

Instructions for Short Form 540NR California Nonresident or Part-Year Resident Income Tax Return

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

Before You Begin

Complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, or Form 1040NR-EZ) before you begin your Short Form 540NR, California Nonresident or Part-Year Resident Income Tax Return. You will use information from your federal income tax return to complete your Short Form 540NR. Complete and mail Short Form 540NR by April 15, 2009. If unable to mail your return by the due date, see page 2 for information.

To get forms and publications referred to in these instructions, go to our website at ftb.ca.gov or see "Where To Get Income Tax Forms and Publications" on page 62.

You cannot use Short Form 540NR if any of the items below apply to you. Instead use Long Form 540NR.

- Your filing status is married/RDP filing separately
- You or your spouse/RDP are 65 or older
- You are claiming more than five dependents
- Your total income is more than \$100,000
- You have interest income from U.S. Obligations, U.S. Treasury Bills, Notes, Bonds, or other sources that is taxable for federal purposes and exempt for state purposes
- You qualify for the California refundable Child and Dependent Care Expenses Credit



You may qualify for the federal earned income tax credit. See page 2 for more information. No comparable state credit exists.

Name(s) and Address

Print your first name, middle initial, last name, and address, in black or blue ink, in the spaces provided at the top of Short Form 540NR.

Private Mail Box

Include the Private Mail Box (PMB) in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

Foreign Address

Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

Prior Name

If you or your spouse/RDP filed your 2007 tax return under a different name, write the last name **only** from the 2007 tax return.

Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

Enter your SSNs in the spaces provided. To protect your privacy, your SSN is not printed on the tax booklet cover with your name and address. If you file a joint return, enter the SSNs in the same order as the names.

If you do not have an SSN because you are a nonresident or a resident alien for federal tax purposes, and the IRS issued you an ITIN, enter the ITIN in the space provided for the SSN.

An ITIN is a tax processing number issued by the IRS to foreign nationals and others who have a federal tax filing requirement and do not qualify for an SSN. It is a nine-digit number that always starts with the number 9.

Filing Status

Line 1 through Line 5 – Filing Status

See page 3 for the requirements for each of the filing statuses. Then fill in the circle on the Short Form 540NR that applies to you. **If your filing status is married/RDP filing separately, use the Long Form 540NR.**

Nonresident Alien

A joint return may be filed if, in the case of a nonresident alien married/RDP to a United States citizen or resident, both spouses/RDPs elect to treat the nonresident alien spouse/RDP as a resident for tax purposes.

Residency

Complete the residency portion by filling in all circles that apply to you and your spouse/RDP, and provide the applicable information.

"Domicile" is the place where you voluntarily establish yourself and your family, not merely for a special or limited purpose, but with a present intention of making it your true, fixed, permanent home and principal establishment. It is the place where, whenever you are absent or away, you

intend to return. Get FTB Pub. 1031, Guidelines for Determining Resident Status, for more information. See "Where To Get Income Tax Forms and Publications" on page 62.

Exemptions

Caution: If you or your spouse/RDP are 65 or older, use the Long Form 540NR.

Line 6 – Can be Claimed as Dependent

Completely fill in the circle on line 6 if someone else can claim you or your spouse/RDP as a dependent on his or her tax return, even if he or she chooses not to.

Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

No Follow the instructions on Short Form 540NR, line 7.

Yes Ignore the instructions on Short Form 540NR, line 7. Instead, enter the amount shown below for your filing status:

- Single, enter -0-.
- Head of household, enter -0-.
- Married/RDP filing jointly and both you and your spouse/RDP can be claimed as dependents, enter -0-.
- Married/RDP filing jointly and only one spouse/RDP can be claimed as a dependent, enter 1.

Do not claim this credit if someone else can claim you as a dependent on his or her return.

Line 8 – Blind Exemptions

The first year you claim this exemption credit, attach a doctor's statement to the back of Short Form 540NR indicating that you or your spouse/RDP is visually impaired. Visually impaired means not capable of seeing better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

An individual who is someone else's dependent may not claim this credit.

Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total in the box on line 10. Multiply the number you entered by the pre-printed dollar amount and enter the result.

If you are claiming more than three dependents attach a separate schedule. If you are claiming more than five dependents, use Long Form 540NR.

Line 11 – Exemption Amount

Add line 7 through line 10 and enter the total amount of all exemptions – personal, blind, and dependent.

Total Taxable Income

Refer to your completed federal income tax return to complete this section. If your total income from federal Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4; Form 1040NR, line 35; or Form 1040NR-EZ, line 10 is more than \$100,000, you cannot file this form. File the Long Form 540NR.

Line 12 – Total California Wages

Enter the total amount of your California wages from your Form(s) W-2 or CA Sch W-2. This amount is reported in box 16 of Form W-2 or CA Sch W-2, line 3.

Line 14 – California Adjustments To Income

California does not tax unemployment compensation or Paid Family Leave Insurance benefits. Enter the total of any unemployment compensation and/or Paid Family Leave Insurance benefits reported on federal Form(s) 1099-G, Certain Government Payments, and shown on your federal Form 1040EZ, line 3; Form 1040A, line 13; Form 1040, line 19; or Form 1040NR, line 20.

If you have interest income from U.S. Obligations, U.S. Treasury Bills, Notes, Bonds, or other sources that is taxable for federal purposes and exempt for state purposes, you cannot file this form. File the Long Form 540NR.

Military Pay Adjustment

Compensation for military service of a servicemember domiciled outside of California is exempt from California tax. It is excluded from adjusted gross income. If you are an active duty military servicemember domiciled outside of California, your active duty military pay is excluded from adjusted gross income.

To claim your adjustment, write "MPA" on the dotted line to the left of line 14. Add this amount to any unemployment compensation and/or Paid Family Leave Insurance benefits and enter on line 14. You will also exclude this amount from adjusted gross income on line 21. Attach a copy of your Form(s) W-2 or CA Sch W-2, reflecting your military compensation, to your tax return. See "Assembling Your Tax Return" on page 11.

Line 18 – California Standard Deduction

Did you fill in the circle on line 6? If yes, use the California Standard Deduction Worksheet for Dependents on page 19 of the Long Form 540NR instructions. If no, use the standard deduction amount for your filing status.

California Taxable Income

 e-file and you won't have to do the math. Go to our website at ftb.ca.gov.

Line 20 – Tax on Total Taxable Income

Figure the tax on the amount on line 19 (see California tax table that begins on page 31). Use the correct filing status and taxable income amount.

To automatically figure your tax or to verify your tax calculation, use our online tax calculator by going to our website at ftb.ca.gov and search for **tax calculator**.

Line 21 – California Adjusted Gross Income (If married/RDP filing jointly, each spouse/RDP reports income based on his or her residency status.)

Full-year nonresident – Enter your California wages from Form(s) W-2, box 16 or CA Sch W-2, line 3.

Part-year resident – Enter your:

- California wages from Form(s) W-2, box 16 or CA Sch W-2, line 3.
- Non-California wages received while you were a California resident from Form(s) W-2, box 16 or CA Sch W-2, line 3.
- Interest income received while you were a California resident.

Full-year resident – Enter your:

- California and non-California wages from all your Form(s) W-2, box 16 or CA Sch W-2, line 3.
- All of your interest income.

Line 23 – CA Tax Rate

In this computation, the Franchise Tax Board (FTB) rounds the tax rate to four digits after the decimal. If your computation is different, you may receive a notice due to the difference in rounding. Contact us at 800.852.5711 if you disagree with this notice.

Line 25 – CA Exemption Credit Percentage

Divide the California Taxable Income (line 22c) by Total Taxable Income (line 19). This percentage does not apply to the Nonrefundable Renter's Credit, Other State Tax Credit, or credits that are conditional upon a transaction occurring wholly within California. **If more than 1, enter 1.0000.**

Credits

Line 35 – Nonrefundable Renter's Credit

If you paid rent on your principal California residence in 2008, you may be eligible for a credit to reduce your tax. See page 57 to find out if you qualify.

Child and Dependent Care Credit – You may be eligible for the California refundable child and dependent care expenses credit. If you qualify for the credit, file the Long Form 540NR. See page 22, line 47 through line 50 for more information.

Payments

Line 43 – Income Tax Withheld

Enter your total California income tax withheld from your Form(s) W-2, box 17 or CA Sch W-2, box 17. Attach a copy of your Form(s) W-2 or CA Sch W-2, to your tax return. See "Assembling Your Tax Return" on page 11.

Contributions

Make contributions to the funds listed on Short Form 540NR, Side 2. For a description of the funds, see page 56.

Line 68 – Total Contributions

Add code 401 through code 414 Enter the result on line 68. If no contributions were designated, do not enter an amount on line 68. If you show an amount on line 54, subtract the amount contributed from the amount of overpaid tax. If you show an amount on line 55, add the amount contributed to your tax due.

If you have tax due and choose to make a voluntary contribution, it will increase the amount that you owe.

Amount You Owe

Line 69 – Amount You Owe

If you did not enter an amount on line 68, enter the amount from line 55 on line 69. This is the amount you owe with your Short Form 540NR.

If you entered an amount on line 68, add line 55 and line 68. Enter the total on line 69. This is the amount you owe with your Short Form 540NR.

If you have an amount on line 54 and line 68, subtract line 68 from line 54. If line 68 is more than line 54 enter the difference on line 69. This is the amount you owe with your Short Form 540NR.

Make your check or money order payable to the "Franchise Tax Board" for this amount, or see "Paying Your Taxes" on page 61. **Do not send cash.** Write your SSN or ITIN and "2008 Short Form 540NR" on the check or money order. Enclose, but do not staple, your payment with your return.

To avoid a late filing penalty, file your Short Form 540NR by the due date even if unable to pay the amount you owe. Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

Refund and Direct Deposit

Line 73 – Refund or No Amount Due

If you did not enter an amount on line 68, enter the amount from line 54.

If you entered an amount on line 68, subtract that amount from the amount on line 54. If the result is zero or more, enter the amount on line 73. If the result is less than zero, your contributions are more than your overpaid tax available on line 54. In this case, do not enter an amount on line 73. Enter the result on line 69 and see the instructions for line 69.

Line 74 and Line 75 – Direct Deposit of Refund

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Short Form 540NR, Side 2, line 74 and line 75. Fill in the routing and account numbers and indicate the account type. Verify routing and account numbers with your financial institution. See the illustration below. **Do not** attach a voided check or deposit slip.

Individual taxpayers may request that his or her refund be electronically deposited into more than one checking or savings account. This allows more options for managing your refund. For example, you can request part of your refund go to your checking account to use now and the rest to your savings account to save for later.

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens, but omit spaces and special symbols. On the sample check, the account number is 202020.

Check the appropriate box for the type of account. Do not check more than one box for each line.

Enter the portion of your refund you want directly deposited into each account. Each deposit must be at least \$1. The total of line 74 and line 75 must equal the total amount of your refund (line 73). If line 74 and line 75 do not equal line 73, the FTB will issue a paper check.

Caution: Check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The FTB is not responsible for a lost refund due to incorrect account information entered by you or your representative.

Some financial institutions will not allow a joint refund to be deposited to an individual account. If the direct deposit is rejected, the FTB will issue a paper check.

The illustration shows a check with the following details:

- Payee:** John Doe, Mary Doe, 1234 Main Street, Anytown, CA 99999
- Amount:** \$1234
- Routing Number:** 250250025
- Account Number:** 202020
- Bank:** ANYTOWN BANK, Anytown, CA 99999
- Check Number:** 1234
- Instruction:** Do not include the check number

Sign Your Return

Sign your return in the designated space on Side 2. If you file a joint return, your spouse/RDP must sign the return also.

Joint Return. If you file a joint return, both you and your spouse/RDP are generally responsible for the tax and any interest or penalties due on the return. If one spouse/RDP neglects to pay the tax, the other spouse/RDP may have to pay. See “Innocent Spouse Relief” on page 7.

Paid Preparer Information. If you pay a person to prepare your return, that person signs and completes the area near the bottom of Side 2 and includes his or her SSN, PTIN, or FEIN. A paid preparer must give you two copies of your return: one to file with the FTB and one to keep for your records.

Third Party Designee. If you want to allow a friend, family member, or any other person you choose to discuss your 2008 tax return with the FTB, check the “Yes” box in the signature area of your return. Also print the designee’s name and telephone number. If you want to allow the paid preparer who signed your return to discuss it with the FTB, enter “Preparer” in the space for the designee’s name and print the preparer’s telephone number.

If you check the “Yes” box, you and your spouse/RDP, if filing a joint return, are authorizing the FTB to call the designee to answer any questions that may arise during the processing of your return. You are also authorizing the designee to:

- Give the FTB any information that is missing from your return.
- Call the FTB for information about the processing of your return or the status of your refund or payments.
- Receive copies of notices or transcripts related to your return, upon request.
- Respond to certain FTB notices about math errors, offsets, and return preparation.

You are not authorizing the designee to receive any refund check, bind you to anything (including any additional tax liability), or otherwise represent you before the FTB. If you want to expand or change the designee’s authorization, get form FTB 3520, Power of Attorney Declaration for the Franchise Tax Board.

The authorization will automatically end no later than the due date (without regard to extensions) for filing your 2009 tax return. This is April 15, 2010, for most people. If you wish to revoke the authorization before it ends, notify us by telephone at 800.338.0505 or by writing to Franchise Tax Board, PO Box 942840, Sacramento, CA 94240-0040, include your name, SSN, and the designee’s name and print the preparer’s telephone number.

Power of Attorney. If another person prepared your return, he or she is not automatically granted access to your tax information in future dealings with us. At some point, you may wish to designate someone to act on your behalf in matters related or unrelated to your 2008 tax return (e.g., an audit examination). To protect your privacy, you must submit to us a legal document called a “Power of Attorney” (POA) authorizing another person to discuss or receive personal information about your income tax records.

For more information, get form FTB 1144 (pamphlet) and form FTB 3520 (POA form), from our website at ftb.ca.gov. See “Where To Get Income Tax Forms and Publications” on page 62.

Do not attach a copy of your federal tax return or any other document to your Short Form 540NR unless specifically instructed. This will help us reduce government processing and storage costs.

Mailing Your Tax Return

If you have a refund, or if no amount due, mail your return to:

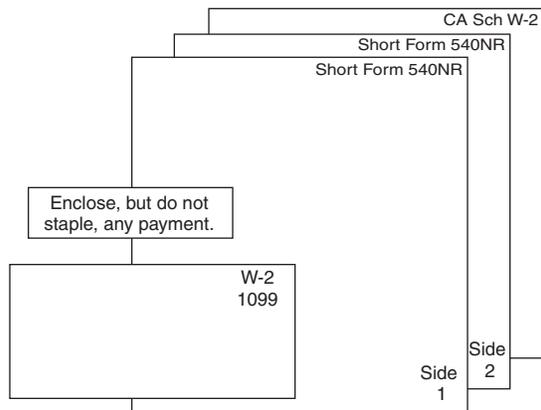
FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0002

If you owe, mail your return to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Assembling Your Tax Return

Assemble your tax return in the order shown below.



Make sure to attach all federal Form(s) W-2 and 1099 you received to the front of your tax return. If you completed CA Sch W-2, attach CA Sch W-2 behind Side 2 of your tax return.