

# 2010 Donated Agricultural Products Transportation Credit 3547

Attach to your California tax return.

Name(s) as shown on your California tax return

SSN or ITIN    Corporation no.    FEIN

Secretary of State (SOS) file number

1 Eligible transportation costs. See instructions. . . . .	<b>1</b>		00
2 Current year credit. Multiply line 1 by 50% (.50). . . . .	<b>2</b>		00
3 Pass-through donated agricultural products transportation credit(s) from Schedule K-1 (100S, 541, 565, or 568). See instructions . . . . .	<b>3</b>		00
4 Total current year donated agricultural products transportation credit. Add line 2 and line 3 . . . . .	<b>4</b>		00
5 Credit carryover from a prior year . . . . .	<b>5</b>		00
6 Total available donated agricultural products transportation credit. Add line 4 and line 5 . . . . .	<b>6</b>		00
7 a Enter the amount of credit claimed on your current year tax return ( <b>Do not</b> include any assigned credit claimed on form FTB 3544A). . . . . This amount may be less than the amount on line 6 if your credit is limited by tentative minimum tax or your tax liability. See instructions.	<b>7a</b>		00
b Total credit assigned to other corporations within combined reporting group from form FTB 3544, column (g) . . . . .	<b>7b</b>		00
8 Credit carryover available for future years. Add line 7a and line 7b, subtract the result from line 6. . . . .	<b>8</b>		00

## What's New

**Assigned Credit Claimed by Assignee** – For taxable years beginning on or after January 1, 2010, California Revenue and Taxation Code (R&TC) Section 23663 allows an eligible assignee to claim assigned credits, received this taxable year or carryover from prior years, against its tax liabilities. However, the eligible assignee does not enter assigned credits received under R&TC Section 23663 on this form. They use form FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee, to track the assigned credits received. For more information on how the eligible assignee reports assigned credits received, get form FTB 3544A, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **credit assignment**.

## General Information

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 2009, and to the R&TC.

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

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

## A Purpose

Use form FTB 3547, Donated Agricultural Products Transportation Credit, to figure the amount of credit allowed for the transportation of agricultural products donated to nonprofit charitable organizations. Also use this form to claim pass-through donated agricultural products transportation credits received from S corporations, estates or trusts, partnerships, or limited liability companies (LLCs) treated as partnerships.

S corporations, estates or trusts, partnerships, and limited liability companies (LLCs) classified as partnerships should complete form FTB 3547 to figure the amount of credit to pass through to shareholders, beneficiaries, partners, or members. Attach this form to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Show the pass-through credit for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

## B Description

You are allowed a credit of 50% of the eligible transportation costs paid or incurred in connection with the transportation of any donated agricultural products donated to nonprofit charitable organizations.

## C Qualifications

To qualify for this credit, you must be engaged in the business of processing, distributing, or selling agricultural products. You may claim the credit for eligible transportation costs paid or incurred in connection with the donation of any agricultural product to a nonprofit charitable organization. If two or more taxpayers share in the expenses eligible for the credit, each taxpayer shall be eligible to receive the tax credit in proportion to their respective share of the expenses paid or incurred.

## Certification

You must receive a certificate from the nonprofit charitable organization certifying that your agricultural product donation is in accordance with the provisions of the California Food and Agricultural Code. You should retain this certificate and provide a copy to the FTB upon request.

## D Definitions

**Agricultural product** – Any fowl, animal, vegetable or other stuff, product or article which is customary, or proper food for human beings.

**Nonprofit charitable organization** – A charitable organization that has exempt status under IRC Section 501(c)(3) or R&TC Section 23701d.

**Transportation costs** – Reasonable transportation or travel expenses (including meals) incurred in performing services away from home for qualified organizations if no significant element of personal pleasure, recreation, or vacation is involved. You may include parking fees and tolls in the actual transportation costs; however, you may not include depreciation and insurance. You may determine **eligible transportation costs** in either of the following ways:

- \$.14 (fourteen cents) per mile
- The actual transportation expenses

## E Limitations

No credit will be allowed unless you have received a certificate from the donee nonprofit charitable organization certifying donation of the agricultural products.

S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). The remaining 2/3 must be disregarded and may not be used as carryover. S corporations may pass through 100% of the credit to their shareholders.

If a C corporation had unused credit carryovers when it elected S corporation status, the carryovers were reduced to 1/3 and transferred to the S corporation. The remaining 2/3 were disregarded. The allowable carryovers may be used to offset the 1.5% tax on net income in accordance with the respective carryover rules. These C corporation carryovers may not be passed through to shareholders. For more information, get Schedule C (100S), S Corporation Tax Credits.

If a taxpayer owns an interest in a disregarded business entity [a single member limited liability company (SMLLC) not recognized by California, and for tax purposes is treated as a sole proprietorship owned by an individual or a branch owned by a corporation], the credit amount received from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity.

An SMLLC may be disregarded as an entity separate from its owner, and is subject to statutory provisions that recognize otherwise disregarded entities for certain purposes, for example:

- The tax and fee of an LLC
- The tax return filing requirements of an LLC
- The credit limitations previously mentioned

Get Form 568, Limited Liability Company Tax Booklet, for more information.

If the disregarded entity reports a loss, the taxpayer may not claim the credit this year but can carry over the credit amount received from the disregarded entity.

This credit cannot reduce the minimum franchise tax (corporations and S corporations), annual tax (limited partnerships, limited liability partnerships, and LLCs classified as partnerships), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

This credit cannot reduce regular tax below tentative minimum tax. Get Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations, for more information.

This credit is taken in lieu of any deduction otherwise allowable for the same eligible transportation costs. Any deduction allowed for these same costs must be reduced by the amount of credit figured for the current taxable year (the amount shown on line 4).

**This credit is not refundable.**

## F Assignment of Credits

**Assigned Credits to Affiliated Corporations** – For taxable years beginning on or after July 1, 2008, credits 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 or form FTB 3544A.

## G Carryover

If the available credit exceeds the current year tax liability, the unused credit may be carried over to succeeding years until exhausted. Apply the carryover to the earliest taxable year(s) possible. In no event can this credit be carried back and applied against a prior year's tax.

## Specific Line Instructions

### Line 1 – Eligible Transportation Cost

Enter the eligible transportation costs paid or incurred in connection with the donated agricultural products for which you received certification from the donee nonprofit charitable organization. If two or more taxpayers share in the expenses eligible for the credit, each taxpayer shall be eligible to receive the tax credit in proportion to their respective share of the expenses paid or incurred. If you are determining your eligible transportation costs based on mileage, multiply the total miles connected with transporting the donated agricultural product by \$.14 (fourteen cents). Otherwise, enter the actual transportation costs paid or incurred in connection with the donated agricultural products.

### Line 3 – Pass-Through Donated Agricultural Products Transportation Credit(s)

If you received more than one pass-through credit from S corporations, estates or trusts, partnerships, or LLCs classified as partnerships, add the amounts and enter the total on line 3. Attach a schedule showing the names and identification numbers of the entities from which the credits were passed through to you.

### Line 7a – Credit Claimed (excluding assigned credits claimed on form FTB 3544A)

The amount of this credit you may claim on your tax return may be limited. Refer to the credit instructions in your tax booklet for more information. These instructions also explain how to claim this credit on your tax return. Use credit code number **204** when you claim this credit. Also see General Information E, Limitations.

### Line 7b – Credit Assigned to Other Corporations

Corporations that completed form FTB 3544 for this credit, enter the amount from column (g) on this line.