



California

Forms & Instructions

3805Z

2013

Enterprise Zone Business Booklet

This booklet contains:

Form FTB 3805Z, Enterprise Zone Deduction and Credit Summary

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State of California
Franchise Tax Board

Instructions for Form FTB 3805Z Enterprise Zone Businesses

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

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What's New

Single-Sales Factor Formula – For taxable years beginning on or after January 1, 2013, Revenue and Taxation Code (R&TC) Section 25128.7 requires all business income of an apportioning trade or business, other than an apportioning trade or business under R&TC Section 25128(b), to apportion its business income to California using the single-sales factor formula. For more information, get Schedule R, Apportionment and Allocation of Income or go to ftb.ca.gov and search for **law changes**. However, business income apportioned to the enterprise zone (EZ) continues to be apportioned based on the property and payroll factors.

Net Operating Loss (NOL) Carryback – NOLs incurred in taxable years beginning on or after January 1, 2013, and before January 1, 2014, shall be carried back to each of the preceding two taxable years. The carryback amount shall not exceed 50% of the NOL incurred in the 2013 taxable year.

The taxpayer computes the NOL carryback in Worksheet V, Section D, NOL Carryback included in the form FTB 3805Z, Enterprise

Zone Business Booklet. For more information, see R&TC Section 24416.22 and get FTB Legal Ruling 2011-04 (see Situation 3).

Amended Return for NOL Carryback – The taxpayer claims the NOL carryback by amending the 2011 and/or 2012 tax return using Form 100X, Amended Corporation Franchise or Income Tax Return; Form 109, California Exempt Organization Business Income Tax Return; or Form 540X, Amended Individual Income Tax Return.

Note: If the taxpayer will claim the NOL as a carryback in any of the previous two years, the taxpayer should first file the applicable 2013 tax return and attach the form FTB 3805Z to the 2013 tax return. Also, complete the Worksheet V, Section D, NOL Carryback, to figure the NOL carryback and keep it for your records. After the 2013 tax return is filed, the taxpayer should file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 100X, Part V, line 2, Explanation of Changes, or Form 540X, Part II, Explanation of Changes, line 5: "2013 NOL carryback deduction". For amended Form 109, attach a statement and provide the following explanation: "2013 NOL carryback deduction". **Do not** attach the 2013 form FTB 3805Z to the 2011 or 2012 amended return. Attaching 2013 form FTB 3805Z may delay processing of the amended return.

Election to Waive NOL Carryback – Any taxpayer entitled to a carryback period pursuant to Internal Revenue Code (IRC) Section 172(b)(3) may elect to relinquish/waive the entire carryback period with respect to an NOL incurred in the 2013 taxable year. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in the previous two years.

To make the election, check the box in Part V under Election to Waive Carryback of form FTB 3805Z, and attach form FTB 3805Z to the tax return. The election shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the NOL for which the election is to be in effect. If the taxpayer filed the return on time without making the election, the taxpayer can still make the election on the form FTB 3805Z and attach it to the amended return filed within 6 months (for individuals) or within 7 months (for corporations) of the due date of the return (excluding extensions). Once made, the election shall be **irrevocable** for such taxable year.

Minimum Wage Increased – Beginning on and after July 1, 2014, the minimum wage for all industries shall not be less than \$9 per hour.

Enterprise Zone Incentives Repealed – Assembly Bill 93 and Senate Bill 90 were enacted into law on July 11, 2013. For taxable

years beginning on or after **January 1, 2014**, taxpayers cannot generate the following EZ incentives:

- Business Expense Deduction
- Net Interest Deduction
- Net Operating Loss

For taxable years beginning on or after **January 1, 2014**, taxpayers cannot generate any EZ Hiring Credit **except for**:

- Qualified employees who are hired on or before December 31, 2013, by the qualified taxpayer within the Enterprise Zone and paid or incurred qualified wages during the 60-month period immediately following the hire date shall continue to qualify for the credit under this section for taxable years beginning on or after January 1, 2014.

EZ Sales or Use Tax Credit – For taxpayers engaged in a trade or business in a repealed EZ, the sales or use tax credit may only be taken on qualified property purchased on or before December 31, 2013, and placed in service on or before December 31, 2014. The sales or use tax credit is not available for assets purchased and placed in service on or after January 1, 2014, regardless of when the assets were placed in service.

EZ Credits Carryover Period – The portion of any EZ sales or use tax credit or hiring credit remaining for carryover to taxable years beginning on January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first.

General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the IRC as of January 1, 2009. 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 R&TC in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

New Jobs Credit – For taxable years beginning on or after January 1, 2009, and before January 1, 2014, a new jobs credit against the

net tax (individuals) or tax (corporations) is 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 EZ hiring credit is not a qualified employee for the New Jobs Credit.

NASSCO AMT Reduction – The Board of Equalization ruled in the *Appeal of NASSCO Holdings, Inc.*, 2010-SBE-001, November 17, 2010, that a corporate taxpayer may use Enterprise Zone credits and/or the Manufacturing Investment Credit (MIC) to reduce corporate alternative minimum tax (AMT). Go to ftb.ca.gov and search for **notice 2011-02** for additional information.

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.

Minimum Wage

The California minimum wage is \$8 per hour. Beginning on and after July 1, 2014, the minimum wage for all industries shall not be less than \$9 per hour.

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.

Conditional Designation

Enterprise zones that receive a conditional designation from the Department of Housing and Community Development (HCD) are allowed to offer tax incentives during a zone's redesignation period. The redesignation period is the gap between the expiration date of the old zone and the final designation of the new zone. Brand new zones are not in a redesignation period; therefore, incentives for these zones begin once the zone receives its final designation as an enterprise zone.

Before filing form FTB 3805Z, contact the HCD or the local program manager, for the zone in which the business is located, for assistance with conditional zone dates and jurisdictions, and to find out if your business is in a brand new zone. Go to hcd.ca.gov and search for **directory of zone contacts** to find Directory of Economic Development Areas.

Generally, no further EZ incentives can be generated after the expiration date. Any EZ credit carryover or EZ net operating loss carryover can continue to be utilized to the extent of tax on business income or business income attributable to the former EZ. For employers engaged in a trade or business in a former EZ, the hiring credit can be taken for qualified employees hired on or before the date of expiration of the EZ for the full five-year period of the hiring credit. However, the hiring credit may not be taken for any employees hired after the date of expiration of the EZ.

Filing Form FTB 3805Z

Taxpayers that operate a business located in an expired zone and in a new zone (whether conditionally designated or final designation has been received), file one form FTB 3805Z for the expired zone and another form FTB 3805Z for the new zone, to claim the EZ incentives.

The incentives from an expired zone can only be deducted or offset against the business income or the tax on the business income in the expired zone. The incentives from a new zone can only be deducted or offset against the business income or the tax on the business income in the new zone. The amount of EZ credit is limited by the amount of tax (line 6a of Schedule Z of form FTB 3805Z) attributable to business income from each EZ. The total amount of credits from all EZs should not exceed the net tax liability (line 6b of Schedule Z of form FTB 3805Z).

For an expired zone, use form FTB 3805Z to report the enterprise zone credit generated in this zone and to report the carryover amounts of the credit and net operating loss deductions.

For a new zone (whether conditionally designated or final designation has been received) use form FTB 3805Z to report the enterprise zone incentives generated in this zone and to report the carryover amounts from this zone.

Net Interest Deduction

When the taxpayer (creditor) negotiated a qualified loan with a debtor in an enterprise zone that is now expired, the debtor must continue to operate within a new enterprise zone that recently received a conditional designation to qualify the creditor for the net interest deduction. For more information, see Part III, Net Interest Deduction for Lenders, on page 11 of this booklet.

Assignment of Credit – 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 claimed by the affiliated corporation against its tax in taxable years beginning on or after January 1, 2010.

For more information, see instructions for Schedule Z, Computation of Credit Limitations, on page 22, Assignment of Credit or get form FTB 3544, Election to Assign Credit

Within Combined Reporting Group, or form FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee or go to ftb.ca.gov and search for **credit assignment**.

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 HCD. Final designation is when the HCD designates an area to be an EDA. Tax incentives are available to individuals and businesses operating or investing within the geographic boundaries of the following EDAs:

- Enterprise Zones (EZs)
- Local Agency Military Base Recovery Areas (LAMBRAs)
- Manufacturing Enhancement Areas (MEAs) (designation date expired on December 31, 2012)
- The Targeted Tax Areas (TTAs) (designation date expired on December 31, 2012)

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

- The LAMBRA tax incentives, FTB 3807, Local Agency Military Base Recovery Area Business Booklet.
- The MEA hiring credit, FTB 3808, Manufacturing Enhancement Area Business Booklet (designation date expired on December 31, 2012).
- The TTA tax incentives, FTB 3809, Targeted Tax Area Business Booklet (designation date expired on December 31, 2012).

If you are an employee in an EZ, get form FTB 3553, Enterprise Zone Employee Credit.

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 in which EDAs the businesses are claiming the tax incentives.

Complete items A through J on Side 1 of form FTB 3805Z, Enterprise Zone Deduction and Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement.

Purpose

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

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

- Net Interest Deduction
- NOL Deduction

Use this booklet to determine the correct amount of deductions and credits that a taxpayer may claim for operating or investing in a trade or business located within a designated EZ. 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 3805Z.

Enterprise Zone Designation

EZs were established in California to provide tax incentives to businesses and allow private sector market forces to revive the local economy. The program offers special tax incentives to entities and individuals located in selected EZ areas and engaged in trades or businesses within the selected Standard Industrial Codes listed on page 27 of this booklet.

The following areas listed below are the areas that have been officially designated as EZs. The list shows the zones that are currently designated and the zones that have expired. EZ designations are valid for 15 years.

Note: All EZs are repealed as of January 1, 2014.

Currently designated zones

Anaheim	Richmond
Arvin	Sacramento
Barstow	Salinas Valley
Calexico	San Bernardino
Coachella Valley	(formerly Agua Mansa)
Compton	San Diego
Delano	San Francisco
Eureka	San Joaquin
Fresno – City	(formerly Stockton)
Fresno – County	San Jose
Harbor Gateway	Santa Ana
Communities	Santa Clarita Valley
Hesperia	Sequoia Valley
Imperial Valley	Shasta Metro
Kings County	(formerly Redding/
Long Beach	Anderson)
Los Angeles – East	Siskiyou County
(formerly Eastside)	(formerly Shasta Valley)
Los Angeles – Hollywood	Southgate – Lynwood
Merced	Stanislaus
(formerly Merced/	(including Ceres,
Atwater)	Modesto, Turlock and
Oakland	Stanislaus County)
Oroville	Taft
Pasadena	West Sacramento
Pittsburg-Bay Point	Yuba/Sutter

Expired zones

Altadena/Pasadena	Madera
Antelope Valley	Pittsburg
Bakersfield/Kern	Porterville
(formerly SE Bakersfield)	Sacramento – Army Depot
Lindsay	Sacramento – Florin Perkins
Los Angeles – Central City	San Diego – South Bay
Los Angeles – Harbor Area	San Diego – Metro
Los Angeles – Mid-Altamida	San Francisco
Corridor	Shafter
City of Lynwood	Watsonville
Los Angeles – Northeast	
Valley	

For business eligibility or zone related information, including questions regarding EZ geographic boundaries, vouchering, and designation period dates, contact the HCD or the local zone program manager for the zone in which the business is located. Go to hcd.ca.gov and search for **directory of zone contacts** to find Directory of Economic Development Areas.

For information that is zone-specific but not tax-specific, you may contact the HCD. See page 31 for the HCD contact information.

Important Considerations

In general, EZ tax incentives apply **only** to investments and business activities undertaken within the EZ **after** the zone receives final designation and before the designation expires. The taxpayer can also claim the incentives when the zone receives conditional designation. See Conditional Designation section on page 3 for more information.

Expansion

A business in an expanded EZ area is eligible for the tax incentives only after the expansion receives final designation.

Who Can Claim the EZ Tax Incentives?

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

To take advantage of the hiring credit, get a completed VoucherCert 10-07, which can be obtained from the local agency responsible for verifying employee eligibility. Do not file Form VoucherCert 10-07 with your tax return. Keep form for your records.

Forms List

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 Credits
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.
FTB 3544	Election to Assign Credit Within Combined Reporting Group
FTB 3544A	List of Assigned Credit Received and/or Claimed by Assignee

How to Claim Deductions and Credits

To claim any EZ deduction or credit, **attach** a completed form FTB 3805Z to the California tax return.

Attach a separate form FTB 3805Z for each EZ business operating or investing within a designated EZ and for each EZ in which the business operates. Also complete the following schedule and/or worksheets:

- Corporations complete Schedule Z and all the worksheets, except for Worksheet IV, Section C.
- Sole proprietors complete Schedule Z and all the worksheets.
- Trusts, estates, and partnerships, complete Worksheet IA through Worksheet III and Worksheet IV, Section A.
- Individual investors receiving pass-through EZ **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 3805Z.

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

- Form 540 filers:** Claim EZ tax incentives on Form 540, line 14, and line 43 through line 45, as applicable.
- Long Form 540NR filers:** Claim EZ tax incentives on Long Form 540NR, line 14, and line 58 through line 60, as applicable.

- Form 100 filers:** Claim EZ tax incentives on Form 100, line 15, line 21, line 26, and line 27, as applicable.
- Form 100S filers:** Claim EZ tax incentives on Form 100S, line 12, line 19, line 24, and line 25, as applicable.
- Form 100W filers:** Claim EZ tax incentives on Form 100W, line 15, line 21, line 26, and line 27, as applicable.
- Form 109 filers:** Check the "Yes" box for question I at the top of Form 109, Side 1.

Keep all completed worksheets and supporting documents for your records.

Form FTB 3805Z – Instructions for Items A through J

For corporations, estates, trusts, exempt organizations, and sole proprietors, who operate a business in the EZ, 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

For taxable years beginning on or after January 1, 1998, the PBA codes are based on the North American Industry Classification System published by the United States Office of Management and Budget. The PBA codes are listed on page 28 through page 30. Enter the PBA code of your principal activities on form FTB 3805Z, Side 1.

For purposes of qualifying for the Long Beach EZ hiring credit, use the SIC codes listed on page 27. For the Long Beach EZ, enter the SIC code of the establishment that qualifies you to take this credit on form FTB 3805Z, Side 1. If your trade or business has more than one establishment, and if more than one of them qualifies you to take this credit, enter the SIC code that best represents your primary qualifying establishment.

Part I – Credits and Recapture

Vouchering

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

Legislation was enacted that authorizes a local agency during 2014 to accept applications for vouchers for employees that meet the eligibility requirements, but all vouchers must be issued by the local agency on or before December 31, 2014.

For vouchering questions, you may contact the HCD at 916.263.2945.

Line 1a – Hiring Credit

For employers engaged in a trade or business in a former (expired) or repealed EZ, the hiring credit can be taken for qualified employees

hired on or before the date of expiration or repeal of the EZ for the full five-year period of the hiring credit. **However**, the hiring credit may not be taken for any employees hired after the date of expiration or repeal of the EZ. Hiring credit carryovers may still be claimed to the extent of business income apportioned to the former expired or repealed EZ. The portion of any credit remaining for carryover to taxable years beginning on or after January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first.

Note: All EZs are repealed as of January 1, 2014. The hiring credit is only available for qualified employees hired on or before December 31, 2013.

Employers engaged in a trade or business within an EZ may claim the hiring credit for a qualified employee. A qualified employee is an individual who meets all of the following:

- Was hired after the EZ received its final designation and before the designation expires.
- Spends at least 90% of work time for the qualified employer on activities directly related to the conduct of a trade or business located within an EZ.
- Performs at least 50% of the work for the qualified employer within the boundaries of the EZ.
- Qualifies for the former program area hiring credit **or** meets any of the following at the time of hire:
 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.
 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).
 - Supplemental Nutrition Assistance Program (SNAP).
 - State and local general assistance.
 12. A Native American.
 13. A resident of a targeted employment area (TEA).

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

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 EZ hiring credit.

The current minimum wage is \$8.00 per hour. For purposes of computing the EZ hiring credit, 150% of the minimum wage is \$12.00 per hour.

Example:

John Anderson was hired on January 1, 2013. 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 \$9.00. In the third month, John's hourly rate increased to \$13.00. The hourly rate that qualifies for the credit is limited to 150% of the minimum wage, or \$12.00 per hour. The amount of qualified wages is computed as follows:

Month(s)	Hours per month	x	Hourly rate allowed	=	Qualified wages per month
1	175		\$ 8.00		\$1,400.00
2	170		\$ 9.00		\$1,530.00
3	170		\$12.00		\$2,040.00

Long Beach Enterprise Zone

For taxable years beginning on or after January 1, 1996, the percentage of wages on which the hiring credit is based increased for taxpayers engaged in aircraft manufacturing activities (described in Codes 3721, 3724, 3728, and 3812 of the Standard Industrial Classification Manual, 1987 Edition, published by the United States Office of Management and Budget). See page 27 for a list of qualified

SIC codes. Qualified wages for purposes of the hiring credit for such aircraft manufacturers located in the Long Beach EZ, for up to a maximum of 1,350 qualified employees, are 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.
- The rates (based on the time qualified wages are paid or incurred) which represent 202% of the minimum hourly wage.

For purposes of computing the EZ hiring credit, 202% of the minimum wage is \$16.16 per hour.

Example:

John Anderson was hired on January 1, 2013. John's hourly rate for the first month was \$9.00. At the beginning of the second month, his hourly rate increased to \$11.00. In the third month, John's hourly rate increased to \$16.50. The hourly rate that qualifies for the credit is limited to 202% of the minimum wage, or \$16.16 per hour. The amount of qualified wages is computed as follows:

Month(s)	Hours per month	Hourly rate allowed	Qualified wages per month
1	175	\$ 9.00	\$1,575.00
2	170	\$11.00	\$1,870.00
3	170	\$16.16	\$2,747.20

Record Keeping

Retain a copy of Form VoucherCert 10-07 and the documentation given to the vouchering agency. In addition, for each qualified employee, keep a schedule for the first 60 months of employment showing (at least):

- 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% (or 202%, if applicable) 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.

Line 1b – Hiring Credit Recapture

Recapture the amount of credit attributable to an employee's wages if the employer terminates the employee at any time during the longer of either of the following:

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

Employers of seasonal employees recapture the amount of hiring credit attributable to the employee's wages if both of these 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 adds 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 as defined in Cal. Code Regs., tit. 22, sections 1256-30 to 1256-43.
- 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.

Instructions for Worksheet IA – Hiring Credit and Recapture

Section A – Credit Computation

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

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

Example: If you are a 2013 calendar year taxpayer and you hired an employee on June 1, 2012, enter the total qualified wages paid to the employee for the period beginning January 1, 2013, and ending May 31, 2013, in column (b). You would enter the total qualified wages paid to the employee for the period beginning June 1, 2013, and ending December 31, 2013, in column (c).

(a) Employee name	(b) 1st 12 months	(c) 2nd 12 months
John Doe	Amount of qualified wages earned from 1/1/13 to 5/31/13.	Amount of qualified wages earned from 6/1/13 through 12/31/13.

The qualified wages from June 1, 2012 to December 31, 2012, were put in column (b) on the 2012 worksheet.

The credit computation is based on a 12 month period beginning with the employee's hiring date.

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 5 – The following credits reduce the EZ hiring credit in the taxable year these credits are accrued. Use the following worksheet to determine the amount to enter on this line.

Credit	Amount
1 LAMBRA Hiring Credit	1 _____
2 Federal Work Opportunity Tax Credit for employees hired on or after January 1, 2010, and before August 31, 2011 (excluding unemployed veterans and disconnected youths as described in IRC Section 51(d)(14)).	2 _____
3 Total: Add line 1 and line 2. Enter on Worksheet IA, Section A, line 5	3 _____

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 Enterprise Zone hiring credit is not a qualified employee for the New Jobs credit.

Line 6

A. For partnerships, enter the amount from line 6 on form FTB 3805Z, Side 1, Part I, line 1a. Include the current year hiring amount on Forms 565 and 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1, line 15f. In addition, add the entire amount of the credit on Schedule K, line 1, column (c).

- B. For corporations, individuals, estates, and trusts, enter the amount from line 6 on Schedule Z, as follows:
- Part II, line 8B, column (b) for corporations, individuals, estates, and trusts.
 - Part III, line 10, column (b) for S corporations.
 - Part IV, line 12, column (b) for corporations and S corporations subject to paying only the minimum franchise tax.

Important: Affiliated corporations that received credits assigned under R&TC Section 23663, do not include the assigned credits received on this worksheet. Those credits are entered and tracked on form FTB 3544A.

Credit Limitations

- Businesses reduce any deduction for wages by the amount of the hiring credit.
- S corporations are allowed only 1/3 of the EZ hiring credit by operation of law. S corporations reduce their wage deduction by 1/3 of the amount on Worksheet IA, Section A, line 6. Make the wage deduction adjustment on Form 100S, line 7. In addition, add back the entire amount of the credit on Form 100S, Schedule K, line 1, column (c).

Example: In 2013, an S corporation qualified for a \$3,000 EZ hiring credit. S corporations can claim only 1/3 of the credit ($\$3,000 \times 1/3 = \$1,000$). Therefore, the S corporation must reduce its wage deduction by \$1,000. On Form 100S, Schedule K, line 1, column (c), the S corporation would add \$3,000 to its ordinary income or loss to reflect the credit passed through to the shareholder(s).

- The amount of hiring credit claimed may not exceed the amount of tax on the EZ business income in any year. Use Schedule Z to compute the credit limitation.
- In the case where the wage expense qualifies the business to take the EZ hiring credit as well as the LAMBRA, MEA, or TTA hiring credit, the business may claim only one credit.
- The business may carry over any unused hiring credit to future years until the credit is exhausted. In the case of an S corporation, 1/3 of the credit can be carried over if it cannot be used in the current year. The remaining 2/3 must be disregarded and may not be carried over.

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

Section B – Credit Recapture

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

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

Line 2 – Enter the amount from line 2, column (b) on form FTB 3805Z, Side 1, Part I, line 1b.

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 3805Z**” in the space provided or next to the line on the schedule or form.

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

S corporation shareholders recapture the portion of 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 1c – Sales or Use Tax Credit

All EZs are repealed as of January 1, 2014. For taxpayers engaged in a trade or business in a repealed EZ, the sales or use tax credit may only be taken on qualified property purchased on or before December 31, 2013, and placed in service on or before December 31, 2014. The sales or use tax credit is not available for assets purchased and placed in service on or after January 1, 2014, regardless of when the assets were placed in service. Sales or use tax credit carryovers may still be claimed to the extent of business income apportioned to the former EZ. The portion of any credit remaining for carryover to taxable years beginning on or after January 1, 2014 shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first.

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

Worksheet IA Hiring Credit and Recapture – Enterprise Zones

Section A Credit Computation

	(a) Employee's name	Qualified wages paid or incurred for year of employment					
		(b) 1st year	(c) 2nd year	(d) 3rd year	(e) 4th year	(f) 5th year	
1							
2	Total. See instructions						
3	Multiply line 2 by the percentage for each column. See instructions50	.40	.30	.20	.10	
4	Add the amounts on line 3, column (b) through column (f)						4
5	Enter the total amount of 2013 California and federal jobs tax credits allowed. See instructions						5
6	Subtract the amount on line 5 from the amount on line 4 and enter the result here. See instructions						6

Section B 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

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

Qualified property is machinery or machinery parts used to:

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

In addition, qualified property is:

- 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 EZ. The business must also purchase and place the qualified property in service after the EZ received its designation and before the EZ 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 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 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 EZ business income in any year.
- Any unused credit may be carried over and applied against the tax on EZ business income in future years until exhausted.
- The portion of any EZ sales or use tax credit remaining for carryover to taxable years beginning on or after January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first.

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

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%.

The credit allowed to 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 passes through to the shareholders and the depreciable basis of the qualified property for the shareholders are figured as follows:

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

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

Depreciation Forms

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

- Form 100 filers – FTB 3885, Corporation Depreciation and Amortization.
- Form 100S filers – Schedule B (100S), S Corporation Depreciation and Amortization.
- Form 100W filers – FTB 3885, Corporation Depreciation and Amortization.
- Form 109 filers – Form 109, Schedule J, Depreciation.
- Exempt trusts – 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 at the time the purchase was made.

Instructions for Worksheet IB – 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, or 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) – For partnerships, enter the amount from line 2, column (c), on form FTB 3805Z, Side 1, Part 1, line 1c. Also, include the current year sales or use tax credit amount on Forms 565 and 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1 line 15f.

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

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

Important: Affiliated corporations that received credits assigned under R&TC Section 23663, do not include the assigned credits received on this worksheet. Those credits are entered and tracked on form FTB 3544A.

Worksheet IB Sales or Use Tax Credit – Enterprise Zones

	(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	

Only the sales or use tax paid on the cost of qualified property up to the limitations on column (b), may be claimed as a credit. (S corporations may report only 1/3 of this amount.)

Part II – Business Expense Deduction and Recapture

All EZs are repealed as of January 1, 2014. For taxpayers engaged in a trade or business in a repealed EZ, the business expense deduction may only be taken on qualified property purchased and placed in service on or before December 31, 2013. The business expense deduction is not available for assets purchased and placed in service on or after January 1, 2014.

Businesses conducting a qualified trade or business within an EZ 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 EZ business expense deduction is not allowed for estates or trusts.

Qualified property is any recovery property that is IRC Section 1245 property, which includes, but is not limited to, tangible personal property (excluding buildings) and most equipment and furnishings acquired by purchase after the EZ received its designation and before the designation expires for exclusive use within an EZ. 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 EZ received its final designation.

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

For businesses located in the expansion area of an EZ, the amount of the deduction is determined by using the original EZ designation date.

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 EZ business expense deduction is not allowed if the property was any of the following:

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

Claim the EZ business expense deduction by making an election on the original tax return filed. You cannot claim the business deduction on an amended tax return. An election cannot be revoked without the written consent of the FTB.

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

Depreciation

If the business elects to deduct the amount computed in Worksheet II, Section A, 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 and schedules listed on page 8.

Instructions for Worksheet II – Business Expense Deduction and 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 3805Z, Side 1, Part II, line 2a, and on your California tax return or schedule as follows:

- Form 100, line 15.
- Form 100S, line 12, Form 100S, Schedule K, line 11, and Schedule K-1 (100S), line 11.
- Form 100W, line 15.
- Form 109, Part II, line 24.
- Schedule CA (540), column B, on the applicable line for your 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 EZ 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 of the property in the year of recapture and then depreciated over the remaining life of the qualified property.

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

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

Line 2 – Enter the total on form FTB 3805Z, Side 1, Part II, line 2b, 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 11b and Schedule K-1 (565), line 11b.
- Form 568, Schedule K, line 11b and Schedule K-1 (568), line 11b.

Example:

XYZ Inc. purchased a property on June 1, 2011, that qualified the corporation to take the EZ business expense deduction. The property was purchased for \$10,000 and had a useful life of five years. XYZ Inc.'s taxable year ends December 31 of each year. The corporation had a business expense deduction of \$4,000 for the taxable year ending December 31, 2011, on the property.

Assume the corporation disposes of the property or no longer uses the property in the EZ on August 6, 2013. The property was placed in service in 2011. The first year after the property was placed in service was the 2012 taxable year. The second year after the property was placed in service was the 2013 taxable year. Since the property was disposed of or no longer used in the EZ before the end of the second year (December 31, 2013) after the year the property was placed in service, the business expense deduction (\$4,000) must be

added to income in the 2013 taxable year. If the property was disposed of or no longer used in the EZ after December 31, 2013, there would have been no recapture.

Situation 1

Assume on August 6, 2013, 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 6, 2013, the corporation discontinues using the property in the EZ, 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 2013. The \$8,500 is arrived at by adding the \$4,000 recapture amount to the \$4,500 remaining basis as of December 31, 2012.

Worksheet II Business Expense Deduction and Recapture – Enterprise Zones

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	
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	(a)	(b)
Property description and location		Cost
2		
3 Total. Add the amounts in 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 this EZ. See instructions.	5	

Section B Deduction Recapture

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

Part III – Net Interest Deduction for Lenders

All EZs are repealed as of January 1, 2014. For taxpayers investing in an EZ, the net interest deduction is allowed only for interest payments received on or before December 31, 2013.

A deduction from income is allowed for the amount of net interest received from loans made to a trade or business located within an EZ.

Net interest is defined as the full amount of interest received, less any direct expenses incurred in making the loan. Examples of direct expenses include, but are not limited to the following:

- Commissions paid to a loan representative.
- Costs incurred in funding the loan.
- Other costs of the loan.

Types of loans that qualify for this deduction include business loans, mortgages, and loans from noncommercial sources. The following requirements must be met to qualify for the deduction:

- Make the loan to a trade or business located solely within an EZ.
- Use the money lent strictly for the borrower's business activities within the EZ.
- The lender does not have an equity or other ownership interest in the borrower's trade or business.
- Make the loan after the EZ designation and before the EZ expires.

In addition both of the following annual requirements apply:

- Borrower must continue business activities in the EZ.
- Payment must be received before the EZ expires.

Example: You lend \$5,000 to an EZ business that meets the requirements listed above. You receive \$550 in interest and incur \$300 in expenses directly related to the loan. You may deduct \$250 (\$550 - \$300) of net interest from your taxable income.

Record Keeping

You should maintain records for each loan showing (at least) the following:

- The identity and location of the trade or business to which you lent the money.
- The amount of the loan, interest received, and any direct expenses associated with the loan.
- The use of the loan.

Instructions for Worksheet III – Net Interest Deduction for Lenders

Line 1, column (b) – Enter date of loan on or before December 31, 2013.

Line 1, column (d) – Enter interest received on or before December 31, 2013.

Line 1, column (e) – Enter the direct expenses incurred in making the loan. Attach additional schedule(s) if necessary.

Examples of direct expenses include the following:

- Commissions paid to a loan representative.
- Costs incurred in funding the loan.
- Other costs of the loan.

Line 2 – Enter the amount from line 2, column (f) on form FTB 3805Z, Side 1, Part III, line 3, and on your California tax return or schedule as follows:

- Form 100, line 15.
- Form 100S, line 12, Form 100S,

Schedule K, line 12e, and Schedule K-1 (100S), line 12e.

- Form 100W, line 15.
- 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 541, line 15a.
- Form 565, Schedule K, line 13e and Schedule K-1 (565), line 13e.
- Form 568, Schedule K, line 13e and Schedule K-1 (568), line 13e.

Part IV – Portion of Business Attributable to the Enterprise Zone

EZ tax credits are limited to the tax on business income attributable to operations within the EZ. EZ deductions are limited to business income attributable to operations within the EZ. If the business is located within and outside an EZ, or in more than one EZ, determine the portion of total business operations that are attributable to each EZ. Each taxpayer must complete one form FTB 3805Z for each zone, and therefore, must also compute the income limitation for each one.

For taxpayers operating in an expired EZ, any EZ credit or NOL carryover can be utilized to the extent of business income apportioned to the former EZ.

Worksheet III Net Interest Deduction for Lenders – Enterprise Zones

	(a) Name and location of business to which loan was made	(b) Date of loan	(c) Amount of loan	(d) Interest received	(e) Direct expenses incurred	(f) Net interest col. (d) – col. (e)
1						
2	Total. Add the amounts in column (f). See instructions.					2

Business Income vs. Nonbusiness Income

Only business income is apportioned to the EZ 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 Corporations and entities doing business in and outside of the enterprise zone, use Worksheet IV, Sections A and B, to determine the EZ apportionment factor to determine the amount of business income attributable to the Enterprise Zone.

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

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the EZ.
2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the EZ included in item 1.
3. The distributive (or pro rata for S Corporation) share of the EZ property and payroll to corporate partners, members, shareholders, beneficiaries.

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

For an individual, use Worksheet IV, Section C to determine business income attributable to the EZ. 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 EZ.

Apportionment

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

Property Factor

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

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

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

Payroll Factor

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

Compensation means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

Compensation Within the Enterprise Zone

Compensation is considered to be within the EZ if any of the following tests are met:

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

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 EZ, the employee's compensation is attributed to the EZ if any of the following items are met:
 - A. The employee's base of operations is within the EZ.
 - 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 EZ.
 - 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 EZ.

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.

Corporations Filing a Combined Report

When determining the income attributable to the EZ, the business income of each corporation doing business in the EZ is the business income apportioned to California as determined under combined report mechanics. For more information on combined reports, get FTB Pub. 1061. Each corporation computes the income attributable to the EZ by multiplying California business by EZ apportionment factor computed in Worksheet IV, Section A. The EZ property and payroll factors used to determine the EZ income includes only the taxpayer's California amounts in the denominator. When determining the loss attributable to the EZ, the business income is the total unitary business income. For more information on combined reports, get FTB Pub 1061. Each corporation computes the loss attributable to the EZ by multiplying the unitary business income by EZ apportionment factor computed in Worksheet IV, Section B. The EZ property and payroll factor used to determine the EZ income includes only the taxpayer's overall amounts form all its business operations in the denominator. Each corporation doing business in the EZ compute the business income attributable to the EZ according to their own apportioned California business income and interstate apportionment factors.

Example: Computation of EZ income assigned to each entity operating within the EZ

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

Business income apportioned to the EZ was determined as follows:

	A	B
Property Factor		
EZ property	\$1,000,000	\$ 800,000
California property	\$1,000,000	\$1,200,000
Apportionment %	100%	66.66%
Payroll Factor		
EZ payroll	\$ 800,000	\$ 800,000
California payroll	\$ 800,000	\$1,000,000
Apportionment %	100%	80%
Average Apportionment %		
Apportionment % (Property + Payroll Factors) $\frac{2}{2}$	100%	73.33%
Apportioned Business Income		
Business Income	\$ 228,000	\$ 250,000
EZ business income	\$ 228,000	\$ 183,325

Instructions for Worksheet IV – Income or Loss Apportionment

Section A – Income Apportionment

Use Worksheet IV, Section A, Income Apportionment, to determine the amount of business income apportioned to the EZ. If the business operates solely within a single EZ and all its property and payroll are solely within that single EZ, enter 100% (1.00) on Section A, line 4, column (c). Do not complete the rest of Worksheet IV. The apportioned EZ business income determines the amount of the tax incentives that can be used. A taxpayer's EZ business income is its California business income multiplied by the specific EZ apportionment percentage computed in Worksheet IV, Section A.

Property Factor

When determining the income apportioned to the EZ, the numerator of the property factor is the average value of the real and tangible personal property owned or rented by the business and used within the EZ during the taxable year to produce EZ business income. See Worksheet IV, Section A, column (b). The denominator of the property factor is the total average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year within California. See Worksheet IV, Section A, column (a).

Payroll Factor

When determining income apportioned to the EZ, the numerator of the payroll factor is the taxpayer's total compensation paid to the employees for working within the EZ during the taxable year. See Worksheet IV, Section A, column (b). 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).

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

Section B – Loss Apportionment

Use Worksheet IV, Section B, Loss Apportionment, to determine your net operating loss apportioned to the EZ. If the business operates solely within a single EZ and all its property and payroll are within that single EZ, enter 100% (1.00) on Section B, line 4, column (c). Do not complete the rest of Worksheet IV. A taxpayer's EZ net operating loss is its net business operating loss **from all sources** multiplied by the specific EZ apportionment percentage computed in Worksheet IV, Section B.

Property Factor

When determining the loss apportioned to the EZ, the numerator of the property factor is the average value of the real and tangible personal property owned or rented by the business and used within the EZ during the taxable year to produce EZ business income. See Worksheet IV, Section B, column (b). The denominator of the property factor is the total average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year within California. See Worksheet IV, Section B, column (a).

Payroll Factor

When determining loss apportioned to the EZ, the numerator of the payroll factor is the taxpayer's total compensation paid to the employees for working within the EZ during the taxable year. See Worksheet IV, Section B, column (b). The denominator of the payroll factor is the taxpayer's total compensation paid to **employees working in California**. See Worksheet IV, Section B, column (a).

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

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

Determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income." Only business income is apportioned to the EZ. See Part IV, Portion of Business Attributable to the Enterprise Zone instructions, for a complete discussion of business and nonbusiness income.

Part I – Individual Income and Expense Items

Wages

Taxpayers with wages from a company located within and outside an EZ determine the EZ wage income by entering the percentage of the time that they worked within the EZ 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

Individuals with a K-1

The individual partner, member, or shareholder completes Worksheet IV, Section C, Part II, Pass-Through Income or Loss, and Schedule Z, Computation of Credit Limitation.

Multiple Pass-Through Entities

If you are a shareholder, beneficiary, partner, or member of multiple pass-through entities located in the same enterprise zone, see the example for computing your enterprise zone business income.

Example:

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

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

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

Nonresidents that have an apportioning business that operates within the EZ 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 EZ 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 EZ and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, Part A, line 2 or Part B, 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 EZ NOL and the result on the Worksheet IV, Section C, line 14, column (c) is a **negative** amount, enter this amount on Worksheet V, Section A, line 1. If the amount is **positive**, you do not have an EZ NOL.

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

- You have EZ NOL carryovers, enter the amount on Worksheet V, Section C, line 1 and line 6 (skip line 2 through line 5).
- You have EZ 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 attributed to the EZ and you cannot utilize any EZ NOL carryover, credit(s), or credit carryover(s) in the current taxable year.

Loss Computation

To compute the EZ NOL for Worksheet V, Section A, complete Worksheet IV, Section C. The instructions below refer to Worksheet IV, Section C.

Located Entirely Within the Enterprise Zone

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 EZ, 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 in the EZ, enter the gain or loss reported in column (a) and enter 1.00 in column (b).

Worksheet IV Income or Loss Apportionment – Enterprise Zones

Section A Income Apportionment

Use Worksheet IV, Section A, if your business has net income from sources within and outside an EZ.	(a) Total within California	(b) Total within an EZ	(c) Percentage within an EZ 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 for more information. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions			
Total property values			
PAYROLL FACTOR			
2 Employees' wages, salaries, commissions, and other compensation related to business income included in the tax 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 3805Z, Side 1, line 4			

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 an EZ.	(a) Total within and outside an EZ	(b) Total within an EZ	(c) Percentage within an EZ 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 for more information. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions			
Total property values			
PAYROLL FACTOR			
2 Employees' wages, salaries, commissions, and other compensation related to business income included in the tax 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			

Worksheet IV Income or Loss Apportionment – Enterprise Zones (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 EZ	(c) Apportioned amount (a) x (b)
1 Wages			
2 Employee business expenses			
3 Total. Combine 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 EZ 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 EZ	(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 EZ	(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)			

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

All EZs are repealed as of January 1, 2014. The EZ NOL is allowed for losses attributable to the taxpayer's business activities within the EZ through December 31, 2013, without regard to the ending date of the taxpayer's taxable year. This loss is calculated by computing the EZ net operating loss as if the EZ had remained in existence the entire year, then this full year loss is pro-rated by the number of days the taxpayer operated in an EZ for the taxable year over the total number of days in the taxable year.

NOLs incurred in taxable years beginning on or after January 1, 2013, and before January 1, 2014, shall be carried back to each of the preceding two taxable years. The

carryback amount shall not exceed 50% of the NOL incurred in the 2013 taxable year.

The taxpayer computes the NOL carryback in Worksheet V, Section D, NOL Carryback. For more information, see Instructions for Worksheet V.

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. A business that operates or invests within an EZ that generated an NOL in a taxable year beginning before January 1, 2008, can carry the NOL forward 15 years. In addition, up to 100% of the NOL generated in an EZ can be carried forward.

For taxable years beginning in 2002 and 2003, California had suspended the 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 19 for more information on the suspension of the NOL carryover deduction for taxable years beginning in 2008 through 2011.

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

Limitation

An EZ NOL deduction can only offset business income attributable to operations within the EZ.

Election

Taxpayers **must** elect and designate the carryover category (general or specific, EZ, LAMBRA, or Pierce's disease NOL) on the original tax return for the year of a loss and file form FTB 3805Z for each year in which an NOL deduction is being taken. The election is **irrevocable**.

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

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

Alternative Minimum Tax

For taxpayers claiming an EZ NOL deduction, use Schedule P (100, 100W, 540, 540NR, or 541) to compute the NOL for alternative minimum tax purposes.

S Corporations

EZ 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 an EZ 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 Zone

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

NOL Carryover Amount – Businesses Operating Within and Outside the Zone

If the business is located within and outside or in more than one EZ, the loss amount available for carryover is determined by apportioning the total business loss of the entity to the EZ 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 EZ property

and payroll to total property and payroll. The loss computation is done on Worksheet V, Section A for individuals and exempt trusts, and Worksheet V, Section B for corporations. The apportionment factor calculation is done on Worksheet IV, Section B for business entities and Worksheet IV, Section C for individuals. The loss carryover is deducted against income apportioned by each business to the EZ in subsequent years. This computation is done on Worksheet V, Section C.

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

Unlike the NOL treatment on a federal consolidated tax 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 24416.20(c) imposes a limitation on the NOL deduction if the NOL is generated during a non-water's edge tax year. The NOL carryover is limited to the lesser of the NOL or the re-computed NOL. The re-computed NOL carryover is determined by computing the income and factors of the original worldwide combined reporting group, as if the water's-edge election had been in force for the year of the loss. R&TC Section 24416.20(c) serves as a limitation. If this section applies, the NOL carryover for each corporation may only be decreased, not increased.

Instructions for Worksheet V – NOL Computation and Loss Limitations

NOLs incurred in taxable years beginning on or after January 1, 2013 and before January 1, 2014, shall be carried back to each of the preceding two taxable years. The carryback amount shall not exceed 50% of the NOL incurred in the 2013 taxable year.

The taxpayer computes the NOL carryback in Worksheet V, Section D, NOL Carryback. For more information, see Instructions for Worksheet V, Section D. Individuals and exempt trusts with a current year loss should complete Section A. Corporations with a current year loss should complete Section B. Individuals and corporations with current year income and a prior year NOL carryover should complete Section C.

All EZs are repealed as of January 1, 2014. The EZ NOL is allowed for losses attributable to the taxpayer's business activities within the EZ through December 31, 2013, without regard to the ending date of the taxpayer's taxable year. This loss is calculated by computing the EZ net operating loss as if the EZ had remained in existence the entire year, then this full year loss is pro-rated by the number of days the taxpayer operated in an EZ for the taxable year over the total number of days in the taxable year.

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

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

In addition, complete form FTB 3805V, before you can compute the allowable EZ loss.

To compute the EZ NOL, separate business income and deductions from nonbusiness income and deductions.

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

Line 7 – Enter the 2013 EZ NOL on line 7. California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years.

NOL Carryback general rule: The taxpayer **must** first carry back the entire 2013 NOL to the preceding two years. Any loss not applied in the preceding two years can be carried forward up to 20 years. The two-year carryback period does **not** apply to the portion of an NOL attributable to a qualified disaster. To determine the amount of the 2013 NOL that can be carried back, complete Worksheet V, Section D, NOL Carryback **before** completing Worksheet V, Section A, lines 8 -10.

Amended Return for NOL Carryback – The taxpayer claims the NOL carryback by amending the 2011 and/or 2012 tax return using Form 100X, Amended Corporation Franchise or Income Tax Return; Form 109, California Exempt Organization Business Income Tax Return; or Form 540X, Amended Individual Income Tax Return.

Note: If the taxpayer will claim the NOL as a carryback in any of the previous two years, the taxpayer should first file the applicable 2013 tax return and attach the form FTB 3805Z to the 2013 tax return. Also, complete the Worksheet V, Section D, NOL Carryback, to figure the NOL carryback and keep it for your records. After the 2013 tax return is filed, the taxpayer should file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 100X, Part V, line 2, Explanation of Changes, or Form 540X, Part II, Explanation of Changes, line 5: "2013 NOL carryback deduction". For amended Form 109, attach a statement and provide the following explanation: "2013 NOL carryback deduction". **Do not** attach the 2013 form FTB 3805Z to the 2011 or 2012 amended return. Attaching 2013 form FTB 3805Z may delay processing of the amended return.

Worksheet V Net Operating Loss (NOL) Computation and Loss Limitations – Enterprise Zones

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, Income or Loss, line 14, column (c) as a positive number. For purposes of this worksheet section, do not include any 2013 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 a	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 an EZ.	5a	
If you operate a business in an EZ that has expired, do the following:			
5 b	Enter the number of days you operated a business in an EZ in the taxable year 2013.	5b	
c	Enter the number of days in the taxable year 2013.	5c	
d	Divide line 5b by line 5c.	5d	
e	Multiply line 5a by line 5d.	5e	
6	Enter the amount from form FTB 3805V, Part 1, Section A, line 18.	6	
7	If the EZ in which you operate a business did not expire this year, enter the smaller of line 5a or line 6. If the enterprise in which you operate a business expired this year, enter the smaller of line 5e or line 6. This is the 2013 EZ NOL. See instructions.	7	
If the Individual, or Exempt trust is using the current year NOL to carryback to offset taxable income for taxable years 2011 and/or 2012, complete Worksheet V, Section D, NOL Carryback, before completing Section A, lines 8-10 below.			
8	2013 NOL carryback used to offset 2011 taxable income. Enter the amount from Worksheet V, Section D, line 3, col. (d)	8	
9	2013 NOL carryback used to offset 2012 taxable income. Enter the amount from Worksheet V, Section D, line 3, col. (f)	9	
10	2013 EZ NOL carryover to 2014. Add line 8 and line 9, and subtract the result from line 7. See instructions. Also, enter the amount in Section C, line 30, column (e).	10	

Election to waive/relinquish NOL carryback –

If the taxpayer would like to make the election to waive the two-year carryback period for NOL incurred in 2013, see form FTB 3805Z, Part V and check the box under the Election to Waive Carryback section. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it's **irrevocable**.

If the taxpayer elects to waive the two-year carryback period and carry the NOL forward, enter the amount from Worksheet V, Section A, line 7 on Worksheet V, Section C, line 30, column (e) to record the taxpayer's 2013 EZ NOL carryover to 2014.

Line 10 – Go to Worksheet V, Section C, line 30, column (e) to record the taxpayer's 2013 EZ NOL carryover to 2014.

Section B – Computation of Current Year NOL – Corporations

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

In addition, complete form FTB 3805Q, before you can compute the allowable EZ loss.

Line 7 – Enter the 2013 EZ NOL on line 7. California will allow NOLs incurred in taxable years beginning on or after January 1, 2013, to be carried back to each of the preceding two taxable years.

NOL Carryback general rule – The taxpayer must first carry back the entire 2013 NOL to the preceding two years. Any loss not applied in the preceding two years can be carried forward up to 20 years. The two-year carryback period does **not** apply to the portion of an NOL attributable to a qualified disaster. To determine the amount of the 2013 NOL that can be carried back, complete Worksheet V, Section D, NOL Carryback, **before** completing Worksheet V, Section B, lines 8 -10.

Amended Return for NOL Carryback – The taxpayer claims the NOL carryback by amending the 2011 and/or 2012 tax return using Form 100X, Amended Corporation Franchise or Income Tax Return; Form 109, California Exempt Organization Business Income Tax Return; or Form 540X, Amended Individual Income Tax Return.

Note: If the taxpayer will claim the NOL as a carryback in any of the previous two years, the taxpayer should first file the applicable 2013 tax return and attach the form FTB 3805Z to the 2013 tax return. Also, complete the Worksheet V, Section D, NOL Carryback, to figure the NOL carryback and keep it for your records. After the 2013 tax return is

filed, the taxpayer should file the amended return for 2011 and/or 2012 to claim the NOL carryback deduction and provide the following explanation on Form 100X, Part V, line 2, Explanation of Changes, or Form 540X, Part II, Explanation of Changes, line 5: "2013 NOL carryback deduction". For amended Form 109, attach a statement and provide the following explanation: "2013 NOL carryback deduction". **Do not** attach the 2013 form FTB 3805Z to the 2011 or 2012 amended return. Attaching 2013 form FTB 3805Z may delay processing of the amended return.

Election to waive/relinquish NOL carryback – If the taxpayer would like to make the election to waive the two year carryback period for NOL incurred in 2013, see form FTB 3805Z, Part V and check the box under the Election to Waive Carryback section. By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it's **irrevocable**.

If the taxpayer elects to waive the two-year carryback period and carry the NOL forward, enter the amount from Worksheet V, Section B, line 7 on Worksheet V, Section C, line 30, column (e) to record the taxpayer's 2013 EZ NOL carryover to 2014.

Line 10 – Go to Worksheet V, Section C, line 30, column (e) to record the taxpayer's 2013 EZ NOL carryover to 2014.

Worksheet V Net Operating Loss (NOL) Computation and Loss Limitations – Enterprise Zones (continued)

Section B Computation of Current Year Net Operating Loss – Corporations

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

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

- C corporation S corporation Exempt corporation

1 Net loss for state purposes from Form 100, line 18; 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 2013 disaster relief loss included in line 1. Enter as a positive number	2a
b Nonbusiness income included in line 1. Enter as a negative number	2b
c Nonbusiness losses included in line 1. Enter as a positive number	2c
d Combine line 2a through line 2c	2d
3 Subtract line 2d from line 1. If zero or less, do not complete the rest of this section; the corporation does not have a current year NOL from an EZ	3
4 Enter the average apportionment percentage from Worksheet IV, Section B, line 4	4
5 a Multiply line 3 by line 4	5a
If you operate a business in an EZ that has expired, do the following:	
5 b Enter the number of days you operated a business in an EZ in the taxable year 2013	5b
c Enter the number of days in the taxable year 2013	5c
d Divide line 5b by line 5c	5d
e Multiply line 5a by line 5d	5e
6 Enter the amount from form FTB 3805Q, Part 1, line 3	6
7 If the EZ in which you operate a business did not expire this year, enter the smaller of line 5a or line 6. If the enterprise in which you operate a business expired this year, enter the smaller of line 5e or line 6. This is the 2013 EZ NOL. See instructions.....	7
If the corporation is using the current year NOL to carryback to offset taxable income for taxable years 2011 and/or 2012, complete Worksheet V, Section D, NOL Carryback, before completing Section B, lines 8-10 below.	
8 2013 NOL carryback used to offset 2011 taxable income. Enter the amount from Worksheet V, Section D, line 3, col. (d)	8
9 2013 NOL carryback used to offset 2012 taxable income. Enter the amount from Worksheet V, Section D, line 3, col. (f)	9
10 2013 EZ NOL carryover to 2014. Add line 8 and line 9, and subtract the result from line 7. See instructions.....	10
Also, enter the amount in Section C, line 30, column (e).	

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

For taxable years beginning in 2010 and 2011, California suspended the NOL carryover deduction. Taxpayers continued to compute and carryover NOLs during the suspension period. **However**, taxpayers with net income after state adjustments (pre-apportioned income) (corporations) or with modified adjusted gross income (individuals) of less than \$300,000, **or** with disaster loss carryovers are not affected by the NOL suspension rules.

Corporations use line 18 of Forms 100 and 100W, or line 15 less line 17 of Form 100S to determine net income after state adjustments (pre-apportioned income).

Individuals use the amount shown on your federal tax return for the same taxable year without regard to the federal NOL deduction (Form 540/540NR, Line 13, plus the federal NOL deduction listed on Schedule CA (540/540NR) column C, line 21c).

The carryover periods for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008 - 2011 suspension, are extended by:

- One year for losses incurred in taxable years beginning on or after January 1, 2010, and before January 1, 2011.
- Two years for losses incurred in taxable years beginning before January 1, 2010.
- Three years for losses incurred in taxable years beginning before January 1, 2009.
- Four years for losses incurred in taxable years beginning before January 1, 2008.

An EZ NOL deduction can only offset business income attributable to operations within the EZ. Use this section to compute the NOL deduction for individuals, exempt trusts, and corporations to reduce current year business income from the EZ.

Line 1 – See Part IV 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 Schedule A as itemized deductions.

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

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

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

Line 6 – This is your modified taxable income (MTI). You may reduce this amount by your EZ deduction. Your EZ 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 in column (d). If this amount is zero or negative, transfer the amounts from line 9 through line 29, column (b) to column (e), and go to line 30.

Worksheet V Net Operating Loss (NOL) Computation and Loss Limitations – Enterprise Zones (continued)

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

1 Enter the amount from Form 100, line 18; Form 100W, line 18; Form 100S, combined amounts of line 15 and line 17; or Form 109, line 1 or line 4. Form 540 or 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 filing a combined report, enter the taxpayer's business income assigned to California. See instructions for Part V	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, 100W, 100S, and 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 and Form 100W filers: Enter the amount from Form 100, line 22 or Form 100W, line 22. Form 100S filers: Enter the total of the amounts from Form 100S, line 17 and line 20. Form 540, Long Form 540NR, and Form 109 filers: Enter -0-. Enter this amount as a negative number	3	
4 Combine line 1, line 2c, and line 3. If zero or less, enter -0- on line 6	4	
5 Enter the average apportionment percentage from Worksheet IV, Section A, line 4	5	
6 Modified taxable income. Multiply line 4 by line 5. See instructions		6

(a) Description	(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) EZ NOL carryover to 2014
7 Modified taxable income from line 6				
8 EZ NOL carryover beginning in 1991				
9 EZ NOL carryover beginning in 1992				
10 EZ NOL carryover beginning in 1993				
11 EZ NOL carryover beginning in 1994				
12 EZ NOL carryover beginning in 1995				
13 EZ NOL carryover beginning in 1996				
14 EZ NOL carryover beginning in 1997				
15 EZ NOL carryover beginning in 1998				
16 EZ NOL carryover beginning in 1999				
17 EZ NOL carryover beginning in 2000				
18 EZ NOL carryover beginning in 2001				
19 EZ NOL carryover beginning in 2002				
20 EZ NOL carryover beginning in 2003				
21 EZ NOL carryover beginning in 2004				
22 EZ NOL carryover beginning in 2005				
23 EZ NOL carryover beginning in 2006				
24 EZ NOL carryover beginning in 2007				
25 EZ NOL carryover beginning in 2008				
26 EZ NOL carryover beginning in 2009				
27 EZ NOL carryover beginning in 2010				
28 EZ NOL carryover beginning in 2011				
29 EZ NOL carryover beginning in 2012				
30 EZ NOL beginning in 2013				
31 Total the amounts in column (b), (c) and column (e). See instructions				

Line 9 through Line 29 – Enter the amounts on line 9 through line 29 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) Carry-over from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) Enterprise zone NOL carryover
		\$5,000	
\$ 500	\$ 500	4,500	\$ 0

Line 30 – Enter the amount of your current year NOL. For individuals and exempt trusts, enter the amount from Section A, line 7, or line 10. For corporations, enter the amount from Section B, line 7, or line 10.

Line 31 – Total the amounts in column (b) and column (e). Enter the totals from line 31, columns (b), and (e) on form FTB 3805Z, Side 1, line 5a and line 5c, accordingly.

Your EZ NOL deduction for 2013 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 21(e), column B
- Schedule CA (540NR), line 21(e), column B

Section D – Net Operating Loss Carryback

Line 3

General rule – The 2013 NOL must be carried back to the second taxable year before the loss year. Any loss not used in the second preceding taxable year is then carried to the first preceding taxable year. Any loss not applied in the two preceding years is carried forward.

Column (b) – Enter 100% of the initial loss for the year given in column (a).

Column (c) – Enter 50% of the initial loss shown in column (b).

Column (d) – Enter the amount from line 3, column (c) or line 1, whichever is less. This is the amount of 2013 EZ NOL carryback used for 2011. Also, enter this amount on the 2011 Form 100X, line 8 or Form 540X, line 2e and on the amended 2011 tax return/schedule: Form 100, line 21; Form 100W, line 21; Form 100S, line 19; Form 109, line 6; Schedule CA (540), line 21(e); or Schedule CA (540NR), line 21(e).

Column (e) – Subtract column (d) from column (c).

Column (f) – Enter the amount from line 3, column (e) or line 2, whichever is less. This is the amount of 2013 EZ NOL carryback used for 2012. Also, enter this amount on the Form 2012 100X, line 8 or Form 540X, line 2e and on the amended 2012 tax return/schedule: Form 100, line 21; Form 100W, line 21; Form 100S, line 19; Form 109, line 6; Schedule CA (540), line 21(e); or Schedule CA (540NR), line 21(e).

Column (g) – Subtract column (f) from column (e).

Worksheet V Net Operating Loss (NOL) Computation and Loss Limitations – Enterprise Zones (continued)

Section D Net Operating Loss Carryback

1		2011 Net income from Form 100, line 23; Form 100W, line 23; Form 100S, line 21; or net unrelated business taxable income from Form 109, line 9; or taxable income from Form 540, line 19; or Long Form 540NR, line 35.....				
2		2012 Net income from Form 100, line 23; Form 100W, line 23; Form 100S, line 21; or net unrelated business taxable income from Form 109, line 9; or taxable income from Form 540, line 19; or Long Form 540NR, line 35.....				
(a) Year of loss	(b) Initial loss	(c) Carryback limitations 50% of col. (b)	2011		2012	
			(d) Carryback used – See instructions	(e) After carryback col. (c) minus col. (d)	(f) Carryback used – See instructions	(g) After carryback col. (e) minus col. (f)
3 2013						
2013						
2013						
2013						

Schedule Z – Computation of Credit Limitations

Credit Limitations

The amount of EZ credits you can claim on your California tax return is limited by the amount of tax attributable to EZ business income. The amount of tax attributable to the EZ business income is computed in this schedule. For corporations and other entities doing business in the enterprise zone, the EZ business income is computed in this schedule using the EZ apportionment factor formula computed on Worksheet IV, Section A. For individuals, the EZ business income is computed on Worksheet IV, Sections C. Use Schedule Z to compute this limitation.

Assignment of Credit

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 claimed by the affiliated corporation against its tax in taxable years beginning on or after January 1, 2010.

The eligible assignee shall be treated as if it originally generated the assigned credit. Any credit limitations or restrictions that applied to the assignor will also apply to the eligible assignee. The amount of EZ credits you may claim on your California tax return is limited to the tax attributable to a specific EZ. For zone credits assigned, the assignee must have a tax liability as a result of income generated in the same zone that the original credit was generated. For example, if the original credit was generated in the Fresno City EZ of the assignor, the assignee must have a tax liability on the income attributable to the Fresno City EZ in order to use the assigned credit. For more information on credit assignment, get form FTB 3544, or form FTB 3544A or go to ftb.ca.gov and search for **credit assignment**.

Other Limitations

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. Partnerships allocate the credit among the partners according to the partner's distributive share as determined in a written partnership agreement. See R&TC Section 17039(e)(2).

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

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

S Corporations and the Application of Enterprise Zone Credits

The credits earned by an S corporation may be used to reduce EZ tax at both the corporate and the shareholder levels.

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

Example: In 2013, an S corporation qualified for a \$3,000 EZ hiring credit. The S corporation will be able to use $\frac{1}{3}$ of the credit ($\$3,000 \times \frac{1}{3} = \$1,000$), to offset the tax on the corporation's EZ business income.

The S corporation will also pass through a \$3,000 credit to its shareholders to offset their individual tax (computed under the Personal Income Tax Law) on EZ business income.

S corporations attach form FTB 3805Z to Form 100S, California S Corporation Franchise or Income Tax Return, to claim the tax credits.

Shareholders should attach Schedule(s) K-1 (100S).

Carryover

If the amount of EZ credit available this year exceeds your tax, you may carry over any excess credit to future years. The portion of any credit remaining for carryover to taxable years beginning on or after January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first. Apply the carryover to the earliest taxable year possible. In no event can the credit be carried back and applied against a prior year's tax. Generally, the credit cannot be transferred to another taxpayer unless:

- There was a qualifying merger.
- The credit qualifies under R&TC Section 23663 for assignment to an affiliated corporation. For additional information, get form FTB 3544, or form FTB 3544A.

For S corporations, the amount of the $\frac{1}{3}$ 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 tax. See the instructions for Schedule Z, Part III for more information.

If a C corporation had unused credit carryovers when it elected S corporation status, the carryovers were reduced to $\frac{1}{3}$ and transferred to the S corporation. The remaining $\frac{2}{3}$ 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.

Credit Code

Use credit code **176** to claim the EZ hiring and sales or use tax credits on your tax return. Using an incorrect code may cause a delay in allowing the credit(s).

Instructions for Schedule Z – Computation of Credit Limitations

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

- Partnerships and LLCs treated as partnerships do not complete Schedule Z. The partners and members of these types of entities should compute their EZ income from all sources by completing the Schedule Z to determine the amount of EZ credits that they may claim on their California tax return. For individual partners, report the distributive share of all the business income apportioned to the EZ. For corporate partners, report the distributive share of the EZ property and payroll. Report these items as other information on Schedule K-1 (565).
- S corporations and their shareholders complete Schedule Z.
- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, loss, and deductions apportioned to the zone.
- Separately state any distributive or pro-rata share of business capital gains and losses apportioned to the zone 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 EZ 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.

Only business income is apportioned to the EZ 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.

For Corporations filing a combined report, the business income of each corporation doing business in the EZ is the business income apportioned to California as determined under combined report mechanics. Get FTB Pub. 1061 for more information on combined reports and entity income apportionment.

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

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

Line 6a – Compute the tax as if the EZ 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 EZ credits this year. Complete Part IV of Schedule Z to compute the amount of credit carryover.

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

This percentage was determined by ABC, Inc. using form FTB 3805Z, Worksheet IV, Section A, when ABC's S corporation tax 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 in the EZ.

John and Jackie Anderson have the following 2013 items of California income and expense:

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
EZ business expense deduction	(5,000)*
John's unreimbursed employee expenses from federal Schedule A	(2,000)

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

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

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

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

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

Line 6b – Corporations and S corporations

If the amount on line 6b is the minimum franchise tax (\$800), you cannot use your EZ credits this year. Complete Part IV of Schedule Z to compute the amount of credit carryover.

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

Use Part II of Schedule Z if you are a corporation, individual, estate, or trust. Corporations and S corporations that are subject to paying only the minimum franchise tax, go to Part IV.

Individuals that received a Schedule K-1, complete Schedule Z, Part II, using the information from the Schedule K-1.

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

Line 8A, column (g) – 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 (f) or the amount computed on line 8B, column (e). Enter this amount on form FTB 3805Z, Side 1, line 1a.

Line 8B, column (b) – Enter the amount of the current year credit that was computed on Worksheet IA, Section A, line 6. Individuals enter the current year hiring credit from the Schedule K-1.

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

Line 8B, column (d) – Enter the amount of credit assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, column (g). Only C corporations who completed the form will enter an amount in this column. Individuals, and Estates and Trusts, leave blank and go to column (e) instructions.

Line 8B, column (e) – 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), then subtract the amount on line 8B, column (d), if any.

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

Line 8B, column (h) – Subtract the amount on line 8B, column (f) from the amount on line 8B, column (e). Enter the result on line 8B, column (h). 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 EZ business income.

Line 9A, column (f) – Subtract the amount on line 8B, column (f) from the amount on line 8A, column (f). 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 (e) on line 9B, column (h).

Line 9A, column (g) – 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 (f) or the amount computed on line 9B, column (e). Enter this amount on form FTB 3805Z, Side 1, line 1c.

Example: Part II

Assume the ABC Business has \$8,000 of tax. The business computed a credit limitation based on zone 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, Estates, and Trusts. See instructions.								
(a) Credit name		(b) Credit amount	(c) Total prior year carryover	(d) Total credit assigned from form FTB 3544 col. (g)	(e) Total credit sum of col. (b) plus col. (c), minus col. (d)	(f) Limitation based on EZ business income	(g) Credit used on Sch. P Can never be greater than col. (e) or col. (f)	(h) Total credit carryover col. (e) minus col. (f)
8	Hiring credit	A				7,000	800	
		B	500	300	—0—	800	800	—0—
9	Sales or use tax credit	A				6,200	6,200	
		B	9,000	—0—	—0—	9,000	6,200	2,800

Line 9B, column (b) – Enter the amount of the current year credit that was computed on Worksheet IB, line 2, column (c). Individuals enter the current year sales or use tax credit from the Schedule K-1.

Line 9B, column (c) – Enter the amount of the total prior year credit carryover. This is the amount of credit that was previously computed on Worksheet IB, line 2, column (c) minus the amount that was allowed to be taken on the prior year tax return.

Line 9B, column (d) – Enter the amount of credit assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, column (g). Only C corporations who completed the form will enter an amount in this column. Individuals, and Estates and Trusts, leave blank and go to column (e) instructions.

Line 9B, column (e) – 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), then subtract the amount on line 9B, column (d), if any.

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

Line 9B, column (h) – Subtract the amount on line 9B, column (f) from the amount on line 9B, column (e). Enter the result on line 9B, column (h). 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 EZ business income.

Part III – Limitation of Credits for S Corporations Only

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

Line 10 and Line 11, column (b) – Enter the amount of current year credits that were computed on Worksheet IA and Worksheet IB in column (b) for line 10 and line 11, as applicable. Also include 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 Schedule C, Form 100S.

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

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

Line 10 and Line 11, column (f) – Enter the 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 3805Z, Side 1, line 1a and line 1c, 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 IA and Worksheet IB. **S corporations** may enter only 1/3 of the amounts from Worksheet IA and IB 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 carryover. These are the amounts of credits that were previously computed on Worksheet IA and Worksheet IB in the prior year, minus the amounts that were allowed to be taken on the prior year tax return. **S corporations** may enter only 1/3 of the amounts from Worksheet IA and Worksheet IB in the prior year, minus the amounts that were allowed to be taken on the prior year tax return.

Line 12 and Line 13, column (d) – Enter the amounts of credits assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, column (g). Only C corporations who completed the form will enter an amount in this column. S corporations, leave blank and go to column (e) instructions.

Line 12 and Line 13, column (e) – Add the amounts in column (b) and column (c) for line 12 and line 13, then subtract the amounts in column (d), if any, for line 12 and line 13. These are the credit amounts that can be carried over to future years.

Enterprise Zone Deduction and Credit Summary

Attach to your California tax return.

SSN or ITIN or California corporation number

Name(s) as shown on return

FEIN

California 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 Enterprise Zone (EZ) business:

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

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

E. Enter the Principal Business Activity Code of the EZ Business. For Long Beach EZ, enter SIC code, see instructions.

F. Total number of employees in the EZ

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 and Recapture (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 (g) or line 10, column (f) 1a; b Hiring credit recapture from Worksheet IA, Section B, line 2, column (b) 1b; c Sales or use tax credit from Schedule Z, line 9A, column (g) or line 11, column (f) 1c; d Add line 1a and line 1c. 1d

Part II Business Expense Deduction and Recapture

- 2 a Enter the cost of qualified property purchased for the EZ that is being deducted as a current year business expense from Worksheet II, Section A, line 5, column (b) 2a; 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 17267.2 or 24356.7. That election may not be revoked except with the written consent of the Franchise Tax Board (FTB); b Business expense deduction recapture from Worksheet II, Section B, line 2, column (b) 2b

Part III Net Interest Deduction for Lenders

- 3 Net interest received on loans to businesses located in the EZ from Worksheet III, line 2, column (f) 3

Part IV Portion of Business Attributable to the Enterprise Zone. See instructions.

- 4 Enter the average apportionment percentage of your EZ business from Worksheet IV, Section A, line 4. 4

Part V Net Operating Loss (NOL) Carryover and Deduction

- 5 a Enter the EZ NOL carryover from prior years from Worksheet V, Section C, line 31, column (b) 5a; b Enter the total EZ NOL deduction used in the current year from Worksheet V, Section C, line 31, column (c). Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 21; Form 100W, line 21; Form 100S, line 19; or Form 109, line 6 5b; c Enter the EZ NOL carryover to future years from Worksheet V, Section C, line 31, column (e) 5c

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 17276.2 or 24416.2, for taxpayers operating a trade or business within the EZ. If you elect to carry over an NOL under the EZ provisions, you cannot carry over any other type and amount of NOL from this year.

Election to Waive Carryback: Check the box if the taxpayer elects to relinquish the entire carryback period with respect to a 2013 EZ NOL under IRC Section 172(b)(3). By making the election, the taxpayer is electing to carry an NOL forward instead of carrying it back in the previous two years. Once the election is made, it is irrevocable. See instructions.

Schedule Z Computation of Credit Limitations – Enterprise Zones

Part I Computation of Credit Limitations. See instructions.

1	Trade or business income. Individuals: Enter the amount from the Worksheet IV, Section C, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Corporations filing a combined report, enter the taxpayer's business income apportioned to California. See instructions for Part IV	<input checked="" type="radio"/>	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 EZ NOL deduction from Worksheet V, Section C, line 31, column (c)		4	
5	EZ taxable income. Subtract line 4 from line 3	<input checked="" type="radio"/>	5	
6 a	Compute the amount of tax due using the amount on line 5. See instructions	<input checked="" type="radio"/>	6a	
b	Enter the amount of tax from Form 540, line 35; Long Form 540NR, line 42; Form 541, line 21; Form 100, line 24; 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 EZ business income. Go to Part II, Part III, or Part IV. See instructions.	<input checked="" type="radio"/>	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 assigned from form FTB 3544 col. (g)	(e) Total credit sum of col. (b) plus col. (c), minus col. (d)	(f) Limitation based on EZ business income	(g) Credit used on Sch. P Can never be greater than col. (e) or col. (f)	(h) Total credit carryover col. (e) minus col. (f)
8 Hiring credit	A				<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	B	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>		<input checked="" type="radio"/>
9 Sales or use tax credit	A				<input checked="" type="radio"/>	<input checked="" type="radio"/>	
	B	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>		<input checked="" type="radio"/>

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

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

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 assigned from form FTB 3544 col. (g)	(e) Total credit carryover sum of col. (b) plus col. (c), minus col. (d)
12 Hiring credit	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
13 Sales or use tax credit	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>

Refer to page 4 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.
- (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 SIC Manual is organized using a hierarchical 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, SIC Codes 3721, 3724, 3728, and 3812 are listed since only Long Beach taxpayers with establishments in these industry codes qualify for the EZ hiring credit.

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

NATIONAL TECHNICAL INFORMATION SERVICE
5301 SHAWNEE ROAD
ALEXANDRIA, VIRGINIA 22312
Order No. PB 87-100012

Or to view the manual, go to osha.gov and search for **SIC code**.

The four-digit industry codes within Division D of the SIC Manual are:

- 3721 Research and Development on Aircraft
- 3724 Aircraft Engines and Engine Parts
- 3728 Aircraft Parts and Auxiliary Equipment, not elsewhere classified
- 3812 Search and Navigation Equipment

FTB 3805Z

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 (R&TC). 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.

For purposes of qualifying for the Long Beach EZ hiring credit, refer to the Standard Industrial Classification Manual (SIC). A partial listing of the SIC codes is located on page 27 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 & Dry Pasta 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
- 315240 Women's, Girls' and Infants' Cut & Sew Apparel Mfg
- 315280 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 Household Appliances and 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
441222	Boat Dealers
441228	Motorcycle, ATV, and 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	
443141	Household Appliance Stores
443142	Electronics Stores (including Audio, Video, Computer, and Camera 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
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
454310	Fuel Dealers (including Heating Oil and Liquefied Petroleum)
454390	Other Direct Selling Establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)
Transportation and Warehousing	
Air, Rail, and Water Transportation	
481000	Air Transportation
482110	Rail Transportation
483000	Water Transportation
Truck Transportation	
484110	General Freight Trucking, Local
484120	General Freight Trucking, Long-distance
484200	Specialized Freight Trucking
Transit and Ground Passenger Transportation	
485110	Urban Transit Systems
485210	Interurban & Rural Bus Transportation
485310	Taxi Service
485320	Limousine Service
485410	School & Employee Bus Transportation
485510	Charter Bus Industry
485990	Other Transit & Ground Passenger Transportation
Pipeline Transportation	
486000	Pipeline Transportation
Scenic & Sightseeing Transportation	
487000	Scenic & Sightseeing Transportation

Code	
Support Activities for Transportation	
488100	Support Activities for Air Transportation
488210	Support Activities for Rail Transportation
488300	Support Activities for Water Transportation
488410	Motor Vehicle Towing
488490	Other Support Activities for Road Transportation
488510	Freight Transportation Arrangement
488990	Other Support Activities for Transportation
Couriers and Messengers	
492110	Couriers
492210	Local Messengers & Local Delivery
Warehousing and Storage	
493100	Warehousing & Storage (except lessors of miniwarehouses & self-storage units)
Information	
Publishing Industries (except Internet)	
511110	Newspaper Publishers
511120	Periodical Publishers
511130	Book Publishers
511140	Directory & Mailing List Publishers
511190	Other Publishers
512100	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
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

Code	
523140	Commodity Contracts Brokerage
523210	Securities & Commodity Exchanges
523900	Other Financial Investment Activities (including portfolio management & investment advice)
Insurance Carriers and Related Activities	
524130	Reinsurance Carriers
524140	Direct Life, Health, & Medical Insurance Carriers
524150	Direct Insurance (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)
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
Rental and Leasing Services	
532100	Automotive Equipment Rental & Leasing
532210	Consumer Electronics & Appliances Rental
532220	Formal Wear & Costume Rental
532230	Video Tape & Disc Rental
532290	Other Consumer Goods Rental
532310	General Rental Centers
532400	Commercial & Industrial Machinery & Equipment Rental & Leasing
Lessors of Nonfinancial Intangible Assets (except copyrighted works)	
533110	Lessors of Nonfinancial Intangible Assets (except copyrighted works)
Professional, Scientific, and Technical Services	
Legal Services	
541110	Offices of Lawyers
541190	Other Legal Services

Code

Accounting, Tax Preparation, Bookkeeping, and Payroll Services

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

Architectural, Engineering, and Related Services

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

Specialized Design Services

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

Computer Systems Design and Related Services

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

Other Professional, Scientific, and Technical Services

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

Management of Companies (Holding Companies)

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

Administrative and Support and Waste Management and Remediation Services

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

Code

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

Waste Management and Remediation Services

- 562000 Waste Management & Remediation Services

Educational Services

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

Health Care and Social Assistance

Offices of Physicians and Dentists

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

Offices of Other Health Practitioners

- 621310 Offices of Chiropractors
- 621320 Offices of Optometrists
- 621330 Offices of Mental Health Practitioners (except Physicians)
- 621340 Offices of Physical, Occupational & Speech Therapists, & Audiologists

Offices of Podiatrists

- 621391 Offices of Podiatrists
- 621399 Offices of All Other Miscellaneous Health Practitioners

Outpatient Care Centers

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

Medical and Diagnostic Laboratories

- 621510 Medical & Diagnostic Laboratories

Home Health Care Services

- 621610 Home Health Care Services

Code

Other Ambulatory Health Care Services

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

Hospitals

- 622000 Hospitals

Nursing and Residential Care Facilities

- 623000 Nursing & Residential Care Facilities

Social Assistance

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

Arts, Entertainment, and Recreation

Performing Arts, Spectator Sports, and Related Industries

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

Museums, Historical Sites, and Similar Institutions

- 712100 Museums, Historical Sites, & Similar Institutions

Amusement, Gambling, and Recreation Industries

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

Accommodation and Food Services

Accommodation

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

Code

Food Services and Drinking Places

- 722300 Special Food Services (including food service contractors & caterers)
- 722410 Drinking Places (Alcoholic Beverages)
- 722511 Full Service Restaurants
- 722513 Limited Service Restaurants
- 722514 Cafeterias and Buffets
- 722515 Snack and Non-alcoholic Beverage Bars

Other Services

Repair and Maintenance

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

Personal and Laundry Services

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

Religious, Grantmaking, Civic, Professional, and Similar Organizations

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

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 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 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 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 and libraries 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 federal employer identification number (FEIN), California Secretary of State (SOS) file number, California corporation number, social security number (SSN) or individual taxpayer identification number (ITIN), your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

CORRESPONDENCE, ANALYSIS, SUPPORT
AND EDUCATION SECTION MS F283
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 tax return.

Internet and Telephone Assistance

Telephone assistance is available year-round from 7 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 7 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

EZ Contact Information

For business eligibility or zone related information, including questions regarding EZ geographic boundaries, vouchering, and designation period dates, contact the HCD or the local zone program manager in which the business is located. Go to hcd.ca.gov and search for **directory of zone contacts** to find Directory of Economic Development Areas.

For information that is zone-specific but not tax-specific, contact the HCD at:

DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
ENTERPRISE ZONE PROGRAMS
2020 WEST EL CAMINO AVENUE SUITE 650
SACRAMENTO, CA 95833

Mailing address

PO BOX 952054
SACRAMENTO CA 94252-2054

Website: hcd.ca.gov
Telephone: 916.263.2945
Fax: 916.263.2765

or for tax-specific information contact:

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