMBRA NOL carryover beginning in 1999				
12	LAMBRA NOL carryover beginning in 2000				
13	LAMBRA NOL carryover beginning in 2001				
14	LAMBRA NOL carryover beginning in 2002				
15	LAMBRA NOL carryover beginning in 2003				
16	LAMBRA NOL carryover beginning in 2004				
17	LAMBRA NOL carryover beginning in 2005				
18	LAMBRA NOL carryover beginning in 2006				
19	LAMBRA NOL carryover beginning in 2007				
20	LAMBRA NOL carryover beginning in 2008				
21	Total the amounts in columns (b), (c), and (e). See instructions				

is a loss in the current year or if it limits the amount of NOL you may use this year, carry over the NOL to future years.

Line 7 – Enter the amount from line 6 in column (d). If this amount is zero or negative, transfer the amounts from line 8 through line 19, column (b) to column (e). Go to line 20. **CAUTION:** Your NOL may be suspended. See the explanation under Instructions for Worksheet V, Section C. If your NOL is suspended do not put any amounts in column (c). Carryover the column (b) amounts to column (e).

Line 8 – Line 19: Enter the amounts on line 8 through line 19 as positive numbers.

In column (c), enter the smaller of the amount in column (b) or the amount in column (d) from the previous line.

In column (d), enter the result of subtracting column (c) from the balance on the previous line in column (d).

In column (e), enter the result of subtracting the amount in column (c) from the amount in column (b), as applicable.

Example:

(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) LAMBRA NOL carryover
		$5,000	
$ 500	$ 500	4,500	$ 0

Line 20 – Enter the amount of your current year NOL in column (e). For individuals and exempt trusts, enter the amount from Section A, line 7. For corporations, enter the amount from Section B, line 7.

Line 21 – Total the amounts in column (b) and column (e). Enter the totals from column (b) and column (e) on form FTB 3807, Side 1, line 5a and line 5c, accordingly.

Your LAMBRA NOL deduction for 2008 is the total of column (c). Enter this amount on your California tax return or schedule as follows:

- Form 100, line 21
- Form 100S, line 19
- Form 100W, line 21
- Form 109, line 6
- Schedule CA (540), line 21e, column B
- Schedule CA (540NR), line 21e, column B

Schedule Z – Computation of Credit Limitations

Credit Limitations

The amount of credit you can claim on your California tax return is limited by the amount of tax attributable to LAMBRA business income. Use Schedule Z on form FTB 3807, Side 2 to compute this limitation.

If a taxpayer owns an interest in a disregarded business entity, the amount of credit that can be utilized is limited to the difference between the taxpayer's regular tax computed with the income of the disregarded entity, and the taxpayer's regular tax computed without the income of the disregarded entity.

Partnerships allocate the credit among the partners according to the partner's distributive share as determined in a written partnership agreement. See R&TC Section 17039(e).

Credits you are otherwise eligible to claim may be limited. Do not apply credits against the minimum franchise tax (corporations and S corporations), the annual tax (partnerships, LLCs classified as partnerships, and QSub), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

Refer to the credit instructions in your tax booklet for more information.

S Corporations and the Application of LAMBRA Credits

An S corporation may use its LAMBRA credits to reduce LAMBRA business tax both at the corporate and shareholder levels. An S corporation may use 1/3 of the LAMBRA credits to reduce the tax on the S corporation's LAMBRA business income. In addition, S corporation shareholders may claim their pro-rata share of the entire amount of the LAMBRA credits computed under the Personal Income Tax Law.

Example: In 2008, an S corporation qualified for a $3,000 LAMBRA hiring credit. The S corporation will be able to use 1/3 of the credit ($3,000 X 1/3 = $1,000) to offset the tax on the corporation's LAMBRA business income. The S corporation will also pass through a $3,000 credit to its shareholders to offset their individual tax (computed under the Personal Income Tax Law) on LAMBRA business income.

S corporations should attach form FTB 3807 to Form 100S, California S Corporation Franchise or Income Tax Return, to claim the tax credits.

Shareholders should attach Schedule(s) K-1 (100S), Shareholder's Share of Income, Deductions, Credits, etc., to their individual tax return.

Carryover

If the amount of credit available this year exceeds your LAMBRA business tax, you may carry over any excess credit to future years until exhausted. Apply the carryover to the earliest taxable year possible. In no event can the credit be carried back and applied against a prior year's tax. Additionally, the credit cannot be transferred to another taxpayer (absent a qualifying merger).

For S corporations, the amount of the 1/3 credit that is in excess of the 1.5% entity-level tax (3.5% for financial S corporations) in the current year may also be carried forward and used in future years to offset the 1.5% entity-level tax (3.5% for financial S corporations). See the instructions for Schedule Z, Part III for more information.

Credit Code Number

Use credit code number **198** to claim the LAMBRA hiring and sales or use tax credits. Using an incorrect code number may cause a delay in allowing the credit(s).

Instructions for Schedule Z — Computation of Credit Limitations

Reporting Requirements of S Corporations, Estates, Trusts, and Partnerships

- **Partnerships**
  Do not complete Schedule Z. However, the partners and members of these types of entities should complete Schedule Z in order to determine the amount of LAMBRA credits that they may claim on their California tax returns.
- S corporations and their shareholders complete Schedule Z.
- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, loss, and deductions apportioned to the LAMBRA.
- Separately state the distributive or pro-rata share of any business capital gains and losses apportioned to the LAMBRA included in the amount above.

S Corporations

Complete Part I and Part III of Schedule Z if your entity-level tax before credits is more than the minimum franchise tax.

Corporations and S Corporations subject to the minimum franchise tax only

Complete only Part IV of Schedule Z.

All others: Complete Part I and Part II of Schedule Z.

Part I – Computation of Credit Limitations

For filers with NOLs or NOL carryovers.

- Complete Worksheet V first if you have a current year NOL or an NOL carryover.
- Then complete Schedule Z if you have any LAMBRA credits.

If you do not have a current year NOL or any NOL carryovers:

- Individuals: Go to Worksheet IV, Section C. Follow the worksheet instructions. Enter the amount from Worksheet IV, Section C, line 14, column (c) on Schedule Z, Part I, line 1 and line 3 (skip line 2).
- Corporations: Follow the instructions for line 1 below.

Line 1 – Enter all trade or business income. See Part IV for the definition of trade or business income.

Line 2 – If your business is located entirely within the LAMBRA, enter 1.

This percentage is the apportionment percentage computed by the entity using Worksheet IV, Section A, and represents the percentage of the entity's business income attributable to the LAMBRA.

Line 6a – Compute the tax as if the LAMBRA taxable income represented all of your taxable income.

Individuals

Use the tax table or tax rate schedule in your tax booklet for your filing status.

Exempt organizations
Use the applicable tax rate in your tax booklet.

Corporations and S Corporations
Use the applicable tax rate.

Example: (Determination of LAMBRA Business Income for Shareholders, Partners, or Members of Pass-Through Entities)
John Anderson is vice president of ABC, Inc., an S corporation that has two locations: one within the LAMBRA and one outside the LAMBRA. Eighty percent (80%) of the S corporation's business is attributable to the LAMBRA.

This percentage was determined by ABC, Inc. using Worksheet IV, Section A, when ABC's California S corporation return (Form 100S) was prepared. John divides his time equally (50/50) between the two offices of ABC, Inc.

Jackie Anderson (John's spouse/RDP) works for ABC, Inc. at its office located within the LAMBRA.

John and Jackie Anderson have the following items of California income and expense for the 2008 taxable year:

John's salary from ABC, Inc. $100,000
Jackie's salary from ABC, Inc. 75,000
Interest on savings account 1,000
Dividends 3,000
Schedule K-1 (100S) from ABC, Inc.:
Ordinary income 40,000
LAMBRA business expense deduction . . . . . (5,000)*
John's unreimbursed employee expenses from federal Schedule A . . (2,000)

*The LAMBRA business expense deduction is a separately stated item on Schedule K-1 (100S), line 11.

The Anderson's LAMBRA business income (total amount to be reported on line 3) is computed as follows:

John's LAMBRA salary ($100,000 x 50%) $50,000
Jackie's LAMBRA salary ($75,000 x 100%) 75,000
Pass-through ordinary income from ABC, Inc. ($40,000 x 80%) 32,000
LAMBRA business expense deduction from ABC, Inc. . . . . (5,000)
John's unreimbursed employee business expenses (2,000 x 50%) . . . . . (1,000)
Total LAMBRA business income (Schedule Z, Part I, line 3) $151,000

The standard deduction and personal or dependency exemptions are not included in the computation of LAMBRA business income since they are not related to trade or business activities.

John and Jackie must compute the tax (to be entered on Schedule Z, Part I, line 6a) on the total LAMBRA business income of $151,000 (as if it represents all of their income).

Line 6b – Corporations and S corporations
If the amount on line 6b is the minimum franchise tax ($800), you cannot use your LAMBRA credits this year. You should complete Part IV of Schedule Z to compute the amount of credit carryover.

Part II – Limitation of Credits for Corporations, Individuals, Estates, and Trusts

Use Part II of Schedule Z if you are a corporation, individual, estate, or trust.

Corporations and S corporations that are subject to paying only the minimum franchise tax, go to Part IV of the Schedule Z.

Line 8A, column (e) – Enter the amount from line 7. This is the amount of limitation based on the tax on LAMBRA business income.

Line 8A, column (f) – Enter the amount of credit that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount on line 8A, column (e) or the amount computed on line 8B, column (d). Enter this amount on form FTB 3807, Side 1, line 2a.

Line 8B, column (b) – Enter the amount of the current year credit that was computed on Worksheet I, Section A, line 6.

Line 8B, column (c) – Enter the amount of the total prior year carryover of the credit. This is the amount of credit that was previously computed on Worksheet I, Section A in the prior year, minus the amount that was allowed to be taken on the prior year return.

Line 8B, column (d) – Add the amount of the current year credit on line 8B, column (b) and the amount of the total prior year carryover on line 8B, column (c).

Line 8B, column (e) – Compare the amounts on line 8A, column (e) and line 8A, column (f). Enter the smaller amount.

Example: Part II

Assume the ABC Business has $8,000 of tax. The business computed a credit limitation based on LAMBRA business income of $7,000 on Schedule Z, line 7. The business has the following credits:

Hiring credit — $ 500
Sales or use tax credit — $9,000

Schedule Z, Part II would be computed as follows:

Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts.

(a) Credit name		(b) Credit amount	(c) Total prior year carryover	(d) Total credit col. (b) plus col. (c)	(e) Limitation based on LAMBRA business income	(f) Credit used on Schedule P can never be greater than col. (d) or col. (e)	(g) Carryover col. (d) minus col. (e)
8 Hiring credit	A				7,000	500	
	B	500	–0–	500	500		–0–
9 Sales or use tax credit	A				6,500	6,500	
	B	9,000	–0–	9,000	6,500		2,500

Line 8B, column (g) – Subtract the amount on line 8B, column (e) from the amount on line 8B, column (d). Enter the result on line 8B, column (g). This is the amount of credit that can be carried over to future years.

This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LAMBRA business income.

Line 9A, column (e) – Subtract the amount on line 8B, column (e) from the amount on line 8A, column (e). If the result is zero, your remaining credits are limited and must be carried over to future years. In this case, enter the amount from line 9B, column (d) on line 9B, column (g).

Line 9A, column (f) – Enter the amount of credit that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount on line 9A, column (e) or the amount computed on line 9B, column (d). Enter this amount on form FTB 3807, Side 1, line 2c.

Line 9B, column (b) – Enter the amount of the current year credit that was computed on Worksheet II, Section A, line 2, column (c).

Line 9B, column (c) – Enter the amount of the total prior year carryover of the credit. This is the amount of credit that was previously computed on Worksheet II, Section A minus the amount that was allowed to be taken on the prior year return.

Line 9B, column (d) – Add the amount of the current year credit on line 9B, column (b) and the amount of the total prior year carryover on line 9B, column (c).

Line 9B, column (e) – Compare the amounts on line 9A, column (e) and line 9A, column (f). Enter the smaller amount.

Line 9B, column (g) – Subtract the amount on line 9B, column (e) from the amount on line 9B, column (d). Enter the result on line 9B, column (g). This is the amount of credit that can be carried over to future years. This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on LAMBRA business income.

Part III – Limitation of Credits for S Corporations Only

Use Part III of Schedule Z only if you are an S corporation. Adjust Schedule C (100S) to reflect the LAMBRA business tax limitation (Part I, line 7) after completing this worksheet.

Line 10 and Line 11, column (b) – Enter the amount of current year credits (that were computed on Worksheet I and Worksheet II) in column (b) for line 10 and line 11, as applicable. Also include these amounts on Schedule K, line 13d, Form 100S.

Line 10 and Line 11, column (c) – Multiply the amount on line 10, column (b) and line 11, column (b) each by 1/3. Enter the result in column (c). The amounts in column (c) are the maximum amounts of the current year credits that may be used by the S corporation to offset its 1.5% entity-level tax (3.5% for financial S corporations). Also include these amounts on Schedule C , Form 100S.

Line 10 and Line 11, column (d) – Enter the amount of the total prior year credit carryover. This is the amount of credit that was previously computed on the prior year Worksheet I or Worksheet II, minus the amount that was allowed to be taken on the prior year return.

Line 10 and Line 11, column (e) – Add the amounts of the current year credits in column (c) and the total prior year carryovers in column (d).

Line 10 and Line 11, column (f) – Enter the amount of credit that was used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for financial S corporations). Enter the amount in column (f) for line 10 and line 11 on form FTB 3807, Side 1, line 2a and line 2c, as applicable.

Line 10 and Line 11, column (g) – Subtract the amount in column (f) for each line from the amounts in column (e). These are the amounts of credits that can be carried over to future years and used by the S corporation.

Part IV – Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax

Use Part IV of Schedule Z if you are a corporation or S corporation subject to paying only the minimum franchise tax.

Line 12 and Line 13, column (b) – Enter the amount of current year credits (that were computed on Worksheet I and Worksheet II) on line 12, column (b) and line 13, column (b), as applicable. S corporations may only enter 1/3 of the amounts from Worksheet I and Worksheet II.

Line 12 and Line 13, column (c) – Enter the amount of the total prior year carryover. These are the amounts of credits that were previously computed on Worksheet I and Worksheet II in the prior years, minus the amount that was allowed to be taken on the prior year return. S corporations may only enter 1/3 of the amounts from Worksheet I and Worksheet II.

Line 12 and Line 13, column (d) – Add the amounts in column (b) and column (c) for line 12 and line 13. These are the amounts of credits that can be carried over to future years.

FTB 3807
Principal Business Activity Codes

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System published by the United States Office of Management and Budget.

Agriculture, Forestry, Fishing, and Hunting

Code

Crop Production

111100 Oilseed & Grain Farming
111210 Vegetable & Melon Farming (including potatoes & yams)
111300 Fruit & Tree Nut Farming
111400 Greenhouse, Nursery, & Floriculture Production
111900 Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet, & all other crop farming)

Animal Production

112111 Beef Cattle Ranching & Farming
112112 Cattle Feedlots
112120 Dairy Cattle & Milk Production
112210 Hog & Pig Farming
112300 Poultry & Egg Production
112400 Sheep & Goat Farming
112510 Animal Aquaculture (including shellfish & finfish farms & hatcheries)
112900 Other Animal Production

Forestry and Logging

113110 Timber Tract Operations
113210 Forest Nurseries & Gathering of Forest Products
113310 Logging

Fishing, Hunting and Trapping

114110 Fishing
114210 Hunting & Trapping

Support Activities for Agriculture and Forestry

115110 Support Activities for Crop Production (including cotton ginning, soil preparation, planting, & cultivating)
115210 Support Activities for Animal Production
115310 Support Activities for Forestry

Mining

211110 Oil & Gas Extraction
212110 Coal Mining
212200 Metal Ore Mining
212310 Stone Mining & Quarrying
212320 Sand, Gravel, Clay, & Ceramic & Refractory

Minerals Mining & Quarrying

212390 Other Nonmetallic Mineral Mining & Quarrying
213110 Support Activities for Mining

Utilities

221100 Electric Power Generation, Transmission & Distribution
221210 Natural Gas Distribution
221300 Water, Sewage, & Other Systems
221500 Combination Gas & Electric

Construction

Code

Construction of Buildings

236110 Residential Building Construction
236200 Nonresidential Building Construction

Heavy and Civil Engineering Construction

237100 Utility System Construction
237210 Land Subdivision
237310 Highway, Street, & Bridge Construction
237990 Other Heavy & Civil Engineering Construction

Specialty Trade Contractors

238100 Foundation, Structure, & Building Exterior Contractors (including framing carpentry, masonry, glass, roofing, & siding)
238210 Electrical Contractors
238220 Plumbing, Heating, & Air-Conditioning Contractors
238290 Other Building Equipment Contractors
238300 Building Finishing Contractors (including drywall, insulation, painting, wallcovering, flooring, tile, & finish carpentry)
238900 Other Specialty Trade Contractors (including site preparation)

Manufacturing

Food Manufacturing

311110 Animal Food Mfg
311200 Grain & Oilseed Milling
311300 Sugar & Confectionery Product Mfg
311400 Fruit & Vegetable Preserving & Specialty Food Mfg
311500 Dairy Product Mfg
311610 Animal Slaughtering and Processing
311710 Seafood Product Preparation & Packaging
311800 Bakeries & Tortilla Mfg
311900 Other Food Mfg (including coffee, tea, flavorings, & seasonings)

Beverage and Tobacco Product Manufacturing

312110 Soft Drink & Ice Mfg
312120 Breweries
312130 Wineries
312140 Distilleries
312200 Tobacco Manufacturing

Textile Mills and Textile Product Mills

313000 Textile Mills
314000 Textile Product Mills

Apparel Manufacturing

315100 Apparel Knitting Mills

Code

315210 Cut & Sew Apparel Contractors
315220 Men's & Boys' Cut & Sew Apparel Mfg
315230 Women's & Girls' Cut & Sew Apparel Mfg
315290 Other Cut & Sew Apparel Mfg
315990 Apparel Accessories & Other Apparel Mfg

Leather and Allied Product Manufacturing

316110 Leather & Hide Tanning & Finishing
316210 Footwear Mfg (including rubber & plastics)
316990 Other Leather & Allied Product Mfg

Wood Product Manufacturing

321110 Sawmills & Wood Preservation
321210 Veneer, Plywood, & Engineered Wood Product Mfg
321900 Other Wood Product Mfg

Paper Manufacturing

322100 Pulp, Paper, & Paperboard Mills
322200 Converted Paper Product Mfg

Printing and Related Support Activities

323100 Printing & Related Support Activities

Petroleum and Coal Products Manufacturing

324110 Petroleum Refineries (including integrated)
324120 Asphalt Paving, Roofing, & Saturated Materials Mfg
324190 Other Petroleum & Coal Products Mfg

Chemical Manufacturing

325100 Basic Chemical Mfg
325200 Resin, Synthetic Rubber, & Artificial & Synthetic Fibers & Filaments Mfg
325300 Pesticide, Fertilizer, & Other Agricultural Chemical Mfg
325410 Pharmaceutical & Medicine Mfg
325500 Paint, Coating, & Adhesive Mfg
325600 Soap, Cleaning Compound, & Toilet Preparation Mfg
325900 Other Chemical Product & Preparation Mfg

Plastics and Rubber Products Manufacturing

326100 Plastics Product Mfg
326200 Rubber Product Mfg

Nonmetallic Mineral Product Manufacturing

327100 Clay Product & Refractory Mfg
327210 Glass & Glass Product Mfg
327300 Cement & Concrete Product Mfg
327400 Lime & Gypsum Product Mfg
327900 Other Nonmetallic Mineral Product Mfg

Primary Metal Manufacturing

331110 Iron & Steel Mills & Ferroalloy Mfg
331200 Steel Product Mfg from Purchased Steel
331310 Alumina & Aluminum Production & Processing
331400 Nonferrous Metal (except Aluminum) Production & Processing
331500 Foundries

Fabricated Metal Product Manufacturing

332110 Forging & Stamping
332210 Cutlery & Handtool Mfg
332300 Architectural & Structural Metals Mfg
332400 Boiler, Tank, & Shipping Container Mfg
332510 Hardware Mfg
332610 Spring & Wire Product Mfg
332700 Machine Shops, Turned Product, & Screw, Nut, & Bolt Mfg

Code

332810 Coating, Engraving, Heat Treating, & Allied Activities
332900 Other Fabricated Metal Product Mfg

Machinery Manufacturing

333100 Agriculture, Construction, & Mining Machinery Mfg
333200 Industrial Machinery Mfg
333310 Commercial & Service Industry Machinery Mfg
333410 Ventilation, Heating, Air-Conditioning, & Commercial Refrigeration Equipment Mfg
333510 Metalworking Machinery Mfg
333610 Engine, Turbine, & Power Transmission Equipment Mfg
333900 Other General Purpose Machinery Mfg

Computer and Electronic Product Manufacturing

334110 Computer & Peripheral Equipment Mfg
334200 Communications Equipment Mfg
334310 Audio & Video Equipment Mfg
334410 Semiconductor & Other Electronic Component Mfg
334500 Navigational, Measuring, Electromedical, & Control Instruments Mfg
334610 Manufacturing & Reproducing Magnetic & Optical Media

Electrical Equipment, Appliance, and Component Manufacturing

335100 Electric Lighting Equipment Mfg
335200 Household Appliance Mfg
335310 Electrical Equipment Mfg
335900 Other Electrical Equipment & Component Mfg

Transportation Equipment Manufacturing

336100 Motor Vehicle Mfg
336210 Motor Vehicle Body & Trailer Mfg
336300 Motor Vehicle Parts Mfg
336410 Aerospace Product & Parts Mfg
336510 Railroad Rolling Stock Mfg
336610 Ship & Boat Building
336990 Other Transportation Equipment Mfg

Furniture and Related Product Manufacturing

337000 Furniture & Related Product Manufacturing

Miscellaneous Manufacturing

339110 Medical Equipment & Supplies Mfg
339900 Other Miscellaneous Manufacturing

Wholesale Trade

Merchant Wholesalers, Durable Goods

423100 Motor Vehicle & Motor Vehicle Parts & Supplies
423200 Furniture & Home Furnishings
423300 Lumber & Other Construction Materials
423400 Professional & Commercial Equipment & Supplies
423500 Metal & Mineral (except Petroleum)
423600 Electrical & Electronic Goods
423700 Hardware, & Plumbing & Heating Equipment & Supplies
423800 Machinery, Equipment, & Supplies
423910 Sporting & Recreational Goods & Supplies
423920 Toy & Hobby Goods & Supplies
423930 Recyclable Materials
423940 Jewelry, Watch, Precious Stone, & Precious Metals
423990 Other Miscellaneous Durable Goods

Code

Merchant Wholesalers, Nondurable Goods

424100 Paper & Paper Products
424210 Drugs & Druggists' Sundries
424300 Apparel, Piece Goods, & Notions
424400 Grocery & Related Products
424500 Farm Product Raw Materials
424600 Chemical & Allied Products
424700 Petroleum & Petroleum Products
424800 Beer, Wine, & Distilled Alcoholic Beverages
424910 Farm Supplies
424920 Book, Periodical, & Newspapers
424930 Flower, Nursery Stock, & Florists' Supplies
424940 Tobacco & Tobacco Products
424950 Paint, Varnish, & Supplies
424990 Other Miscellaneous Nondurable Goods

Wholesale Electronic Markets and Agents and Brokers

425110 Business to Business Electronic Markets
425120 Wholesale Trade Agents & Brokers

Retail Trade

Motor Vehicle and Parts Dealers

441110 New Car Dealers
441120 Used Car Dealers
441210 Recreational Vehicle Dealers
441221 Motorcycle Dealers
441222 Boat Dealers
441229 All Other Motor Vehicle Dealers
441300 Automotive Parts, Accessories, & Tire Stores

Furniture and Home Furnishings Stores

442110 Furniture Stores
442210 Floor Covering Stores
442291 Window Treatment Stores
442299 All Other Home Furnishings Stores

Electronics and Appliance Stores

443111 Household Appliance Stores
443112 Radio, Television, & Other Electronics Stores
443120 Computer & Software Stores
443130 Camera & Photographic Supplies Stores

Building Material and Garden Equipment and Supplies Dealers

444110 Home Centers
444120 Paint & Wallpaper Stores
444130 Hardware Stores
444190 Other Building Material Dealers
444200 Lawn & Garden Equipment & Supplies Stores

Food and Beverage Stores

445110 Supermarkets and Other Grocery (except Convenience) Stores
445120 Convenience Stores
445210 Meat Markets
445220 Fish & Seafood Markets
445230 Fruit & Vegetable Markets
445291 Baked Goods Stores
445292 Confectionery & Nut Stores
445299 All Other Specialty Food Stores
445310 Beer, Wine, & Liquor Stores

Health and Personal Care Stores

446110 Pharmacies & Drug Stores
446120 Cosmetics, Beauty Supplies, & Perfume Stores
446130 Optical Goods Stores
446190 Other Health & Personal Care Stores

Gasoline Stations

447100 Gasoline Stations (including convenience stores with gas)

Code

Clothing and Clothing Accessories Stores

448110 Men's Clothing Stores
448120 Women's Clothing Stores
448130 Children's & Infants' Clothing Stores
448140 Family Clothing Stores
448150 Clothing Accessories Stores
448190 Other Clothing Stores
448210 Shoe Stores
448310 Jewelry Stores
448320 Luggage & Leather Goods Stores

Sporting Goods, Hobby, Book, and Music Stores

451110 Sporting Goods Stores
451120 Hobby, Toy, & Game Stores
451130 Sewing, Needlework, & Piece Goods Stores
451140 Musical Instrument & Supplies Stores
451211 Book Stores
451212 News Dealers & Newsstands
451220 Prerecorded Tape, Compact Disc, & Record Stores

General Merchandise Stores

452110 Department stores
452900 Other General Merchandise Stores

Miscellaneous Store Retailers

453110 Florists
453210 Office Supplies & Stationery Stores
453220 Gift, Novelty, & Souvenir Stores
453310 Used Merchandise Stores
453910 Pet & Pet Supplies Stores
453920 Art Dealers
453930 Manufactured (Mobile) Home Dealers
453990 All Other Miscellaneous Store Retailers (including tobacco, candle, & trophy shops)

Nonstore Retailers

454110 Electronic Shopping & Mail-Order Houses
454210 Vending Machine Operators
454311 Heating Oil Dealers
454312 Liquefied Petroleum Gas (Bottled Gas) Dealers
454319 Other Fuel Dealers
454390 Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)

Transportation and Warehousing

Air, Rail, and Water Transportation

481000 Air Transportation
482110 Rail Transportation
483000 Water Transportation

Truck Transportation

484110 General Freight Trucking, Local
484120 General Freight Trucking, Long-distance
484200 Specialized Freight Trucking

Transit and Ground Passenger Transportation

485110 Urban Transit Systems
485210 Interurban & Rural Bus Transportation
485310 Taxi Service
485320 Limousine Service
485410 School & Employee Bus Transportation
485510 Charter Bus Industry
485990 Other Transit & Ground Passenger Transportation

Pipeline Transportation

486000 Pipeline Transportation

Scenic & Sightseeing Transportation

487000 Scenic & Sightseeing Transportation

Code

Support Activities for Transportation

488100 Support Activities for Air Transportation
488210 Support Activities for Rail Transportation
488300 Support Activities for Water Transportation
488410 Motor Vehicle Towing
488490 Other Support Activities for Road Transportation
488510 Freight Transportation Arrangement
488990 Other Support Activities for Transportation

Couriers and Messengers

492110 Couriers
492210 Local Messengers & Local Delivery

Warehousing and Storage

493100 Warehousing & Storage (except lessors of miniwarehouses & self- storage units)

Information

Publishing Industries (except Internet)

511110 Newspaper Publishers
511120 Periodical Publishers
511130 Book Publishers
511140 Directory & Mailing List Publishers
511190 Other Publishers
511210 Software Publishers

Motion Picture and Sound Recording Industries

512100 Motion Picture & Video Industries (except video rental)
512200 Sound Recording Industries

Broadcasting (except Internet)

515100 Radio & Television Broadcasting
515210 Cable & Other Subscription Programming

Internet Publishing and Broadcasting

516110 Internet Publishing & Broadcasting

Telecommunications

517000 Telecommunications (including paging, cellular, satellite, cable & other program distribution, resellers, & other telecommunications)

Internet Service Providers, Web Search Portals, and Data Processing Services

518111 Internet Service Providers
518112 Web Search Portals
518210 Data Processing, Hosting, & Related Services

Other Information Services

519100 Other Information Services (including news syndicates & libraries)

Finance and Insurance

Depository Credit Intermediation

522110 Commercial Banking
522120 Savings Institutions
522130 Credit Unions
522190 Other Depository Credit Intermediation

Nondepository Credit Intermediation

522210 Credit Card Issuing
522220 Sales Financing
522291 Consumer Lending
522292 Real Estate Credit (including mortgage bankers & originators)
522293 International Trade Financing
522294 Secondary Market Financing
522298 All Other Nondepository Credit Intermediation

Activities Related to Credit Intermediation

522300 Activities Related to Credit Intermediation (including loan brokers, check clearing, & money transmitting)

Code

Securities, Commodity Contracts, and Other Financial Investments and Related Activities

523110 Investment Banking & Securities Dealing
523120 Securities Brokerage
523130 Commodity Contracts Dealing
523140 Commodity Contracts Brokerage
523210 Securities & Commodity Exchanges
523900 Other Financial Investment Activities (including portfolio management & investment advice)

Insurance Carriers and Related Activities

524140 Direct Life, Health, & Medical Insurance & Reinsurance Carriers
524150 Direct Insurance & Reinsurance (except Life, Health, & Medical) Carriers
524210 Insurance Agencies & Brokerages
524290 Other Insurance Related Activities (including third-party administration of insurance and pension funds)

Funds, Trusts, and Other Financial Vehicles

525100 Insurance & Employee Benefit Funds
525910 Open-End Investment Funds (Form 1120-RIC)
525920 Trusts, Estates, & Agency Accounts
525930 Real Estate Investment Trusts (Form 1120-REIT)
525990 Other Financial Vehicles (including closed-end investment funds)

"Offices of Bank Holding Companies" and "Offices of Other Holding Companies" are located under **Management of Companies (Holding Companies)** on next page.

Real Estate and Rental and Leasing

Real Estate

531110 Lessors of Residential Buildings & Dwellings
531114 Cooperative Housing
531120 Lessors of Nonresidential Buildings (except Miniwarehouses)
531130 Lessors of Miniwarehouses & Self-Storage Units
531190 Lessors of Other Real Estate Property
531210 Offices of Real Estate Agents & Brokers
531310 Real Estate Property Managers
531320 Offices of Real Estate Appraisers
531390 Other Activities Related to Real Estate

Rental and Leasing Services

532100 Automotive Equipment Rental & Leasing
532210 Consumer Electronics & Appliances Rental
532220 Formal Wear & Costume Rental
532230 Video Tape & Disc Rental
532290 Other Consumer Goods Rental
532310 General Rental Centers
532400 Commercial & Industrial Machinery & Equipment Rental & Leasing

Lessors of Nonfinancial Intangible Assets (except copyrighted works)

533110 Lessors of Nonfinancial Intangible Assets (except copyrighted works)

Professional, Scientific, and Technical Services

Legal Services

541110 Offices of Lawyers
541190 Other Legal Services

Code

Accounting, Tax Preparation, Bookkeeping, and Payroll Services

541211 Offices of Certified Public Accountants
541213 Tax Preparation Services
541214 Payroll Services
541219 Other Accounting Services

Architectural, Engineering, and Related Services

541310 Architectural Services
541320 Landscape Architecture Services
541330 Engineering Services
541340 Drafting Services
541350 Building Inspection Services
541360 Geophysical Surveying & Mapping Services
541370 Surveying & Mapping (except Geophysical) Services
541380 Testing Laboratories

Specialized Design Services

541400 Specialized Design Services (including interior, industrial, graphic, & fashion design)

Computer Systems Design and Related Services

541511 Custom Computer Programming Services
541512 Computer Systems Design Services
541513 Computer Facilities Management Services
541519 Other Computer Related Services

Other Professional, Scientific, and Technical Services

541600 Management, Scientific, & Technical Consulting Services
541700 Scientific Research & Development Services
541800 Advertising & Related Services
541910 Marketing Research & Public Opinion Polling
541920 Photographic Services
541930 Translation & Interpretation Services
541940 Veterinary Services
541990 All Other Professional, Scientific, & Technical Services

Management of Companies (Holding Companies)

551111 Offices of Bank Holding Companies
551112 Offices of Other Holding Companies

Administrative and Support and Waste Management and Remediation Services

Administrative and Support Services

561110 Office Administrative Services
561210 Facilities Support Services
561300 Employment Services
561410 Document Preparation Services
561420 Telephone Call Centers
561430 Business Service Centers (including private mail centers & copy shops)
561440 Collection Agencies
561450 Credit Bureaus
561490 Other Business Support Services (including repossession services, court reporting, & stenotype services)

Code

561500 Travel Arrangement & Reservation Services
561600 Investigation & Security Services
561710 Exterminating & Pest Control Services
561720 Janitorial Services
561730 Landscaping Services
561740 Carpet & Upholstery Cleaning Services
561790 Other Services to Buildings & Dwellings
561900 Other Support Services (including packaging & labeling services, & convention & trade show organizers)

Waste Management and Remediation Services

562000 Waste Management & Remediation Services

Educational Services

611000 Educational Services (including schools, colleges, & universities)

Health Care and Social Assistance

Offices of Physicians and Dentists

621111 Offices of Physicians (except mental health specialists)
621112 Offices of Physicians, Mental Health Specialists
621210 Offices of Dentists

Offices of Other Health Practitioners

621310 Offices of Chiropractors
621320 Offices of Optometrists
621330 Offices of Mental Health Practitioners (except Physicians)
621340 Offices of Physical, Occupational & Speech Therapists, & Audiologists
621391 Offices of Podiatrists
621399 Offices of All Other Miscellaneous Health Practitioners

Outpatient Care Centers

621410 Family Planning Centers
621420 Outpatient Mental Health & Substance Abuse Centers
621491 HMO Medical Centers
621492 Kidney Dialysis Centers
621493 Freestanding Ambulatory Surgical & Emergency Centers
621498 All Other Outpatient Care Centers

Medical and Diagnostic Laboratories

621510 Medical & Diagnostic Laboratories

Home Health Care Services

621610 Home Health Care Services

Code

Other Ambulatory Health Care Services

621900 Other Ambulatory Health Care Services (including ambulance services & blood & organ banks)

Hospitals

622000 Hospitals

Nursing and Residential Care Facilities

623000 Nursing & Residential Care Facilities

Social Assistance

624100 Individual & Family Services
624200 Community Food & Housing, & Emergency & Other Relief Services
624310 Vocational Rehabilitation Services
624410 Child Day Care Services

Arts, Entertainment, and Recreation

Performing Arts, Spectator Sports, and Related Industries

711100 Performing Arts Companies
711210 Spectator Sports (including sports clubs & racetracks)
711300 Promoters of Performing Arts, Sports, & Similar Events
711410 Agents & Managers for Artists, Athletes, Entertainers, & Other Public Figures
711510 Independent Artists, Writers, & Performers

Museums, Historical Sites, and Similar Institutions

712100 Museums, Historical Sites, & Similar Institutions

Amusement, Gambling, and Recreation Industries

713100 Amusement Parks & Arcades
713200 Gambling Industries
713900 Other Amusement & Recreation Industries (including golf courses, skiing facilities, marinas, fitness centers, & bowling centers)

Accommodation and Food Services

Accommodation

721110 Hotels (except Casino Hotels) & Motels
721120 Casino Hotels
721191 Bed & Breakfast Inns
721199 All Other Traveler Accommodation
721210 RV (Recreational Vehicle) Parks & Recreational Camps
721310 Rooming & Boarding Houses

Code

Food Services and Drinking Places

722110 Full-Service Restaurants
722210 Limited-Service Eating Places
722300 Special Food Services (including food service contractors & caterers)
722410 Drinking Places (Alcoholic Beverages)

Other Services

Repair and Maintenance

811110 Automotive Mechanical & Electrical Repair & Maintenance
811120 Automotive Body, Paint, Interior, & Glass Repair
811190 Other Automotive Repair & Maintenance (including oil change & lubrication shops & car washes)
811210 Electronic & Precision Equipment Repair & Maintenance
811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance
811410 Home & Garden Equipment & Appliance Repair & Maintenance
811420 Reupholstery & Furniture Repair
811430 Footwear & Leather Goods Repair
811490 Other Personal & Household Goods Repair & Maintenance

Personal and Laundry Services

812111 Barber Shops
812112 Beauty Salons
812113 Nail Salons
812190 Other Personal Care Services (including diet & weight reducing centers)
812210 Funeral Homes & Funeral Services
812220 Cemeteries & Crematories
812310 Coin-Operated Laundries & Drycleaners
812320 Drycleaning & Laundry Services (except Coin-Operated)
812330 Linen & Uniform Supply
812910 Pet Care (except Veterinary) Services
812920 Photofinishing
812930 Parking Lots & Garages
812990 All Other Personal Services

Religious, Grantmaking, Civic, Professional, and Similar Organizations

813000 Religious, Grantmaking, Civic, Professional, & Similiar Organizations (including condominium and homeowners associations)

TAXABLE YEAR **2008**

Local Agency Military Base Recovery Area Deduction and Credit Summary

CALIFORNIA FORM **3807**

Attach to your California tax return.

SSN or ITIN or California corporation number

Name(s) as shown on return

FEIN

Secretary of State (SOS) file number

A. Check the appropriate box for your entity type:
☐ Individual ☐ Estate ☐ Trust ☐ C corporation ☐ S corporation ☐ Partnership
☐ Exempt organization ☐ Limited liability company ☐ Limited liability partnership

B. Enter the name of the Local Agency Military Base Recovery Area (LAMBRA) business: _____

C. Enter the address (actual location) where the LAMBRA business is conducted:

D. Enter the name of the LAMBRA in which the business and/or investment activity is located.

E. Principal Business Activity Code of the LAMBRA business . . . . . _____
Enter the six-digit number from the Principal Business Activity Codes chart.

F. Total number of employees in the LAMBRA. . . . . _____

G. Number of employees included in the computation of the hiring credit, if claimed . . . . . _____

H. Number of new employees included in the computation of the hiring credit, if claimed . . . . . _____

I. Gross annual receipts of the business . . . . . _____

J. Total asset value of the business . . . . . _____

Part I Net Increase in Jobs

Complete Part I only if you have been doing business in a LAMBRA for two years.

1 a Net increase in jobs within California . . . . . **1a** _____

b Full-time employees within the LAMBRA during the 1st taxable year. . . . . **1b** _____

c Full-time employees within the LAMBRA during the 2nd taxable year . . . . . **1c** _____

Part II Credits and Recapture (Complete Worksheet 1, Worksheet 2, and Schedule Z on Side 2 before you complete this part.)

2 Hiring and sales or use tax credits claimed on the current year return:

a Hiring credit from Schedule Z, line 8A, column (f) or line 10, column (f). . . . . **2a** _____

b Hiring credit recapture from Worksheet I, Section B, line 2 . . . . . **2b** _____

c Sales or use tax credit from Schedule Z, line 9A, column (f) or line 11, column (f) . . . . . **2c** _____

d Sales or use tax credit recapture from Worksheet II, Section B, line 2. . . . . **2d** _____

e Add line 2a and line 2c . . . . . **2e** _____

Part III Business Expense Deduction and Recapture

3 a Enter the cost of qualified property purchased for the LAMBRA that is being deducted as a current year business expense from Worksheet III, Section A, line 4. . . . . **3a** _____

ELECTION: The act of deducting a portion of the cost of any property as a current year expense rather than adding it to the capital account constitutes an election to treat that property in accordance with R&TC Section 17268 or 24356.8. That election may not be revoked except with the written consent of the Franchise Tax Board (FTB).

b Business expense deduction recapture from Worksheet III, Section B, line 2 . . . . . **3b** _____

Part IV Portion of Business Attributable to the LAMBRA

4 Enter the average apportionment percentage of your business that is in the LAMBRA from Worksheet IV, Section A, line 4. If your business is wholly within one LAMBRA, the average apportionment percentage is 100% (1.00) . . . . . **4** _____

Part V Net Operating Loss (NOL) Carryover and Deduction

5 a Enter the total NOL carryover from prior years from Worksheet V, Section C, line 21, column (b) . . . . . **5a** _____

b Enter the total NOL deduction used in the current year from Worksheet V, Section C, line 21, column (c). Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 21; Form 100W, line 21; Form 100S, line 19; or Form 109, line 6. . . . . **5b** _____

c Enter the total NOL to carryover to future years from Worksheet V, Section C, line 21, column (e). . . . . **5c** _____

ELECTION: For those taxpayers eligible for an NOL carryover under R&TC Section 17276.2, 17276.4, 17276.5, 17276.6, 24416.2, 24416.4, 24416.5, or 24416.6, the act of claiming an NOL carryover on this form constitutes the **irrevocable** election to apply the loss under R&TC Section 17276.5 or 24416.5, for qualified businesses with a LAMBRA. If you elect to carryover an NOL under any of these provisions, you are prohibited by law from carrying over any other type of NOL from this year.

Schedule Z Computation of Credit Limitations — LAMBRA

Part I Computation of Credit Limitations. See instructions.

1	Trade or business income. **Individuals:** Enter the amount from Worksheet IV, Section C, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Corporations which file a combined report, enter the taxpayer's business income assigned to California (see instructions for Part IV)	1	
2	**Corporations:** Enter the average apportionment percentage from Worksheet IV, Section A, line 4. See instructions	2	
3	Multiply line 1 by line 2	3	
4	Enter the LAMBRA NOL deduction from Worksheet V, Section C, line 21, column (c)	4	
5	LAMBRA taxable income. Subtract line 4 from line 3	5	
6 a	Compute the amount of tax due using the amount on line 5. See instructions	6a	
6 b	Enter the amount of tax from Form 540, line 24; Long Form 540NR, line 27; Form 541, line 21; Form 100, line 24; Form 100W, line 24; Form 100S, line 22; or Form 109, line10. Corporations, combined groups, and S corporations, see instructions	6b	
7	Enter the smaller of line 6a or line 6b. This is the limitation based on LAMBRA business income. Go to Part II, Part III, or Part IV and see instructions	7	

Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts. See instructions.

(a) Credit name		(b) Credit amount	(c) Total prior year carryover	(d) Total credit col. (b) plus col. (c)	(e) Limitation based on LAMBRA business income	(f) Credit used on Schedule P can never be greater than col. (d) or col. (e)	(g) Carryover col. (d) minus col. (e)
8 Hiring credit	A						
	B						
9 Sales or use tax credit	A						
	B						

Part III Limitation of Credits for S Corporations Only. See instructions.

(a) Credit name	(b) Credit amount	(c) S corporation credit col. (b) multiplied by 1/3	(d) Total prior year carryover	(e) Total credit col. (c) plus col. (d)	(f) Credit used this year by S corporation	(g) Carryover col. (e) minus col. (f)
10 Hiring credit						
11 Sales or use tax credit						

Part IV Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit carryover col. (b) plus col. (c)
12 Hiring credit			
13 Sales or use tax credit			

Refer to page 3 for information on how to claim deductions and credits.

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Visit our website:

ftb.ca.gov

How to Get California Tax Information (Keep This Page For Future Use)

Your Rights as a Taxpayer

Our goal at the Franchise Tax Board (FTB) is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB Pub. 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where to Get Tax Forms and Publications" below.

Where to Get Tax Forms and Publications

By Internet – You can download, view, and print California tax forms and publications from our website at **ftb.ca.gov**.

Access other state agencies' Websites through the State Agencies Directory on California's website at **ca.gov.**

By phone – To order California tax forms and publications, call our automated phone service. To order a form:

- Refer to the list in your tax booklet and find the code number for the form you want to order.
- Call 800.338.0505 and follow the instructions.

Allow two weeks to receive your order. If you live outside California, allow three weeks to receive your order.

In person – Many libraries and post offices provide free California personal income tax booklets during the filing season.

Employees at libraries, post offices, and quick print businesses cannot provide tax information or assistance.

By mail – Write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Letters

If you write to us, be sure your letter includes your FEIN, Secretary of State file number, California corporation number, social security number, or individual taxpayer identification number, your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

PROFESSIONAL RESOURCES AND
EDUCATION SECTION MS F-283
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

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 the correspondence relates to an item on your return.

General Toll-Free Phone Service

Telephone assistance is available year-round from 7 a.m. until 6 p.m. Monday through Friday, except holidays.

From within the United States,
call 800.852.5711
From outside the United States,
call (not toll-free) 916.845.6500

Assistance for persons with disabilities:
The FTB complies with the Americans with Disabilities Act. Persons with hearing or speech impairments, call:

From TTY/TDD 800.822.6268
(Direct line to FTB customer service)

Asistencia bilingüe en español:
Asistencia telefónica esta disponible todo el año durante las 7 a.m. y las 6 p.m. lunes a viernes, excepto días festivos.

Dentro de los Estados Unidos,
llame al 800.852.5711
Fuera de los Estados Unidos,
llame al (cargos aplican) 916.845.6500
Sitio web:. . . . . **ftb.ca.gov**

Asistencia para personas discapacitadas:
El FTB está en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos o de habla pueden llamar:

De TTY/TDD 800.822.6268
(Linea directa al servicio de clientes del FTB)

LAMBRA Contact Information

For business eligibility or zone related information, including questions regarding LAMBRA geographic boundaries, contact the local zone program manager in which the business is located. For a list of program managers, go to **www.hcd.ca.gov** and search for **eda**.

For information that is not tax-specific or zone-specific, you may contact the HCD at:

DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT
FINANCIAL ASSISTANCE DIVISION
STATE ENTERPRISE AND ECONOMIC
DEVELOPMENT SECTION
ENTERPRISE ZONE PROGRAMS
1800 THIRD STREET, SUITE 390-1
SACRAMENTO CA 95811

Telephone: 916.322.1554
FAX: 916.322.2904
Website: **www.hcd.ca.gov**

or contact:

FRANCHISE TAX BOARD
Telephone: 916.845.3464
Website: **ftb.ca.gov**