California
Forms & Instructions

3809

2009
Targeted Tax Area Business Booklet

This booklet contains:

Form FTB 3809, Targeted Tax Area Deduction and Credit Summary

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STATE OF CALIFORNIA
FRANCHISE TAX BOARD

Instructions for Form FTB 3809
Targeted Tax 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

New Jobs Credit – For taxable years beginning on or after January 1, 2009, a new jobs credit against the tax (corporations) or net tax (individuals), will be allowed for a qualified employer in the amount of $3,000 for each qualified full-time employee hired during the taxable year that increases the employer's number of full-time employees over the previous year. This is determined on an annual full-time equivalent basis. Any credits not used in the taxable year may be carried forward up to eight years. For more information go to **ftb.ca.gov** and search for **new jobs** or get form FTB 3527, New Jobs Credit.

Important: An employee that is a qualified employee for the Targeted Tax Area hiring credit is not a qualified employee for the New Jobs credit.

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 1, 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 **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.

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 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.

NOL carrybacks shall not be allowed for any net operating losses attributable to taxable years beginning before January 1, 2011. For more information on NOL carrybacks, see form FTB 3805Q or 3805V.

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 tax (corporations) or net tax (individuals), 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. For more information get the applicable Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations. Taxpayers are required to keep track of the disallowed business tax credits on a worksheet and provide it to the Franchise Tax Board (FTB) upon request.

Minimum Wage
The California minimum wage is $8 per hour.

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 that is a member of the same combined reporting group. 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.

For more information, get form FTB 3544, Election to Assign Credit Within Combined Reporting Group.

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

Registered Domestic Partners (RDP)
RDPs under California law must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you entered into in a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, you are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status. For more information on what states have legal unions that are considered substantially equivalent, go to **ftb.ca.gov** and search for **attorney general**.

For purposes of California income tax, references to a spouse, husband, or wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

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 designated 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)
- The Targeted Tax Areas (TTAs)

Reporting Requirement

California statutes require the 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 3809, Side 1, Targeted Tax Area Deduction and Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement. Additional information on other EDAs can be found in the following FTB tax booklets:

- EZ tax incentives, get FTB 3805Z, Enterprise Zone Business Booklet.
- LAMBRA tax incentives, get FTB 3807, Local Agency Military Base Recovery Area Business Booklet.
- MEA hiring credit, get FTB 3808, Manufacturing Enhancement Area Business Booklet.

Purpose

This booklet provides specific information on the types of available TTA tax incentives. Taxpayers operating or investing in a business located within a designated TTA may be eligible for the following credits and deductions:

- Hiring Credit
- Sales or Use Tax Credit
- Business Expense Deduction
- NOL Carryover Deduction

Use this booklet to determine the correct amount of deductions and credits that a business may claim. 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 3809.

Targeted Tax Area Designation

California established the TTA program to stimulate development in a selected economically depressed area of Tulare County. The program offers special tax incentives to entities and individuals located in the Tulare TTA and engaged in a trade or business within the selected Standard Industrial Codes listed on pages 23 through 25 of this booklet.

All of the incorporated cities in Tulare County and portions of the unincorporated areas of Tulare County received final designation as the TTA effective November 1, 1998. The designation shall be binding for 15 years, commencing from January 1, 1998. The eight incorporated cities in Tulare County are:

- Dinuba
- Exeter
- Farmersville
- Lindsay
- Porterville
- Tulare
- Visalia
- Woodlake

For business eligibility or zone related information, including questions regarding TTA geographic boundaries, contact the local zone program manager where the business is located. Go to **hcd.ca.gov** and search for **eda** to find Contacts for Economic Development Areas.

For information that is not tax-specific or zone-specific, you may contact the HCD. See page 30 for the HCD contact information.

Important Considerations

TTA tax incentives apply only to the following items:

- Qualified assets purchased and placed in service on or after November 1, 1998.
- Qualified employees hired after November 1, 1998.
- NOLs for taxable years beginning on or after November 1, 1998.
- Qualified costs paid or incurred within the TTA on or after November 1, 1998, and before the designation expires.

Eligibility

To qualify for any of the tax incentives described above, a taxpayer must meet both of the following requirements:

1. Be engaged in a trade or business within the TTA.
2. Be engaged in a line of business described in Standard Industrial Classification (SIC) Codes 2000 to 2099, inclusive; 2200 to 3999, inclusive; 4200 to 4299, inclusive; 4500 to 4599, inclusive; and 4700 to 5199, inclusive, of the SIC Manual published by the United States Office of Management and Budget, 1987 Edition.

In the case of any pass-through entity, the determination of whether a taxpayer is a qualified taxpayer for the business expense deduction, hiring credit, and sales or use tax credit, is made at the entity level. Any business expense deduction, hiring credit, or sales or use tax credit that is allowed to the pass-through entity is also passed through to the partners or shareholders.

If your business is located within and outside the TTA, see Part III on page 10 for instructions on how to apportion income.

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 and Part-Year Residents
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 TTA Tax Incentives?

The TTA credits and deductions are available to individuals, sole proprietors, corporations, estates, trusts and partnerships operating or investing within the designated TTA.

To take advantage of the hiring credit, obtain a VoucherCert 10-07 from the local agency responsible for verifying employee eligibility. Do not file VoucherCert 10-07 with your return. Keep it for your records.

How to Claim Deductions and Credits

To claim any TTA deduction or credit, **attach** a completed form FTB 3809 to the California tax return.

Attach a separate form FTB 3809 for each business you operate or invest in that is located within the TTA. 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.
- For trusts, estates, and partnerships, complete Worksheet I through Worksheet III and Worksheet IV, Section A.
- Individual investors receiving pass-through TTA **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 **NOL**, 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 3809

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

Form 540 filers:	Claim TTA tax incentives on Form 540, line 14 and line 43 through 45, as applicable.
Long Form 540NR filers:	Claim TTA tax incentives on Long Form 540NR, line 14 and line 58 through 60, as applicable.
Form 100 filers:	Claim TTA tax incentives on Form 100, line 15, line 21, line 26, and line 27, as applicable.
Form 100S filers:	Claim TTA tax incentives on Form 100S, line 12, line 19, line 24, and line 25, as applicable.
Form 100W filers:	Claim TTA tax incentives on Form 100W, line 15, line 21, line 26, and line 27, as applicable.
Form 109 filers:	Check the "Yes" box for the TTA question I at the top of Form 109, Side 1.

Keep all completed worksheets and supporting documents for your records.

Form FTB 3809 – Instructions for items A through J

For corporations, estates, trusts, partnerships, exempt organizations, and sole proprietors who operate businesses in the TTA, complete items A through J.

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

Standard Industrial Classification (SIC) and Principal Business Activity (PBA) Codes
To qualify for the TTA hiring credit, you must be engaged in a trade or business within the selected SIC listed on page 23 through page 25 of this booklet. Enter the SIC code of the establishment that qualifies you to take this credit on form FTB 3809, Side 1. If your business has more than one establishment, and if more than one of the establishments qualifies you to take this credit, enter the SIC code that best represents your primary qualifying establishment.

The list of principal business activities and their associated codes are 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. The PBA codes are listed on page 26 through page 28. Enter the PBA code of your principal activities on form FTB 3809, Side 1.

Part I – Credits

Vouchering
Employers hiring qualified employees, get VoucherCert 10-07 from the local agency responsible for verifying employee eligibility. Do not file VoucherCert 10-07 with your return. Keep copies for your records.

For vouchering questions, you may contact the HCD at 916.322.1554.

Line 1a – Hiring Credit

Qualified employers conducting a trade or business within the TTA may claim the hiring credit for a qualified employee. A qualified employee is an individual who meets all of the following:

- Was hired after November 1, 1998.
- Spends at least 90% of his or her work time (for the qualified employer) on activities directly related to the conduct of a trade or business located within the TTA.
- Performs at least 50% of the work (for the qualified employer) within the boundaries of the TTA.
- Immediately preceding employment with qualified employer, was any of the following:
  1. A person receiving or eligible to receive subsidized employment, training, or services funded by the federal Job Training Partnership Act (JTPA) or its successor.
  2. A person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) or its successor.
  3. A member of a targeted group as defined in the federal Work Opportunity Tax Credit (WOTC) or its successor.
  4. An economically disadvantaged individual 14 years of age or older.
  5. A qualified dislocated worker.
  6. A disabled individual eligible for, enrolled in, or who completed a state rehabilitation plan.
  7. A service-connected disabled veteran.
  8. A veteran of the Vietnam era.
  9. A veteran who recently separated from military service.
  10. An ex-offender.
  11. A person eligible for or 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.
  12. A Native American.
  13. A resident of the TTA.

For more information, refer to the federal JTPA or its successor, the Workforce Investment Act (WIA).

The percentage of wages used to compute the credit depends on the number of years the employee works for the employer in the TTA. 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.

Wages that qualify for the hiring credit are those wages paid or incurred to hire a qualified employee for the consecutive 60-month period beginning on the first day 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.

The credit is based on the smaller of the following:

- The actual hourly rate paid or incurred by the employer 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 TTA hiring credit. The current minimum wage is $8.00 per hour. For purposes of computing the TTA hiring credit, 150% of the minimum wage is $12.00 per hour.

Example:
John Anderson was hired on January 1, 2009. John's hourly rate for the first month was the minimum wage of $8.00. At the beginning of the second month, his hourly rate increased to $8.50. For 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 x per month	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 of 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.
- Location of the employee's job site and duties performed.
- Records of any other federal or state subsidies received for hiring the qualified employee.
- Total qualified wages per month for each month of employment.

Instructions for Worksheet I – Hiring Credit Computation & Recapture

Section A – Credit Computation

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

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

Important: An employee that is a qualified employee for the Targeted Tax Area hiring credit is not a qualified employee for the New Jobs credit.

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

Line 2, column (b) through column (f) – Add the amounts 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 4

A. For partnerships, enter the amount from line 4 on form FTB 3809, Side 1, Part I, line 1a. Include the current year hiring credit amount on Form 565 and Form 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).

B. For corporations, individuals, estates, and trusts, enter the amount from line 4 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 amount of hiring credit claimed may not exceed the amount of tax on TTA business income in any year. Use Schedule Z on Side 2 of form FTB 3809 to compute the credit limitation.
- In the case where the business is qualified to take the TTA hiring credit as well as another credit (e.g., EZ, MEA, or LAMBRA hiring credit) for the same wage expense, the business may claim only one credit.
- S corporations may claim only 1/3 of the TTA 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. The 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.

Section B – Credit Recapture

Recapture (add back to the tax liability) the amount of credit attributable to an employee's wages if the employer terminates the 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.

Worksheet I **Hiring Credit Computation & Recapture – Targeted Tax Area**

Section A **Hiring 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					
		.50	.40	.30	.20	.10
3	Multiply line 2 by the percentage for each column. See instructions					

4 Add line 3, column (b) through column (f). See instructions. **4**
You cannot take the TTA hiring credit as well as another credit for the same wage expense.

Section B **Hiring Credit Recapture**

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

Employers of seasonal employees must 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).

The employer must 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 reemploy the individual).
- Carried out so that other qualified individuals could be hired, creating a net increase in both the number of qualified employees and the number of hours worked.
- Due to a substantial reduction in the employer's trade or business operations.

Enter the name(s) of employee(s) even if one of the above exceptions to recapture is met.

Line 1, column (a) – Enter the name of the terminated employee(s). 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 3809, Side 1, Part V, line 5.

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 63.
- Long Form 540NR, line 73.
- 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 3809"** 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 must recapture the portion of the credit that was previously claimed, based on the terminated employee's wages. In addition, 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 1b – Sales or Use Tax Credit

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

Corporations may claim a credit equal to the sales or use tax paid or incurred to purchase up to $20 million of qualified property per taxable year. 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 sales or use tax to purchase up to $1 million of qualified property. See the example in the next column.

Qualified property is machinery or machinery parts used to perform the following:

- Manufacture, process, fabricate, or otherwise assemble a product.
- Produce renewable energy resources.
- Control air or water pollution.

In addition, qualified property is defined as follows:

- Data processing and communications equipment including, but not limited to, computers, computer-automated drafting systems, copy machines, telephone systems, and fax machines.
- Motion picture manufacturing equipment central to production and postproduction including, but not limited to, cameras, audio recorders, and digital image and sound processing equipment.

The business must use the property **exclusively** within the boundaries of the TTA. Qualified property must be purchased and placed in service after the TTA received its designation and before the TTA designation expires.

The use tax paid or incurred on purchases of property outside California qualifies for the credit only if property of a comparable quality and price was not timely available in California at the time it was purchased.

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 TTA business income in any year.
- Any unused credit may be carried over and applied against the tax on TTA business income in future years until exhausted.
- In the case where the business is qualified to take the TTA sales or use tax credit as well as another state credit (e.g. enterprise zone sales or use tax credit, or LAMBRA sales or use tax credit) for the same piece of property, the business may only claim one credit for that property.

Depreciation
Any taxpayer that claims this credit cannot increase the basis of the qualified property with respect to 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 passed through to 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 pass-through credit of $30,000 (.06 m. ÷ 2 = .03 m.) sales or use tax credit.

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

- Form 100 or 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 FTB 3885F, Depreciation and Amortization.
- Form 540 and Long Form 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.

Instructions for Worksheet II – Sales or Use Tax Credit

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 in line 1, column (b). This amount cannot exceed $1 million for individuals, estates, trusts, partnerships, or $20 million for corporations per taxable year. When computing the amount of credit to pass through to S corporation shareholders, use the $1 million limitation.

Line 2, column (c)

A. For partnerships, enter the amount from line 2, column (c), on form FTB 3809, Side 1, Part I, line 1b. Also, include the current year sales or use tax credit amount on Form 565 or Form 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1 line 15f.
B. 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 in column (b) may be claimed as a credit.

Worksheet II **Sales or Use Tax Credit – Targeted Tax Area**

	(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		

Part II – Business Expense Deduction

Certain businesses conducting a qualified trade or business within the TTA 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 eligible cost in the current year rather than depreciate it over several years.

The TTA business expense deduction is not allowed for estates and 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) and most equipment and furnishings acquired by purchase after the TTA received its final designation and before the designation expires for exclusive use within the TTA. 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 the number of taxable years that have elapsed since the TTA received its final designation. The TTA received final designation on November 1, 1998.

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, the TTA business expense deduction is not allowed if the property was:

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

A taxpayer and spouse/RDP filing separate returns may each claim 50% of the allowable deduction. In the case of a partnership, the 40% limitation applies to the partnership and to each partner.

Depreciation

If the business elects to deduct the amount computed in Worksheet III, Section A (see page 9), as a business expense, reduce the depreciable basis of the property by the deduction.

Subtract the amount claimed as a business expense from the basis or cost of the property and depreciate the remaining basis or cost.

Normal depreciation is allowed on the cost of the property in excess of the expensed amount, starting with the taxable year following the taxable year the property was placed in service.

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 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 business expense.

To compute the difference between California and federal depreciation, use the forms or schedules listed on page 7.

Instructions for Worksheet III – Business Expense Deduction & Recapture

Section A – Deduction Computation

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

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

Line 5 – Enter the amount from line 5, column (b) on form FTB 3809, Side 1, Part II, line 2, and on your California tax return or schedule as follows:

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

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 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 on form FTB 3809, Side 1, Part V, line 6, 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 business activity.
- Schedule CA (540NR), column C, on the applicable line for your business activity.
- Form 565, Schedule K, line 11 and Schedule K-1 (565), line 11.
- Form 568, Schedule K, line 11 and Schedule K-1 (568), line 11.

Example:

XYZ Inc. purchased a property on June 1, 2007 that qualified the corporation to take the TTA business expense deduction. The property was purchased for $10,000 and it 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, 2007 on the property.

Assume the corporation disposes of the property or no longer uses the property in the TTA on August 5, 2009. The property was placed in service in 2007. The first year after the property was placed in service was the 2008 taxable year. The second year after the property was placed in service was the 2009 taxable year. Since the property was disposed of or no longer used in the TTA before the end of the second year (December 31, 2009) after the year the property was placed in service, the business expense deduction ($4,000) must be added to income in the 2009 taxable year. If the property was disposed of or no longer used in the TTA after December 31, 2009, there is no recapture.

Situation 1

Assume on August 5, 2009, 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, 2009, the corporation discontinued 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, 2008.)

Worksheet III Business Expense Deduction & Recapture – Targeted Tax Area

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	

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

3 Total. Add line 2, column (b)	3	
4 Multiply line 3 by 40% (.40)	4	
5 Enter the smaller of line 1 or line 4. This is the maximum amount deductible as a business expense for the TTA. See instructions	5	

Section B Deduction Recapture

	(a) Property description	(b) Recapture amount
1		

2 Total recapture amount. Add line 1, column (b). See instructions	2	

Part III – Portion of Business Attributable to the Targeted Tax Area

TTA tax credits are limited to the tax on business income attributable to operations within the TTA. TTA deductions are limited to business income attributable to operations within the TTA. If the business is located within and outside the TTA, determine the portion of total business operations that are attributable to the TTA.

Business Income vs. Nonbusiness Income

Only business income is apportioned to the TTA to determine the incentive limitation.

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 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 TTA. Pass-through entities must 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 TTA.
2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the TTA 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, refer to Worksheet IV, Section C to compute business income apportioned to the TTA.
For business entities, including sole proprietors, use Worksheet IV, Section A or B to compute business income or loss apportioned to the TTA.

Apportionment

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

Property Factor
Property factor is defined as the average value of all real and tangible personal property owned or rented by the taxpayer 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 total 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 the taxpayer's real and tangible personal property owned or rented by the taxpayer and used within the TTA during the taxable year to produce TTA 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 the taxpayer's 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 the taxpayer's real and tangible personal property owned or rented and used during the year in all business operation locations. See Worksheet IV, Section B, column (a).

Payroll Factor
Payroll is defined as the total amount paid to the business' 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 TTA
Compensation is considered to be within the TTA if any one of the following tests is met:

1. The employee's services are performed within the geographical boundaries of the TTA.
2. The employee's services are performed within and outside the TTA, but the services performed outside the TTA are incidental to the employee's service within the TTA.

   Incidental means any temporary or transitory service performed in connection with an isolated transaction.
3. If the employee's services are performed within and outside the TTA, the employee's compensation is attributed to the TTA if any one of the following items is met:
   A. The employee's base of operations is within the TTA.
   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 TTA.
   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 TTA.

   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 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.

The numerator of the payroll factor is the total compensation paid to employees for working within the TTA during the taxable year. See Worksheet IV, Section A, column (b).

When determining income apportionment on Worksheet IV, Section A, the denominator of the payroll factor is the taxpayer's total 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 the TTA will be its business income apportioned to California. See FTB Pub. 1061 for further information on combined reports and entity income apportionment. The TTA property and payroll factors used in the determination of TTA income includes only the taxpayer's California amounts in the denominator.

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

Business income apportioned to the TTA is determined as follows:

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

Instructions for Worksheet IV – Income or Loss Apportionment

Section A – Income Apportionment

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

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

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

The TTA 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 TTA. A taxpayer's TTA net operating loss is its net business operating loss from all sources multiplied by the specific TTA apportionment percentage computed in Worksheet IV, Section B.

The TTA 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

Form 540 and Long 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 TTA. A taxpayer's TTA business income is its California apportioned business income computed using Schedule R, multiplied by the specific TTA 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," since only business income is apportioned to the TTA. See Part III, Portion of Business Attributable to the Targeted Tax Area, for a complete discussion of business and nonbusiness income.

Business income or loss reported on federal Form 1040 Schedule C, C-EZ, E, F, and other schedules are reported on line 6 through line 9. Line 11 and line 12 report business gains or losses reported on Schedule D and Schedule D-1. All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA.

Worksheet IV **Income or Loss Apportionment – Targeted Tax Area**

Section A **Income Apportionment**

Use Worksheet IV, Section A, if your business has net income from sources within and outside the TTA.	**(a)** Total within California	**(b)** Total within the TTA	**(c)** Percentage within the TTA 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 for more information			
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 3809, Side 1, line 3			

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 TTA. 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 TTA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

Worksheet IV Income or Loss Apportionment – Targeted Tax Area (continued)

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

Use Worksheet IV, Section B, if your business has net losses from sources within and outside the TTA.	(a) Total within and outside the TTA	(b) Total within the TTA	(c) Percentage within the TTA 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 for more information			
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 TTA. 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 TTA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

Worksheet IV Income or Loss Apportionment-Targeted Tax Area (continued)

Section C Income or Loss

Part I Individual Income and Expense Items. See instructions.

	(a) Amount	(b) Percentage of time providing services in the TTA	(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 TTA 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 TTA	(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 TTA	(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) See instructions			

Part I – Individual Income and Expense Items

Wages

For taxpayers with wages from a company located within and outside the TTA, determine the TTA wage income by entering the percentage of the time that they worked within the TTA in column (b). The percentage of time should be for the same period for which the wages entered on line 1 were earned. Determine this percentage 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 the TTA from which you received TTA tax incentives, see the example below for computing business income in the TTA.

Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565, or 568)	Entity's TTA apportionment percentage	TTA 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**

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 TTA

Line 6 – Line 9

If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is entirely within the TTA, 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 TTA, 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 federal Form 1040 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 figure 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 TTA and California

Line 6 – Line 9
If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is within and outside the TTA and California, get California Schedule R 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, 565, or 568. Also, disregard any reference to Schedules R-3, R-4, or R-5.

Nonresidents that have an apportioning business that operates within the TTA 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 TTA 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 the TTA 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 TTA Net Operating Loss (NOL) and the result on 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 TTA NOL.

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

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

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

Loss Computation
Located Entirely Within the TTA

Line 6 – Line 9
If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is entirely within the TTA, 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 TTA, enter the gain or loss reported in column (a), and enter 1.00 in column (b).

Located Within and Outside the TTA

Line 6 – Line 9
If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is within and outside the TTA, 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 TTA, 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 instructions for line 14, Worksheet IV, Section C, Part III, under Income Computation in column 2 on this page.

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

A business that operates or invests within a TTA that generated an NOL in a taxable year beginning before January 1, 2008, can carry the NOL forward for 15 years but cannot carry it back. For NOLs incurred in taxable years beginning on or after January 1, 2008, California has extended the NOL carryover period 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. See instructions for Worksheet V, Section C on page 15 for more information.

For taxable years beginning in 2002 and 2003, California had suspended the Net Operating Loss (NOL) carryover deduction. Taxpayers continued to carryover an NOL during the suspension period. The carryover period for suspended losses was extended by two years for losses incurred before January 1, 2002, and by one year for losses incurred on or after January 1, 2002, and before January 1, 2003. The deduction for disaster losses was not affected by the NOL suspension rules. See instructions for Worksheet V, Section C on page 15 for more information on the suspension of the NOL carryover deduction for taxable years beginning in 2008 and 2009.

The business cannot generate NOLs from activities within the TTA before the first taxable year beginning on or after the date the TTA is officially designated or for the taxable years ending after the designation expires. The Tulare County TTA received final designation on November 1, 1998.

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

Election
Elect and designate the carryover category (general or specific, enterprise zone, LAMBRA, TTA, or Pierce's disease NOL) on the original return for the year of a loss and file form FTB 3809 for each year in which a TTA NOL deduction is being taken. The election is **irrevocable**.

If you elect the TTA NOL deduction, you are prohibited by law from carrying over any other type of NOL (relating to TTA activities) from this year.

To determine which type of NOL will provide the greatest benefit, businesses that have general or specific EZ, LAMBRA, TTA NOLs, 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 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Corporations.
- FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates and Trusts.
- FTB 3805Z, Enterprise Zone Business Booklet, Schedule Z.
- FTB 3807, Local Agency Military Base Recovery Area Business Booklet, Worksheet V.

Alternative Minimum Tax
Taxpayers claiming a TTA NOL deduction determine their NOL for alternative minimum tax purposes. Use Schedule P (100, 100W, 540, 540NR, or 541) to compute the NOL for alternative minimum tax purposes.

S Corporations
TTA 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 TTA 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 TTA
For taxpayers with all payroll and property within the TTA, the NOL carryover is determined by computing the business loss that results from business activity within the TTA.

NOL Carryover Amount – Businesses Operating Within and Outside the TTA
If the business is located within and outside the TTA, the loss amount available for carryover is determined by apportioning the total business loss of the entity to the TTA 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 compare TTA property and payroll to total property and payroll. The loss is calculated on Worksheet V, Section A for individuals and exempt trusts, and Worksheet V, Section B for corporations. The apportionment factor computation is calculated on Worksheet IV, Section B for business entities and Worksheet IV, Section C for individuals. The loss carryover is deducted from income apportioned by each business to the TTA in subsequent years. This computation is done on Worksheet V, Section C.

Corporations that are members of a unitary group filing a combined report separately compute loss carryover for each corporation in the group (R&TC Section 25108) using 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. RTC Section 24416(c) serves as a limitation. If this section applies, the NOL carryover for each corporation may only be decreased, but not increased.

Instructions for Worksheet V – Net Operating Loss (NOL) 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 TTA NOL carryover complete Section C.

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

Use this section to compute the TTA 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 computing the allowable TTA loss.

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

Section B – Computation of Current Year NOL – Corporations

Use this section to compute the TTA 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 TTA 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.

The TTA NOL deduction is used to reduce current year income from the TTA. Use this worksheet to compute the TTA NOL deduction for corporations, individuals, and exempt trusts.

Line 1 – See Part III (page 9) for a 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 federal Form 1040, 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 the loss that was carried back in the current year business income for the TTA.

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

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 the MTI amount by your TTA NOL deduction. The TTA NOL deduction may not be larger than your MTI. If your MTI 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. If this amount is zero or negative, transfer the amount(s) from line 8 through line 18, column (b) to column (e). Go to line 19.
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) amount(s) to column (e).

Line 8 through Line 18 – Enter the amounts on line 8 through line 18 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) TTA NOL carryover
		$5,000	
$ 500	$ 500	4,500	$ 0

Line 19 – 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 20 – Total the amounts in columns (b), (c), and (e). Enter the totals from column (b) and column (e) on form FTB 3809, Side 1, line 4a and line 4c, accordingly.

Your TTA NOL deduction for 2009 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

Worksheet V Net Operating Loss (NOL) Computation and Loss Limitations – Targeted Tax Area

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 2009 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	Total business capital losses included in line 1. Enter as a positive number	2	
3	Total 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 the TTA	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 19, column (e) This is the TTA NOL carryover to 2010.	7	

Section B Computation of Current Year Net Operating Loss – Corporations If you have a TTA 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 or 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	2009 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	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 19, column (e) This is the TTA NOL carryover to 2010.	7	

Worksheet V **NOL Computation and Loss Limitations – Targeted Tax Area (continued)**

Section C **Computation of NOL Carryover and Carryover Limitations – Individuals, Exempt Trusts, and Corporations.** See instructions.

1	Enter the amount from Form 100 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 III)	**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 100W, Form 100S, and Form 109 filers: Enter any nonbusiness loss 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 or Form 100W filers: Enter the amount from Form 100 or Form 100W, line 22. Form 100S filers: Enter the total of the amount 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) TTA NOL carryover to 2010
7	Modified taxable income from line 6				
8	TTA NOL carryover beginning in 1998				
9	TTA NOL carryover beginning in 1999				
10	TTA NOL carryover beginning in 2000				
11	TTA NOL carryover beginning in 2001				
12	TTA NOL carryover beginning in 2002				
13	TTA NOL carryover beginning in 2003				
14	TTA NOL carryover beginning in 2004				
15	TTA NOL carryover beginning in 2005				
16	TTA NOL carryover beginning in 2006				
17	TTA NOL carryover beginning in 2007				
18	TTA NOL carryover beginning in 2008				
19	TTA NOL carryover beginning in 2009				
20	Total the amounts in columns (b), (c), and (e). See instructions				

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 TTA business income. Use Schedule Z on form FTB 3809, Side 2 to compute this limitation.

If a taxpayer owns an interest in a disregarded business entity, the amount of the 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. For more information on disregarded business entities, get Form 568, Limited Liability Company Tax Booklet.

Partnerships allocate the credit among the partners according to the partners' distributive shares 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), annual tax (partnerships and QSub), alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), built-in gains tax (S corporations), or excess net passive income tax (S corporations).

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

Assignment of Credits – Members of a Unitary or Combined Reporting Group
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 that is a member of the same combined reporting group. 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. For taxable years before July 1, 2008, the credits could not be allocated or otherwise transferred to another taxpayer (absent a qualifying merger), even if the other taxpayer was a member of a unitary or combined reporting group or otherwise affiliated with the taxpayer that earned the credit.

For more information, get form FTB 3544, Election to Assign Credit Within Combined Reporting Group.

S Corporations and the Application of TTA Credits
An S corporation may use its TTA credits to reduce TTA tax at both the corporate and shareholder levels.

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

Example: In 2009, an S corporation qualified for a $3,000 TTA 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 TTA 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 TTA income.

S corporations should attach form FTB 3809 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 TTA tax, you may carry over any excess credit to future years until exhausted. Apply the carryover to the earliest taxable year(s) possible. In no event can the credit be carried back and applied against a prior year's tax.

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 S corporation entity-level business tax. See the instructions for Schedule Z, Part III, for more information.

Credit Code Number
Use credit code number **210** to claim the TTA hiring and sales or use tax credits on your tax return. 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 and Trusts, and Partnerships

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

S Corporations
Complete only 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 TTA credits.

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

- Individuals: Go to Worksheet IV, Section C. Follow the instructions there. 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 III for the definition of business income.

Line 2 – If your business is located entirely within the TTA, 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 TTA.

Line 6a – Compute the tax as if the TTA 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.

If the amount on line 6a is the minimum franchise tax ($800), you cannot use your TTA credits this year. You should complete Part IV of Schedule Z to compute the amount of credit carryover.

Example: Determination of TTA 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 TTA and one outside the TTA. Eighty percent (80%) of the S corporation's business is attributable to the TTA.

This percentage was determined by ABC, Inc. using Worksheet IV, Section A, when ABC's 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 TTA.

John and Jackie Anderson have the following items of California income and expense for the 2009 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
TTA business expense deduction . . (5,000)*
John's unreimbursed employee expenses from federal Schedule A . . . (2,000)

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

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

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

The standard deduction and personal or dependency exemptions are not included in the computation of TTA 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 TTA 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 TTA credits this year. You should complete Part IV of Schedule Z to compute the amount of credit carryover.

Part II – Limitations 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 Schedule Z.

Line 8A, column (e) – Enter the amount from line 7. This is the amount of limitation based on the tax on TTA 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 3809, Side 1, line 1a.

Line 8B, column (b) – Enter the amount of the current year credit that was computed on Worksheet I, Section A, line 4.

Line 8B, column (c) – Enter the amount of the total prior year credit carryover. This is the amount of credit that was previously figured 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.

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 TTA 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 3809, Side 1, line 1b.

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

Line 9B, column (c) – Enter the amount of the total prior year credit carryover. This is the amount of credit that was previously figured on Worksheet II in the prior year, 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 TTA business income.

Example: Part II

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

Hiring credit — $500 and a $300 carryover from a prior year
Sales or use tax credit — $9,000

Schedule Z, Part II would be computed as follows:

Part II Limitation of Credits for Corporations, Individuals, and 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 TTA 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	800	
	B	500	300	800	800		–0–
9 Sales or use tax credit	A				6,200	6,200	
	B	9,000	–0–	9,000	6,200		2,800

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 TTA business tax limitation (Part I, line 7) after completing this worksheet.

Line 10 and Line 11, column (b) – Enter the amounts 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, enter this amount on Form 100S, Schedule K, line 13d.

Line 10 and Line 11, column (c) – Multiply the amounts on line 10 and line 11, column (b) by 1/3. Enter these amounts 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 this amount on Form 100S, Schedule C.

Line 10 and Line 11, column (d) – Enter the amounts of total prior year credit carryover. These are the credit amounts that were previously computed on the prior year Worksheet I and Worksheet II, minus the amounts that were allowed to be taken on the prior year return. Also, include this amount on Form 100S, Schedule C.

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 credit amounts that were 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 amounts in column (f) for line 10 and line 11 on form FTB 3809, Side 1, line 1a and line 1b, 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 credit amounts 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 amounts of current year credits that were computed on Worksheet I and Worksheet II. S corporations may enter only 1/3 of the amounts from Worksheet I and II on line 12, column (b) and line 13, column (b), as applicable.

Line 12 and Line 13, column (c) – Enter the amounts of the total prior year credit carryovers. These are the credit amounts that were previously computed on Worksheet I and Worksheet II in the prior year, minus the amounts that were allowed to be taken on the prior year return. S corporations may enter only 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 credit amounts that can be carried over to future years.

TAXABLE YEAR **2009**

Targeted Tax Area Deduction and Credit Summary

CALIFORNIA FORM **3809**

Attach to your California tax return.

SSN or ITIN or California corporation number

Name(s) as shown on return

FEIN

Qualified taxpayer's SIC code. See instructions. ___ ___ ___ ___

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 targeted tax area (TTA) business:_____

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

_____

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

_____

E. Enter the six-digit Principal Business Activity code of the TTA Business . . . . . _____

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

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 Credits (Complete Schedule Z on Side 2 before you complete this part.)

1 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). . . . . _____

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

Add line 1a and line 1b . . . . . **1** _____

Part II Business Expense Deduction

2 Enter the cost of qualified property purchased for the TTA that is being deducted as a current year business expense from Worksheet III, Section A, line 5, column (b). . . . . **2** _____

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 Sections 17267.6 or 24356.6. That election may not be revoked except with the written consent of the Franchise Tax Board (FTB).

Part III Portion of Business Attributable to the Targeted Tax Area

3 Enter the average apportionment percentage of your business that is in the TTA from Worksheet IV, Section A, line 4. If your operation is wholly within the TTA, the average apportionment percentage is 100% (1.00) . . . . . **3** _____

Part IV Net Operating Loss (NOL) Carryover and Deduction

4 a Enter the total NOL carryover from the prior year from Worksheet V, Section C, line 20, column (b) . . . . . **4a** _____

b Enter the total NOL deduction used in the current year from Worksheet V, Section C, line 20, 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. . . . . **4b** _____

c Enter the TTA NOL carryover to future years from Worksheet V, Section C, line 20, column (e) . . . . . **4c** _____

ELECTION: For those taxpayers eligible for an NOL carryover under R&TC Sections 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 Sections 17276.6 or 24416.6, for taxpayers operating a trade or business within the TTA. If you elect to carry over an NOL under the TTA provisions, you cannot carry over any other type and amount of NOL from this year.

Part V Recapture of Deduction and Credits

5 TTA recapture of hiring credit from Worksheet I, Section B, line 2, column (b). . . . . **5** _____

6 Recapture of business expense deduction from Worksheet III, Section B, line 2, column (b). . . . . **6** _____

Schedule Z Computation of Credit Limitations — Targeted Tax Area

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 apportioned to California (see instructions Part III)	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 TTA NOL deduction from Worksheet V, Section C, line 20, column (c)	4	
5	TTA 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	
b	Enter the amount of tax from Form 540, line 35; Long Form 540NR, line 42; Form 541, line 21; Form 100, or Form 100W, line 24; Form 100S, line 22; or Form 109, line 10. Corporations and S corporations, see instructions	6b	
7	Enter the smaller of line 6a or line 6b. This is the limitation based on the TTA income. Go to Part II, Part III, or Part IV. 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 add col. (b) plus col. (c)	(e) Limitation based on TTA 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 add 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.

Standard Industrial Classification Manual, 1987 Edition (Partial Listing)

The Standard Industrial Classification (SIC) Manual classifies business activities based upon establishments, which are defined in the SIC Manual as an economic unit, generally at a single physical location, where business is conducted, or where services or industrial operations are performed. A taxpayer's enterprise may consist of more than one establishment. The SIC Manual provides the following examples of establishments: A factory, mill, store, hotel, movie theater, mine, farm, ranch, bank, railroad depot, airline terminal, sales office, warehouse, or central administrative office. Where distinct and separate economic activities are performed at a single physical location (such as construction activities operated out of the same physical location as a lumber yard), each activity should be treated as a separate establishment where: (1) No one industry description in the SIC Manual includes such combined activities; (2) The employment in each economic activity is significant; and (3) Separate reports are prepared on the number of employees, their wages and salaries, sales or receipts, property and equipment, and other types of financial data, such as financial statements, job costing, and profit center accounting.

The Standard Industrial Classification Manual is organized using a hierarchcial structure, first by division, next by two-digit major groups within each division, then by three-digit industry groups within each major group, and finally by four-digit industry codes within each industry group.

For purposes of this publication, the following SIC codes are listed since only taxpayers with establishments in these industry codes qualify for the TTA tax incentives:

- SIC Codes 2000 through 2099;
- SIC Codes 2200 through 3999;
- SIC Codes 4200 through 4299;
- SIC Codes 4500 through 4599; and
- SIC Codes 4700 through 5199.

The complete Standard Industrial Classification Manual, 1987 Edition, is available for purchase from:

NATIONAL TECHNICAL INFORMATION SERVICE
5285 PORT ROYAL ROAD
SPRINGFIELD VIRGINIA 22161

Order No. PB 87-100012

The manual is also available on the Internet. Go to **osha.gov** and search for **SIC code**.

The four-digit industry codes within Division D of the SIC Manual are: (*nec* means "not elsewhere classified")

3291	Abrasive products
2891	Adhesives & sealants
2879	Agricultural chemicals, nec
3563	Air & gas compressors
3728	Aircraft parts & equipment, nec
3724	Aircraft engines & engine parts
3721	Aircraft
2812	Alkalies & chlorine
3354	Aluminum extruded products
3355	Aluminum rolling & drawing, nec
3365	Aluminum foundries
3353	Aluminum sheet, plate, & foil
3363	Aluminum die-casting
3483	Ammunition, except for small arms, nec
3826	Analytical instruments
2077	Animal & marine fats & oils
2387	Apparel belts
2389	Apparel & accessories, nec
3446	Architectural metal work
3292	Asbestos products
2952	Asphalt felts & coatings
2951	Asphalt paving mixtures & blocks
3581	Automatic vending machines
2396	Automotive & apparel trimmings
3465	Automotive stampings
2673	Bags: plastic, laminated, & coated
2674	Bags: uncoated paper & multiwall
3562	Ball & roller bearings
2063	Beet sugar
2836	Biological products except diagnostic
2782	Blankbooks & looseleaf binders
3312	Blast furnace & steel mills
3564	Blowers & fans
3732	Boat building & repairing
3452	Bolts, nuts, rivets, & washers
2731	Book publishing
2732	Book printing
2789	Bookbinding & related work
2086	Bottled & canned soft drinks
2342	Bras, girdles, & allied garments
2051	Bread, cake, & related products
3251	Brick & structural clay tile
2211	Broadwoven fabric mills, cotton
2221	Broadwoven fabric mills, manmade
2231	Broadwoven fabric mills, wool
3991	Brooms & brushes
3995	Burial caskets
3578	Calculating & accounting equipment
2064	Candy & other confectionery products
2062	Cane sugar refining
2033	Canned fruits & vegetables
2091	Canned & cured fish & seafood
2032	Canned specialties
2394	Canvas & related products
3955	Carbon paper & inked ribbons
2895	Carbon black
3624	Carbon & graphite products
3592	Carburetors, pistons, rings, & valves
2273	Carpets & rugs
2823	Cellulosic manmade fiber
3241	Cement, hydraulic
3253	Ceramic wall & floor tile
2043	Cereal breakfast foods
2022	Cheese, natural & processed
2899	Chemical preparations, nec
2067	Chewing gum
2066	Chocolate & cocoa products
3255	Clay refractories
2295	Coated fabrics, not rubberized
3316	Cold finishing of steel shapes
2754	Commercial printing, gravure
2752	Commercial printing, lithographic
2759	Commercial printing, nec
3582	Commercial laundry equipment
3646	Commercial lighting fixtures
3669	Communication equipment
3577	Computer peripheral equipment, nec
3575	Computer terminals
3572	Computer storage devices
3271	Concrete block & brick
3272	Concrete products, nec
3531	Construction machinery
2679	Converted paper products, nec
3535	Conveyors & conveying equipment
2052	Cookies & crackers
3351	Copper rolling & drawing
3366	Copper foundries
2298	Cordage & twine
2653	Corrugated & solid fiber boxes
3961	Costume jewelry
2074	Cottonseed oil
2021	Creamery butter
3466	Crowns & closures
3643	Current-carrying wiring devices
2391	Curtains & draperies
3087	Custom compound purchased resins
3281	Cut stone & stone products
3421	Cutlery
2865	Cyclic crudes & intermediates
2034	Dehydrated fruits, vegetables, & soups
3843	Dental equipment & supplies
2675	Die-cut paper products
2085	Distilled & blended liquors
2047	Dog & cat food
3942	Dolls & stuffed toys
2591	Drapery hardware, blinds, & shades
2023	Dry, condensed, & evaporated dairy products
2079	Edible fats & oils, nec
3641	Electric lamps
3634	Electric housewares & fans
3699	Electrical equipment & supplies, nec
3629	Electrical industrial apparatus, nec
3845	Electromedical equipment
3313	Electrometallurgical products
3679	Electronic components, nec
3678	Electronic connectors
3671	Electron tubes
3675	Electronic capacitors
3676	Electronic resistors
3677	Electronic coils & transformers
3571	Electronic computers
3534	Elevators & moving stairways
3694	Engine electrical equipment
2677	Envelopes
3822	Environmental controls
2892	Explosives
2381	Fabric dress & work gloves
3499	Fabricated metal products, nec
3443	Fabricated plate work (boiler shops)
3498	Fabricated pipe & fittings
3069	Fabricated rubber products, nec
3441	Fabricated structural metal
2399	Fabricated textile products, nec
3523	Farm machinery & equipment
3965	Fasteners, buttons, needles, & pins
2875	Fertilizers, mixing only
2655	Fiber cans, drums, & similar products
2262	Finishing plants, manmade
2261	Finishing plants, cotton
2269	Finishing plants, nec
3211	Flat glass
2087	Flavoring extracts & syrups, nec
2041	Flour & other grain mill products
3824	Fluid meters & counting devices
3492	Fluid power valves & hose fittings
2026	Fluid milk
3594	Fluid power pumps & motors
3593	Fluid power cylinders & actuators
2657	Folding paperboard boxes
2099	Food preparations, nec
3556	Food products machinery
3131	Footwear cut stock
3149	Footwear, except rubber, nec
2092	Fresh/frozen prepared fish/seafood
2053	Frozen bakery products, except bread
2038	Frozen specialties, nec
2037	Frozen fruits & vegetables
2371	Fur goods
2599	Furniture & fixtures, nec
3944	Games, toys, & children's vehicles
3053	Gaskets, packing, & sealing devices
3569	General industrial machinery, nec
2369	Girls' & children's outerwear, nec
2361	Girls' & children's dresses, blouses
3221	Glass containers
3321	Gray & ductile iron foundries
2771	Greeting cards
3764	Guided missile & space vehicle parts
3769	Guided missile & space vehicle parts, nec

(continued on next page)

3761 Guided missiles & parts
2861 Gum & wood chemicals
3275 Gypsum products
3423 Hand & edge tools, nec
3996 Hardsurface floor coverings, nec
2429 Hardware, nec
2426 Hardwood dimensions & flooring mills
2435 Hardwood veneer & plywood
2353 Hats, caps, & millinery
3433 Heating equip, except electric
3536 Hoists, cranes, & monorails
2252 Hosiery, nec
2392 House furnishings, nec
3142 House slippers
3651 Household audio & video equipment
3635 Household vacuum cleaners
3631 Household cooking appliances
3633 Household laundry equipment
3639 Household appliances, nec
2519 Household furniture, nec
3632 Household refrigerators & freezers
2024 Ice cream & frozen desserts
3491 Industrial valves
2819 Industrial inorganic chem, nec
3599 Industrial machinery, nec
2869 Industrial organic chem, nec
3537 Industrial trucks & tractors
2813 Industrial gases
3543 Industrial patterns
3567 Industrial furnaces & ovens
2816 Inorganic pigments
3825 Instruments to measure electricity
3519 Internal combustion engines, nec
2835 In vitro & in vivo diagnostic substances
3462 Iron & steel forging
3915 Jewelers' materials & lapidary work
3911 Jewelry, precious metal
2253 Knit outerwear mills
2254 Knit underwear mills
2259 Knitting mills, nec
3821 Laboratory apparatus & furniture
2258 Lace & warp knit fabric mills
3083 Laminated plastic plate & sheet
3524 Lawn & garden equipment
3952 Lead pencils & art goods
3199 Leather goods, nec
2386 Leather & sheep-lined clothing
3111 Leather tanning & finishing
3151 Leather gloves & mittens
3648 Lighting equipment
3274 Lime
2411 Logging
2992 Lubricating oils & greases
3161 Luggage
2098 Macaroni, spaghetti, & noodles
3541 Machine tools, metal cutting types
3545 Machine tool accessories
3542 Machine tools, metal forming type
3695 Magnetic & optical recording media
3322 Malleable iron foundries
2083 Malt
2082 Malt beverages
2761 Manifold business forms
2097 Manufactured ice
3999 Manufacturing industries, nec
3953 Marking devices
2515 Mattresses & bedsprings
3586 Measuring & dispensing pumps
3829 Measuring & controlling devices, nec
2011 Meat packing plants
3061 Mechanical rubber goods
2833 Medicinal & botanicals
2325 Men's & boys' trousers & slacks
3143 Men's footwear, except athletic
2323 Men's & boys' neckwear
2329 Men's & boys' clothing, nec
2321 Men's & boys' shirts
2322 Men's & boys' underwear & nightwear
2326 Men's & boys' work clothing
2311 Men's & boys' suits & coats
2514 Metal household furniture
3549 Metalworking machinery, nec
3398 Metal heat treating
3411 Metal cans
3412 Metal barrels, drums, & pails
3431 Metal sanitary ware
3497 Metal foil & leaf
3479 Metal coating & allied services
3469 Metal stampings, nec
3442 Metal door, sash, & trim
2431 Millwork
3296 Mineral wool
3295 Minerals, ground or treated
3532 Mining machinery
2741 Misc publishing
3449 Misc metal work
3496 Misc fabricated wire products
2451 Mobile homes
3716 Motor homes
3711 Motor vehicles & car bodies
3621 Motor & generators
3714 Motor vehicle parts & accessories
3751 Motorcycles, bicycles, & parts
3931 Musical instruments
2441 Nailed wood boxes & shook
2241 Narrow fabric mills
2711 Newspapers
2873 Nitrogenous fertilizers
3297 Nonclay refractories
3644 Noncurrent-carrying wiring devices
3369 Nonferrous foundries, nec
3364 Nonferrous die-casting, except aluminum
3357 Nonferrous wiredrawing & insulating
3356 Nonferrous rolling & drawing, nec
3341 Nonferrous metals
3463 Nonferrous forging
3299 Nonmetallic mineral products, nec
2297 Nonwoven fabrics
3579 Office machines, nec
2522 Office furniture, except wood
3533 Oil & gas field machinery
3851 Ophthalmic goods
3827 Optical instruments & lenses
3489 Ordnance & accessories, nec
2824 Organic fibers, noncellulosic
3565 Packaging machinery
2851 Paints & allied products
3554 Paper industries machinery
2621 Paper mills
2671 Paper coated & laminated, packaging
2672 Paper coated & laminated, nec
2631 Paperboard mills
2542 Partitions & fixtures, except wood
3951 Pens & mechanical pencils
2721 Periodicals
3172 Personal leather goods, nec
2911 Petroleum refining
2999 Petroleum & coal products, nec
2834 Pharmaceutical preparations
2874 Phosphatic fertilizers
3861 Photographic equipment & supplies
2035 Pickles, sauces, & salad dressing
3085 Plastic bottles
3086 Plastic foam products
2821 Plastic materials & resins
3084 Plastic pipe
3088 Plastic plumbing fixtures
3089 Plastic products, nec
2796 Platemaking service
3471 Plating & polishing
2395 Pleating & stitching
3432 Plumbing fixture fittings & trim
2842 Polishes & sanitation goods
3264 Porcelain electrical supplies
2096 Potato chips & similar snacks
3269 Pottery products, nec
2015 Poultry slaughtering & processing
3568 Power transmission equipment, nec
3546 Power-driven handtools
3448 Prefabricated metal buildings
2452 Prefabricated wood buildings
2045 Prepared flour mixes & doughs
2048 Prepared feeds, nec
3652 Prerecorded records & tapes
3229 Pressed & blown glass, nec
3399 Primary metal products, nec
3339 Primary nonferrous metals, nec
3334 Primary aluminum
3331 Primary copper
3692 Primary batteries, dry & wet
3672 Printed circuit boards
2893 Printing ink
3555 Printing trades machinery
3823 Process control instruments
3231 Products of purchased glass
2531 Public building & related furniture
2611 Pulp mills
3561 Pumps & pumping equipment
3663 Radio & TV communication equipment
3743 Railroad equipment
2061 Raw sugar cane
3273 Ready-mixed concrete
2493 Reconstituted wood products
3585 Refrigeration & heating equipment
3625 Relays & industrial controls
3645 Residential lighting fixtures
2044 Rice milling
2095 Roasted coffee
2384 Robes & dressing gowns
3547 Rolling mill machinery
3052 Rubber & plastic hose & belting
3021 Rubber & plastic footwear
2068 Salted & roasted nuts & seeds
2656 Sanitary food containers
2676 Sanitary paper products
2013 Sausages & other prepared meats
3425 Saw blades & handsaws
2421 Sawmills & planing mills, general
3596 Scales & balances, except laboratory
2397 Schiffli machine embroideries
3451 Screw machine products
3812 Search & navigation equipment
3674 Semiconductors & related devices
3263 Semivitreous table & kitchenware
3589 Service industry machinery, nec
2652 Setup paperboard boxes
3444 Sheet metal work
3731 Ship building & repairing
3993 Signs & advertising specialties
3914 Silverware and plate ware
3484 Small arms
3482 Small arms ammunition
2841 Soap & other detergents
2436 Softwood veneer & plywood
2075 Soybean oil mills
3769 Space vehicle equipment & parts
3764 Space propulsion units & parts
2429 Special product sawmills, nec
3544 Special dies, tools, jigs, & fixtures
3559 Special industry machinery, nec
3566 Speed changers, drives, & gears
3949 Sporting & athletic goods, nec
2678 Stationery products
3493 Steel springs, except wire
3315 Steel wire & related products
3317 Steel pipe & tubes
3325 Steel foundries, nec
3324 Steel investment foundries
3691 Storage batteries
3259 Structural clay products, nec
2439 Structural wood members, nec
2843 Surface active agents
3841 Surgical & medical instruments
3842 Surgical appliances & supplies
3613 Switchgear & switchboard apparatus
2822 Synthetic rubber
3795 Tanks & tank components
3661 Telephone & telegraph apparatus
3552 Textile machinery
2393 Textile bags
2299 Textile goods, nec
2284 Thread mills
2282 Throwing & winding mills
2296 Tire cord & fabrics
3011 Tires & inner tubes
2844 Toilet preparations
3612 Transformers, except electronic
3799 Transportation equipment, nec
3792 Travel trailers & campers
3713 Truck & bus bodies
3715 Truck trailers
3511 Turbines & turbines generator sets
2791 Typesetting
3082 Unsupported plastic profile shapes
3081 Unsupported plastic film & sheet
2512 Upholstered household furniture
3494 Valves & pipe fittings, nec
2076 Vegetable oil mills, nec
3647 Vehicular lighting equipment
3261 Vitreous plumbing fixtures
3262 Vitreous china table & kitchenware
3873 Watches, clocks, & parts
2385 Waterproof outerwear
2257 Weft knit fabric mills
3548 Welding apparatus
2046 Wet corn milling
2084 Wines, brandy, & brandy spirits
3495 Wire springs
2337 Women's & misses' suits & coats
2335 Women's, juniors', & misses' dresses
2341 Women's & children's underwear
2251 Women's hosiery, except socks
2339 Women's & misses' outerwear, nec
2331 Women's & misses' blouses & shirts
3171 Women's handbags and purses
3144 Women's footwear, except athletic
2491 Wood preserving
2499 Wood products, nec
2434 Wood kitchen cabinets
2541 Wood partitions & fixtures
2521 Wood office furniture
2517 Wood TV & radio cabinets
2449 Wood containers, nec
2511 Wood household furniture
2448 Wood pallets & skids
3553 Woodworking machinery
3844 X-ray apparatus & tubes
2281 Yarn spinning mills

(continued on next page)

The four-digit industry codes within Division E of the SIC Manual are: (*nec* means "not elsewhere classified")

4513 Air courier services
4522 Air transportation, nonscheduled
4512 Air transportation, scheduled
4581 Airports, flying fields, & airport terminal services
4729 Arrangement of passenger transportation, nec
4730 Arrangement of transportation of freight & cargo
4841 Cable & other pay television services
4939 Combination utilities, nec
4899 Communications services, nec
4215 Courier services, except by air
4931 Electric & other services combined
4911 Electric services
4221 Farm product warehousing & storage
4785 Fixed facilities & inspection weighing services for motor vehicle transportation
4932 Gas & other services combined
4971 Irrigation systems
4214 Local trucking with storage
4212 Local trucking without storage
4925 Mixed, manufactured, or liquefied petroleum gas production
4924 Natural gas distribution
4922 Natural gas transmission
4923 Natural gas transmission & distribution
4783 Packing & crating
4832 Radio broadcasting stations
4812 Radiotelephone communications
4222 Refrigerated warehousing & storage
4953 Refuse systems
4741 Rental of railroad cars
4959 Sanitary services, nec
4952 Sewerage systems
4225 Special warehousing & storage
4226 Special warehousing & storage, nec
4960 Steam & air-conditioning supply
4822 Telegraph & other message communications
4813 Telephone communications, except radiotelephone
4833 Television broadcasting stations
4231 Terminal & joint terminal maintenance facilities for motor freight
4725 Tour operators
4789 Transportation services, nec
4724 Travel agencies
4213 Trucking, except local
4940 Water supply

The four-digit industry codes within Division F of the SIC Manual are: (*nec* means "not elsewhere classified")

5012 Automobiles & other motor vehicles
5181 Beer & ale
5192 Books, periodicals, & newspapers
5032 Brick, stone, and related construction materials
5169 Chemicals & allied products, nec
5052 Coal & other minerals & ores
5046 Commercial equipment, nec
5045 Computers & computer peripheral equipment & software
5145 Confectionery
5082 Construction & mining (except petroleum) machinery & equipment
5039 Construction materials, nec
5143 Dairy products, except dried or canned
5122 Drugs, drug proprietaries, & druggist' sundries
5099 Durable goods, nec
5063 Electrical apparatus & equipment, wiring supplies, & construction materials
5064 Electrical appliances, television, & radio sets
5065 Electronic parts & equipment, nec
5083 Farm & garden machinery & equipment
5191 Farm supplies
5159 Farm-product raw materials, nec
5146 Fish & seafoods
5193 Flowers, nursery stock, & florists' supplies
5138 Footwear
5148 Fresh fruits & vegetables
5021 Furniture
5153 Grain & field beans
5149 Groceries & related products, nec
5141 Groceries, general line
5072 Hardware
5022 Home furnishings
5113 Industrial & personal service paper
5084 Industrial machinery & equipment
5085 Industrial supplies
5094 Jewelry, watches, precious stones, & precious metals
5154 Livestock
5031 Lumber, plywood, millwork, and wood panels
5147 Meat & meat products
5047 Medical, dental, & hospital equipment & supplies
5136 Men's & boy's clothing & furnishings
5051 Metals service centers & offices
5015 Motor vehicle parts, used
5013 Motor vehicle supplies & new parts
5199 Nondurable goods, nec
5044 Office equipment
5048 Ophthalmic goods
5142 Packaged frozen foods
5198 Paints, varnishes, & supplies
5172 Petroleum & petroleum products wholesalers, except bulk stations
5171 Petroleum bulk stations & terminals
5043 Photographic equipment & sales
5131 Piece goods, notions, & other dry goods
5162 Plastics materials & basic forms & shapes
5074 Plumbing & heating equipment & supplies (hydronics)
5144 Poultry & poultry products
5111 Printing & writing paper
5049 Professional equipment & supplies, nec
5078 Refrigeration equipment & supplies
5033 Roofing, siding, and insulation materials
5093 Scrap & waste materials
5087 Service establishment equipment & supplies
5091 Sporting & recreational goods & supplies
5112 Stationery & office supplies
5014 Tires & tubes
5194 Tobacco & tobacco products
5092 Toys, hobby goods, & supplies
5088 Transportation equipment & supplies, except motor vehicles
5075 Warm air heating, air-conditioning equipment, & supplies
5182 Wine & distilled alcoholic beverages
5137 Women's, children's, & infants' clothing & accessories

FTB 3809
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, 1997 Edition.

For purposes of qualifying for the TTA tax incentives, refer to the Standard Industrial Classification Manual, 1987 Edition and the partial listing on pages 23 through 25 of this booklet.

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 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

Code

Pipeline Transportation

486000 Pipeline Transportation

Scenic & Sightseeing Transportation

487000 Scenic & Sightseeing Transportation

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

Telecommunications

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

Data Processing Services

518210 Data Processing, Hosting, & Related Services

Other Information Services

519100 Other Information Services (including news syndicates & libraries, internet publishing & broadcasting)

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

Code

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)

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
525990 Other Financial Vehicles (including mortgage REITs & 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 (including equity REITs)
531114 Cooperative Housing (including equity REITs)
531120 Lessors of Nonresidential Buildings (except Miniwarehouses) (including equity REITs)
531130 Lessors of Miniwarehouses & Self-Storage Units (including equity REITs)
531190 Lessors of Other Real Estate Property (including equity REITs)
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

Code

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

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

Code

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)
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

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)

Code

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, & Similar Organizations (including condominium and homeowners associations)

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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 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 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 current year 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 post offices provide free California personal income tax booklets during the filing season.

Employees at post offices 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.

Internet and Telephone Assistance

Telephone assistance is available year-round from 8 a.m.until 5 p.m. Monday through Friday, except holidays. Hours subject to change.

Website: **ftb.ca.gov**
Telephone: 800.852.5711
from within the United States
916.845.6500
from outside the United States
TTY/TDD: 800.822.6268
for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Asistencia telefónica está disponible todo el año durante las 8 a.m. y las 5 p.m. lunes a viernes, excepto días festivos. Las horas están sujetas a cambios.

Sitio web: **ftb.ca.gov**
Teléfono: 800.852.5711
dentro de los Estados Unidos
916.845.6500
fuera de los Estados Unidos
TTY/TDD: 800.822.6268
personas con discapacidades auditivas y del habla

TTA Contact Information

For business eligibility or zone related information, including questions regarding TTA geographic boundaries and vouchering, contact the local zone program manager where the business is located. Go to **hcd.ca.gov** and search for **eda** to find Contacts for Economic Development Areas.

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

DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
ENTERPRISE ZONE PROGRAMS
1800 THIRD STREET, SUITE 390
SACRAMENTO, CA 95811

Mailing address
PO BOX 952054 MS 390-1
SACRAMENTO CA 94252-2054

Website: **hcd.ca.gov**
Telephone: 916.322.1554
FAX: 916.327.6660

or you may also contact:

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