



## Using Improper FTB Address Can Delay Customer Service

Please advise your clients that tax returns and correspondence addressed to the Franchise Tax Board's Butterfield Street address are at risk of being delayed, miss-sorted or returned to the sender because the United States Postal Service does not deliver mail to that street address.

If you or your clients need to use a private delivery service in order to file a return or to make timely payment, address it to:

**Franchise Tax Board  
Sacramento, CA 95827**

Otherwise, use the address provided on the FTB correspondence and FTB publications.

You can find a list of mailing addresses in various California tax booklets, the California Package X and on the FTB website at [www.ftb.ca.gov/geninfo](http://www.ftb.ca.gov/geninfo).

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*Tax News*

Volume 00-2 March/April 2000

TAX NEWS is a bimonthly publication of the Communications Services Bureau, California Franchise Tax Board. Its primary objective is to provide information to income tax professionals about state income tax laws, regulations, policies and procedures.

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For information about a client's account, contact:

**Tax Practitioner Support Unit**  
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(916) 845-6377 (fax)

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# FTB, IRS Under One Roof During 2000 Filing Season

The Franchise Tax Board and the Internal Revenue Service joined forces this filing season to increase customer service and convenience for taxpayers during the filing season.

FTB staff will be available during extended hours of operation from January 15 through April 17 at the IRS offices listed below. Staff will distribute

tax forms, provide filing assistance, and answer general tax questions.

For details on extended hours, dates, and locations call (800) 338-0505 and press code 110, or visit the FTB website at www.ftb.ca.gov.

FTB district offices will be open from 8 a.m. to 5 p.m. Monday through Friday.

**Northern District**

Oakland 1301 Clay St  
San Francisco 450 Golden Gate  
Sacramento 4330 Watt Ave  
Stockton 1550 W. Fremont

Santa Rosa 777 Sonoma Ave

**Central District**

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Bakersfield 5300 California  
Oxnard 2500 Financial Square

**Los Angeles District**

Van Nuys 6320 Van Nuys Blvd  
Los Angeles 300 N. Los Angeles  
El Monte 9350 Flair Drive

**Southern District**

Long Beach 510 W. Ocean  
Santa Ana 34 Civic Center Place  
San Bernardino 290 D Street  
San Diego 880 N. Front

## Attention Tax News Customers:

You may have noticed the first issue of Tax News was not delivered until nearly the first week of February with a date of February instead of January.

Production of the January issue was delayed while the Franchise Tax Board prepared for the coming of the Year 2000. We are happy to announce that we ushered in the new year without incident, thanks to the contributions of hundreds of dedicated employees.

You will notice this issue has a new date format. Instead of the March issue,

it's called the March/April issue.

The change results from feedback we received from customers who, on occasion, use Tax News for research purposes and need to know what time period each issue covers.

We hope the bimonthly format makes it easier for all our readers to find previously published information when the need arises, and we apologize for any inconvenience these changes may have caused.

# FTB Improves Access for Persons with Disabilities

The Franchise Tax Board made several changes in 1999 to improve access for taxpayers with disabilities. For example:

- The California Form 540 income tax booklet is now available in a large print version. The California Resident income tax booklet is available on audiocassette. You can request either.
- The Homeowner and Renter Assistance claim booklets were revised to improve overall readability. They are available on audiocassette.
- FTB installed a new TTY (text telephone for the hearing or speech impaired). The number is (800) 822-6268. It automatically informs callers they are calling a text telephone and gives them the California Relay Service phone number in the event they call from a voice phone.
- Individuals who have a TTY and wish to pay their bills by credit card can call the California Relay Service for assistance with these transactions. In addition, they can contact FTB's credit card vendor during business hours for other special assistance or accommodations.
- New procedures help FTB customer service representatives respond to requests from callers for special accommodations.
- Additional information for persons with disabilities was added to tax booklets, forms, and notices. This includes the California Relay Service phone number ((800) 735-2922), as well

as the phone number for requesting other assistance or special accommodations. This information is available on the FTB website.

The FTB website webmasters are also increasing Internet accessibility for persons with disabilities. A diagnostic software tool called Bobby aids this process.

Bobby flags areas that can cause accessibility problems and includes suggestions on how to make improvements. For example:

- A person who has a vision disability uses special software to read a webpage. Sometimes this type of software cannot read a graphic or picture. To make the graphic readable by the software, the webmaster adds alternate text to the graphics.
- A person with a hearing disability might not be able to understand audio information. To make the information accessible, the webmaster provides a link to both the audio information and a written document with the same information.
- A person who has difficulty using a mouse to navigate the site can use arrow keys. To make the website easier to navigate, the webmaster designs it so a person can move around each page and from page to page using the arrow keys.

FTB will continue to make changes in an effort to improve the quality of its products and services to persons with disabilities.

## ***FTB Calendar***

### **March**

- Notices of Proposed Assessments are mailed to corporations that failed to comply with requests issued in prior months for 1997 tax returns.
- Notices of Proposed Assessments are mailed to individuals who have not filed their 1998 tax returns.
- 20 Previous month nonresident withholding payments are due if total withholding exceeded \$2,500.

### **April**

- 17 1999 personal income tax returns are due.
- 17 First quarter 2000 personal income tax estimate payments are due.
- 20 See March 20.

### **May**

- Notices of Proposed Assessments are mailed to corporations that failed to comply with requests issued in prior months for 1997 tax returns.
- Notices of Proposed Assessments are mailed to individuals who have not filed their 1998 tax returns.
- 22 Previous month nonresident withholding payments are due if total withholding exceeded \$2,500.

### **June**

- Questionnaire/Demands will be mailed to corporations that did not file 1998 returns.

## File Now, Pay Later with e-pay

The Franchise Tax Board is offering an electronic payment (e-pay) option to taxpayers who file electronic returns with balances due.

If your clients have a balance due, they can have the amount automatically withdrawn from their checking or savings account. The program is voluntary and your client can choose when the withdrawal will take place.

For example, your client can file electronically in February and have the balance due transferred from his or her account to FTB on this year's due date, April 17.

## Package X CD-ROM Version Contains More Fill-in Forms

This year's California Package X CD-ROM contains more "fill-in" forms than last year's.

1995 through 1999 as well as federal forms for the current tax year.

Fill-in forms are time savers because they allow users to enter information while the form is displayed on the computer screen (requires Adobe Acrobat 3.0 or later version) and then print the completed form. Also, fill-in forms produce cleaner, crisper printouts to use for tax filing or record keeping.

The California Package X CD-ROM also includes California forms for tax years

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Fill-in forms produce  
cleaner, crisper printouts.

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Unfortunately, FTB was unable to acquire the licensing rights for software that would allow it to include a save feature for the fill-in forms.

## Website Offers Convenient Help to State's Small Business Owners

Small business owners can now go to one website and get tax information from the Franchise Tax Board, State Board of Equalization, Employment Development Department and the Internal Revenue Service.

The website, called the California Tax Information Center ([www.taxes.ca.gov](http://www.taxes.ca.gov)), features two links created especially for small business owners.

Tax Calendar 2000 provides business owners with critical tax information in one easy to use tax calendar. The calendar includes important dates, filing

information, filing requirements, and helpful tax-related information from the IRS, FTB, BOE and EDD.

Another featured link is the California Small Business Assistance Center. This webpage provides links to public and private websites, each containing reliable information on starting, running, and closing a business.

Both the California Small Business Assistance Center and Tax Calendar 2000 are the result of information gathered from California small business owners and tax practitioners.

### *Did You Know...*

Did you know that some taxpayers file a paper return even though they e-filed? Please remind your clients not to file the paper copy of their e-file return.

# Vendor Error Leads to Mailing of Erroneous 1099-G Forms

Due to a printing error by one of the Franchise Tax Board's contract vendors, FTB recently issued 3.8 million 1099-G forms containing incorrect tax year information.

Tax year 1999 was printed in Box 3 of the forms, but most should have shown 1998, with the few remaining showing 1997 or earlier tax years. FTB mailed corrected 1099-G forms reflecting the correct tax year to taxpayers who received more than one 1099-G from the original mailing and/or whose overpayment was for a year prior to 1998.

An explanation was added to the corrected 1099-G forms to ensure that recipients understood FTB issued the corrected forms. The reissued forms have the correct tax year and this statement printed over the "Instructions to recipient" section:

"Corrected Notice - The only correction is to tax year in Box 3." FTB is not issuing corrected forms to those taxpayers who received a single 1099-G that should have been for tax year 1998 but actually said 1999.

Instead, to eliminate the unnecessary burden on taxpayers and practitioners, FTB and the Internal Revenue Service are working together to identify and manually resolve issues associated with the forms.

If you have any questions about 1099-G forms, contact the Tax Practitioner Support Unit at (916) 845-7057 or send a fax to (916) 845-6377.

You can get the most current information affecting tax practitioners by visiting the FTB website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

## *FTB Continues Mortgage Interest Program*

In February, Franchise Tax Board contacted 17,000 taxpayers, requesting they file a 1998 tax return as part of FTB's Mortgage Interest Paid Nonfiler program.

Individuals who paid over \$10,600 in mortgage interest during tax year 1998 and had yet to file a return received notices.

FTB used \$10,600 as the monetary threshold for the program because individuals with \$10,600 of gross income had a California filing requirement for the 1998 tax year.

If any of your clients received a Request for Return notice, advise them to respond within 30 days by either filing their 1998 personal income tax return or by providing information explaining to FTB why a tax return is not due.

If a tax return has already been filed, send a signed copy to the address provided on the notice.

Taxpayers can talk to Mortgage Interest Paid Nonfiler program staff by calling the program's toll-free telephone number at (800) 262-0512. Or they can send a fax containing their response to the program's dedicated fax line. That number is (916) 855-5646 (not a toll free number).

Tax year 1998 is the second year FTB has used Mortgage Interest Paid, Form 1098, as a source to identify nonfilers. 1098 Mortgage Interest Paid information has been effective in identifying nonfilers such as self-employed consultants, engineers, landscapers and rental property owners who are not detected through more traditional means.

## Don't Forget Voluntary Contributions

The California Legislature encourages all tax return preparers to inform their clients in writing, prior to completion of the return, that they may make a contribution to any voluntary contribution on the state income tax return.

The concern is that many taxpayers remain unaware of the voluntary contribution check-offs on the state income tax return.

The Franchise Tax Board encourages you to consider adding this information, so that your clients can be fully informed of this opportunity.

## *Get the Most Out of Your Tax News*

In addition to the print version, Tax News is available electronically. FTB sends Tax News via e-mail, free of charge.

Practitioners can go to the Tax News webpage, located at [www.ftb.ca.gov/education](http://www.ftb.ca.gov/education) and access current and past issues of the publication.

Tax e-News is an electronic information service exclusively for tax practitioners. It provides current news and information affecting tax professionals. To sign up for the service, simply send an e-mail message to: [Tax\\_e-News@ftb.ca.gov](mailto:Tax_e-News@ftb.ca.gov), or go to the Tax News webpage and use the Tax e-News hyperlink provided.

To ask questions about any of the Tax News products or services, call the Tax News Help Desk at (916) 845-7070.

# Schedule K-1 (565) Magnetic Media Tools Available Online

All the tools you need to participate in the Franchise Tax Board's K-1 (565) magnetic media program are now available online on FTB's Electronic Services webpage ([www.ftb.ca.gov/elecserv/](http://www.ftb.ca.gov/elecserv/)). Here is a sample of what the webpage offers:

### **FTB Pub. 1062.**

Practitioners interested in the magnetic media program can view or download FTB Pub. 1062, Guide for K-1 (565) Filing by CD, Diskette, or Magnetic Media from the webpage.

### **K-1 TestWare**

K-1 TestWare is a software program developed by FTB that allows transmitters to test their files before submitting them to FTB. Pretesting allows transmitters to send error-free files on their first attempt.

### **K-1 Convert**

FTB recently added another software program to its K-1 TestWare called K-1 Convert. K-1 Convert expands delimited formats, such as those used in personal computer-generated spread sheets, into an FTB approved format.

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**Pre-testing allows transmitters to send error free files on their first attempt.**

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To get these tools, go to [www.ftb.ca.gov/elecserv/](http://www.ftb.ca.gov/elecserv/) and choose "Partnership Schedule K-1 (565) via CD, Diskette or Magnetic Media." If you have further questions about the K-1 (565) Magnetic Media Program, contact Tina Stiles, FTB Magnetic Media Coordinator, at (916) 845-6060.

## Catch Errors Early With TestWare

1099 TestWare is free software that enables you to test your data files before submitting them to the Franchise Tax Board.

The application performs a pre-edit check on each file to ensure that it is in a format that can successfully pass FTB's mainframe edit programs.

For more information about 1099 TestWare, contact the Magnetic Media Unit at (916) 845-3778 or download 1099 TestWare from the FTB website. To download, go to [www.ftb.ca.gov/elecserv/](http://www.ftb.ca.gov/elecserv/), click on Information Returns (1099) via Diskette, Cartridge or Tape, then click on the link to 1099 TestWare.

# Credit Card Program: Easy, Secure Payments

The Franchise Tax Board offers two convenient ways to pay personal income tax by credit card:

## Telephone

Call toll-free 888-2PAY-TAX (888-272-9829) and enter jurisdiction code 1555. Spanish language and assistance for persons with disabilities (ADA) are also available. Persons with hearing or speech impairments and a TTY/TDD, can call (800) 735-2929 (California Relay Service). For all other ADA assistance call (800) 487-4567, select "0" and ask for customer assistance (Monday – Friday, 9 a.m. to 5 p.m. PST).

## Internet

Go to [www.8882paytax.com](http://www.8882paytax.com) on the Internet, select Payment Center and enter jurisdiction code 1555.

With both methods, once the taxpayer has provided all the required information, the credit card processing vendor will issue a confirmation number. The confirmation number serves as the taxpayer's receipt.

Taxpayers may use their Discover/NOVUS, MasterCard or American Express credit card to make the following payments:

- Personal income tax return balance (Form 540, 540A, 540EZ, 540 2EZ, 540Tel and 540NR)
- Extension payment (form FTB 3519 (PIT))
- Individual estimated tax payment (Form 540-ES)
- Personal income tax bill notice payment.

Taxpayers can use one or more credit cards to make partial or full payment of their bill. The date the taxpayer completes the credit card transaction is the effective date of the payment. That means that the interest charges stop on that date, although FTB may not actually post the payment to the taxpayer's account until three to five days after the transaction. The payment will show up later on the taxpayer's credit card statement as a payment to FTB. The credit card program allows relatives or friends to pay the tax bill for the taxpayer in certain situations, as long as they have the appropriate taxpayer information when they make payment.

## Security

FTB does not have access to taxpayers' credit card information or account number at any time during the process.

## Fees

The vendor charges the taxpayer a convenience fee for use of the automated credit card service. This fee

varies according to the payment amount. For example, the credit card processing vendor will charge \$21 for a \$740 payment. For payment of \$5,400 or more, taxpayers may contact the vendor to find out the exact convenience fee. This information is available by calling 1-888-2PAY-TAX (888-272-9829) and entering jurisdiction code 1555 or visiting the vendor's website at [www.officialpayment.com](http://www.officialpayment.com) and selecting "Fee Schedule."

Discover/NOVUS, American Express and MasterCard do not charge a cash advance fee for tax payment transactions.

## Problem Resolution

For questions or problems concerning billing errors, fees, or interest charged, taxpayers should first contact the bank that issued the credit card.

For questions or a dispute concerning the amount of tax owed or any other matter concerning the tax return, call FTB's general toll-free telephone service at (800) 852-5711.

## Credit Card Payment Convenience Fees

Please remind your clients that the vendor charges a convenience fee for use of the automated credit card service.

The fee varies according to the payment amount. The chart shows what a taxpayer can expect to pay for payment amounts up to \$5,399.99.

For amounts of \$5,400 or more, taxpayers may contact the credit card processing vendor to find out exactly what amount will be charged for the payment.

Amount Charged	Fee
\$ 1- 99.99	\$ 3
\$ 100- 199.99	\$ 6
\$ 200- 399.99	\$ 11
\$ 400- 599.99	\$ 16
\$ 600- 799.99	\$ 21
\$ 800- 999.99	\$ 25
\$ 1,000- 1,399.99	\$ 35
\$ 1,400- 1,999.99	\$ 49
\$ 2,000- 2,699.99	\$ 68
\$ 2,700- 3,499.99	\$ 87
\$ 3,500- 4,399.99	\$109
\$ 4,400- 5,399.99	\$133

\$5,400 and up, call 888-272-9829 and enter jurisdiction code 1555.

# Professional Education

## Free Seminars Help Keep Practitioners at Top of Industry

Taxpayer service and information days are unique all-day educational conferences designed to assist the businessperson.

Government at all levels joins together in one location to provide a full free day of counseling in areas that businesses need most.

These conferences benefit everyone: established businesses, those just getting started, individuals anticipating going into business, and those who participate in the accounting/taxation industry.

Some of the agencies involved include:

- State Board of Equalization
- Internal Revenue Service
- Employment Development Department
- Franchise Tax Board
- County Assessor's Office
- State Compensation Insurance Fund
- Social Security Administration
- Immigration and Naturalization Service
- Small Business Administration
- Industry Seminars

Participants can obtain publications and answers to questions at information booths or take classes from our tax experts.

The State Board of Equalization announces the events with tax return inserts mailed to area businesses, with posters and fliers in public places (including libraries and government offices), and through the local print and broadcast media.

Listed below are the seminars scheduled so far this year. Call the telephone number provided at each location for specific information.

### March 3

Long Beach Convention & Entertainment Center  
100 South Pine Avenue  
Long Beach, CA 90831  
9 a.m. to 4 p.m.  
(310) 516-4330

### April 29

San Jose State University  
Student Union  
211 South 9th Street  
San Jose, CA 95192  
8:30 a.m. to 3:30 p.m.  
(408) 277-1844

### May 6

San Francisco  
Hiram Johnson State Building  
455 Golden Gate Avenue  
San Francisco, CA 94102  
8:30 a.m. to 2:30 p.m.  
(415) 703-5432 and  
(510) 622-4092

# FTB Accepts BOE Use Tax Audits

During Franchise Tax Board audits of the Manufacturers' Investment Credit, tax practitioners often ask why Board of Equalization audit results cannot be accepted by the FTB.

FTB will fully accept BOE audit results when verifying the payment of use tax. However, FTB will need to examine other MIC issues not addressed by the BOE. Other audit issues include determining whether the taxpayer, costs, property and activities satisfy the requirements for the MIC.

During the use tax portion of BOE audits, fixed assets acquired by the taxpayer-purchaser are examined to verify that the use tax was accurately reported and paid by the taxpayer-purchaser.

Thus, FTB will fully accept BOE audit results with respect to whether use tax was paid by the taxpayer.

However, during the sales tax portion of BOE audits, property sold rather than purchased is examined to verify whether sales tax was accurately collected and remitted by the seller-retailer (not the taxpayer-purchaser).

Thus, FTB is unable to verify from the BOE sales tax portion of the audit that the taxpayer paid sales tax on the item of qualified property for which the MIC is being claimed. The taxpayer may need to show that sales tax was paid to the seller-retailer.

If you have clients who have or are being audited by the BOE, they can avoid a re-audit of use tax paid by providing the FTB auditor with a copy of the BOE Audit Report or information document requests. In addition, your clients will need to substantiate that the cost of qualified property (or MIC asset cost) is the same amount that was reported to the BOE. Some of the ways this can be shown are with BOE filings, supporting schedules to the BOE filings, sales invoices and journal

entries. You (or your client) can select whichever method is easiest to show that the amounts used for the MIC are the same amounts reported to the BOE.

Here are the answers to frequently asked questions about the MIC audit:

- Q.** Will FTB use sampling techniques during a MIC audit?
- A.** Yes.
- Q.** If three assets were acquired for which the MIC is claimed in transactions not subject to sales tax, and in two of these transactions the taxpayer self-assessed, reported and paid use tax to the BOE, what will the FTB accept?
- A.** FTB will accept the BOE audit findings that use tax was paid on the two assets. Since the third item was not reported to the BOE, the taxpayer may need to substantiate that sales or use tax was paid.
- Q.** If the BOE examines a taxpayer's 1998 first quarter use tax report and applies the projected error to

tax years 1997 and 1998, will the FTB accept these BOE audit results with respect to assets otherwise qualifying for the MIC that were acquired in 1997 even though the BOE did not specifically review the assets acquired in 1997?

- A.** Yes. The FTB will fully utilize the BOE use tax audit results for 1997 and 1998 provided the same assets were reported to the BOE.
- Q.** A MIC is claimed for an asset that includes both costs upon which California use tax was paid and direct capitalized labor. For BOE use tax purposes, the capitalized labor is not required to be included. Will the FTB require substantiation of the capitalized labor element of the MIC qualified costs?
- A.** Yes. The FTB will address other MIC audit issues as needed.

If you have any questions or comments, contact Terre Davis at (916) 845-3752 or Elaine Segarra Warneke at 845-3940.

## ***Like Treatment for State, Fed Credit Unions***

Effective for income years beginning on or after January 1, 1999, state-chartered credit unions are treated in a similar manner as federal credit unions.

Senate Bill 934, signed into law on October 9, 1999, added California Revenue and Taxation Code section 23701, allowing state-chartered credit unions to qualify for exemption from franchise or income tax.

SB 934 also exempts all credit unions from other state, county and municipal taxes and license

fees, except specified taxes such as real estate property taxes, sales and use taxes, taxes on unrelated business income, and motor vehicle license fees.

State-chartered credit unions remain subject to tax on unrelated business taxable income.

Prior to SB 934, state-chartered credit unions were considered in competition with national banks. As a result, they were classified as financial corporations for state purposes and were subject to the franchise tax.

# 1999 California Tax Forms Corrections

Please note the following corrections to distributed 1999 California tax forms and instructions. Should you have any questions about these clarifications, contact the FTB Tax Forms Development and Distribution Section at (916) 845-3442.

**Form 100, California Franchise or Income Tax Return Instructions**, Page 4, Column 3, Section A, Franchise or Income Tax - Corporation franchise tax, paragraph 1, line 1 through line 8 should read:

- “Entities subject to the . . . corporations (including LLCs electing to be taxed as corporations) that are:
- Incorporated or organized in California; or
- Qualified or registered to do . . . ; or
- Doing business . . . incorporated, organized, qualified, or registered under California law.”

*The error is in Package X (paper and CD-ROM 99.1) and the Form 100 Booklet. The Internet version is correct.*

**Form 100, California Franchise or Income Tax Return Instructions**, Page 5, Column 1, Section A, Franchise or Income Tax, cont. – Corporation income tax, paragraph 2, line 5 through line 7 should read:

“REITS;

- LLCs electing . . . corporations other than those subject to the corporate franchise tax; and
- Other business entities, including partnerships, electing to be taxed as corporations.”

*The error is in Package X (paper and CD-ROM 99.1) and the Form 100 Booklet. The Internet version is correct.*

**Form 100S, California S Corporation Franchise or Income Tax Return**, Side 3, Schedule K, line 15e. **Add Shading** to columns (b) and (c).

*The error is in Package X (paper and CD-ROM 99.1), the Form 100S Booklet, and the single copy version. The Internet version is correct.*

**Form 100S, California S Corporation Franchise or Income Tax Return**, Side 3, Schedule K, line 23, columns (b), (c), and (d). **Delete horizontal lines in these columns** (each column should contain one box for line 23, not three boxes).

*The error is in Package X (paper and CD-ROM 99.1) only. The Internet version, the Form 100S Booklet and the single copy version are correct.*

**Form 100S, California S Corporation Franchise or Income Tax Return**, Side 4, Schedule M-2, line 5, column (c) **should not be shaded.**

*The error is in Package X (paper and CD-ROM 99.1) only. The Internet version, the Form 100S Booklet and the single copy version are correct.*

**Form 109, California Exempt Organization Business Income Tax Return**, Side 5, Schedule R, column (c) should read:

“Percent within California (b)/(a).”

*The error is in Package X (paper and CD-ROM 99.1) and the single copy version. The Internet version is correct.*

**Form 540-ES, Estimated Tax For Individuals, 2000 Instructions**, Page 1, Section B, Who Must Make Estimated Tax Payments, first 3 bullets should read:

- “80% or more . . .
- 80% or more . . .
- 80% or more . . .”

*The error is in Package X (paper and CD-ROM 99.1), the Form 540 Booklet, and the single copy version. The Internet version is correct.*

**Form 565, Partnership Return of Income**, Side 4, Schedule M-2. **Add horizontal line between the “amount line” for line 2 and line 3.**

*The error is in Package X (paper and CD-ROM 99.1), the Form 565 Booklet, and the single copy version. The Internet version is correct.*

**Form 597-I, Nonresident Withholding Installment Sale Agreement**, Side 2, Part II, Entity area, second line should read: “transferee/buyer”

*The error is in Package X (paper and CD-ROM 99.1) and the single copy version. The Internet version is correct.*

**FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates and Trusts**, Side 1, line 17 should read: “Add line 6 and line 16.”

**Delete See instructions . . .**

*The error is in Package X (paper and CD-ROM 99.1), and the single copy version. The Internet version is correct.*

Continued on page 11

# 1999 California Tax Forms Corrections

Continued from page 10

## **FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates and Trusts, Instructions, Page 2.**

**Delete the line 17 instructions completely.**

*The error is in Package X (paper and CD-ROM 99.1), and the single copy version. The Internet version is correct.*

**FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, line 14 should read:**

Note: If you are a calendar year taxpayer and made no estimate payment, enter 91 days.

*The error is in the paper version of Package X only.*

**Schedule P (541), Alternative Minimum Tax and Credit Limitations – Fiduciaries, Side 2, line 9 and line 10 should read:**

- 9 “Income required to be distributed currently from Schedule B (541), line 9 . . .
- 10 Other amounts paid, credited, or required to be distributed from Schedule B (541), line 10 . . .”

*The error is in the paper version of the Package X only.*

**Schedule QS, Qualified Subchapter Subsidiary (QSub) Information Worksheet, General Information, paragraph 1, line 9, add this sentence:**

“An S corporation must complete the Schedule QS and attach it to the Form 100S.”

*The error is in Package X (paper and CD-ROM 99.1) and the Form 100S Booklet. The Internet version is correct.*

**Schedule QS, Qualified Subchapter Subsidiary (QSub) Information Worksheet, Specific Instructions, Part II, column 3, paragraph 2, lines 1 and 2 should read:**

“The S corporation parent is required to pay \$800 annual tax for each QSub it owns that is incorporated, qualified, or doing business in California.”

*The error is in Package X (paper and CD-ROM 99.1) and the Form 100S Booklet. The Internet version is correct.*

**FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries, Instructions, Page 1, General Information C, Waiver of the Penalty, “To request a waiver:” Add new bullet :**

- Complete form FTB 5805 through Part II, line 12 (Worksheet II, line 15 if you use the regular method) without regard to the waiver. Write the amount you want waived in parentheses, on the dotted line next to Part II, line 13 (Worksheet II, line 16 if you use the regular method). Subtract this amount from the total penalty you figured without regard to the waiver, and enter the result on Part II, line 13 (Worksheet II, line 16 if you use the regular method).

*The error is in the Package X paper and CD-ROM (Release 1) versions and the single copy version. The Internet version is correct.*

**FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, line 15 should read:**

“ . . . line 12. Enter the result here. If you are requesting a waiver, go to line 16. Otherwise, enter this amount . . .”

*The error is in the Package X paper version and CD-ROM (Release 99.1) versions, and the single copy version. The Internet version is correct.*

**FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, line 16 should read:**

**“Add horizontal line after square box.”**

*The error is in Package X paper version and CD-ROM Release 99.1 versions, and the single copy version. The Internet version is correct.*

**FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen, Instructions, General Information E, Waiver of the Penalty, “To request a waiver you must”**

**First bullet should read:**

- “Complete form FTB 5805F through line 15 without regard to the waiver. Write the amount you want waived in parenthesis on the dotted line next to line 16. Subtract this amount from the total penalty you figured without regard to the wavier, and enter the result on line 16.”

**Fourth bullet should read:**

- Enter the amount, if any, from line 16 on Form 540, line 64; . . . Form 541, line 39 and fill in the circle on that line . . .”

*The error is in the Package X paper and CD-ROM (Release 99.1) versions, and the single copy version. The Internet version is correct.*

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