

Tax Computation for Certain Children with Investment Income

2014

3800

Attach ONLY to the child's Form 540 or Long Form 540NR

Child's name as shown on return	Child's SSN or ITIN
Parent's name (first, initial, and last). (Caution: See instructions before completing.)	Parent's SSN or ITIN

Parent's filing status (check one):

Single
 Married/RDP filing jointly
 Married/RDP filing separately
 Head of household
 Qualifying widow(er)

Enter number of exemptions claimed on parent's return.

Part I Child's net investment income

1 Enter the child's investment income, such as taxable interest, ordinary dividends, and capital gains. See instructions. If this amount is \$2,000 or less, stop here; do not file this form	1	00
2 If the child did not itemize deductions on Form 540 or Long Form 540NR, enter \$2,000. If the child itemized deductions, see instructions	2	00
3 Subtract line 2 from line 1. If zero or less, stop here; do not complete the rest of this form but attach it to the child's return	3	00
4 Enter the child's taxable income from Form 540, line 19 or total taxable income from Long Form 540NR, line 19	4	00
5 Net investment income. Enter the smaller of line 3 or line 4. If zero or less, stop here; do not complete the rest of this form but attach it to the child's return	5	00

Part II Tentative tax based on the tax rate of the parent listed above

6 Enter the parent's taxable income from Form 540, line 19; or total taxable income from Long or Short Form 540NR, line 19. If zero or less, enter -0-	6	00
7 Enter the total net investment income, if any, from form(s) FTB 3800, line 5, of all other children of the parent identified above. Do not include the amount from line 5 above	7	00
8 Add line 5 through line 7	8	00
9 Enter the tax on the amount on line 8 based on the parent's filing status. Use the tax table or tax rate schedules found in the 2014 instructions for Form 540. See instructions for Long or Short Form 540NR filers	9	00
10 Enter the parent's tax from Form 540, line 31. See instructions for Long or Short Form 540NR filers. Do not include any tax from FTB 3803	10	00
11 Subtract line 10 from line 9. If you did not enter an amount on line 7, then enter the amount from line 11 on line 13 and skip line 12a and line 12b	11	00
12 a Add line 5 and line 7	12a	00
b Divide line 5 by line 12a. Enter the result as a decimal (rounded to four places)	12b X	
13 Multiply line 11 by the decimal amount on line 12b	13	00

Part III Child's tax

If the amounts on line 4 and line 5 above are the same, enter -0- on line 15 and go to line 16.

14 Subtract line 5 from line 4	14	00
15 Enter the tax on the amount on line 14 based on the child's filing status. Use the tax table or tax rate schedules found in the 2014 instructions for Form 540. See instructions for Long Form 540NR filers	15	00
16 Add line 13 and line 15	16	00
17 Enter the tax on the amount on line 4 based on the child's filing status. Use the tax table or tax rate schedules found in the 2014 instructions for Form 540. See instructions for Long Form 540NR filers	17	00
18 Compare the amounts on line 16 and line 17. Enter the larger of the two amounts here and on the child's Form 540, line 31. Also check the box labeled "FTB 3800" on the child's tax return. See instructions for Long Form 540NR filers	18	00

2014 Instructions for Form FTB 3800

Tax Computation for Certain Children with Investment Income

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).

General Information

For taxable years beginning on or after January 1, 2010, California conforms to the provision of the Small Business and Work Opportunity Act of 2007 which increased the age of children to 18 and under or a student under age 24 for elections made by parents reporting their child's interest and dividends.

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

Purpose

For certain children, investment income over \$2,000 is taxed at the parent's rate if the parent's rate is higher. Use form FTB 3800, Tax Computation for Certain Children with Investment Income, to figure the child's tax.

Complete form FTB 3800 if all of the following apply:

- The child is 18 and under or a student under age 24 at the end of 2014. A child born on January 1, 1997, is considered to be age 18 at the end of 2014. A child born on January 1, 1991, is considered to be age 24 at the end of 2014.
- The child had investment income taxable by California of more than \$2,000.
- At least one of the child's parents was alive at the end of 2014.
- The child was age 18 at the end of 2014 and did not have earned income that was more than half of the child's support.

If the child uses form FTB 3800, file Form 540, California Resident Income Tax Return, or Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return.

If the child does not file form FTB 3800, figure the tax in the normal manner on the child's Form 540, or Long or Short Form 540NR.

Parents of children 18 and under or a student under age 24 at the end of 2014, may elect to include the child's investment income on the parent's tax return. To make this election, the child must have had income only from interest and dividends. The election is not available if estimated tax payments were made in the child's name. Get form FTB 3803, Parents' Election to Report Child's Interest and Dividends, for more information. If parents make this election, the child will not have to file a California tax return or form FTB 3800.

If you elect to report your child's income on your federal income tax return, but not on your California income tax return, be sure to make an adjustment on your Schedule CA (540 or 540NR), line 21f.

Specific Line Instructions

Parent's Name and Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

If federal Form 8615, Tax for Certain Children Who Have Unearned Income, was filed with the child's federal tax return, enter the name and SSN or ITIN of the same parent who was identified at the top of federal Form 8615.

If the child's parents were married to each other or in an RDP and filed a joint 2014 California tax return, enter the name and SSN or ITIN of the parent who is listed first on the joint return.

If the parents were married or in an RDP but filed separate California tax returns, enter the name and SSN or ITIN of the parent with the **higher** taxable income.

If the parents were unmarried, treated as unmarried for tax purposes, or separated either by a divorce or separate maintenance decree, enter the name and SSN or ITIN of the parent who had custody of the child for most of 2014.

Exception. If the custodial parent remarried or entered into an RDP and filed a joint return with the new spouse/RDP, enter the name and SSN or ITIN of the person listed first on the joint return, even if that person is not the child's parent. If the custodial parent and the new spouse/RDP filed separate California tax returns, enter the name and SSN or ITIN of the person with the **higher** taxable income, even if that person is not the child's parent.

If the child's parents were unmarried but lived together during the year with the child, enter the name and SSN or ITIN of the parent who had the **higher** taxable income.

Part I Child's Net Investment Income

Line 1 – Enter the child's investment income. Include income such as taxable interest, dividends, capital gains, rents, annuities, and income received as a beneficiary. In most cases, this will be the same as the amount entered on federal Form 8615, however you should only include income taxable by California. Also, include investment income that was not taxed on the child's federal tax return but is taxable under California law. For more information, get the instructions for Schedule CA (540 or 540NR), line 8 and line 9.

If the child had earned income (defined below), use the following worksheet to figure the amount to enter on form FTB 3800, line 1.

1. Enter the amount of the child's adjusted gross income from Form 540, line 17 or Long Form 540NR, line 17, whichever applies 1 _____
2. Enter the child's earned income 2 _____
(wages, tips, and other payments received for personal services performed)
3. Subtract line 2 from line 1. Enter the result here and on form FTB 3800, line 1 3 _____

Line 2 – If the child itemized deductions, enter the greater of:

- \$2,000, or
- \$1,000 plus the portion of the amount on Form 540 or Long Form 540NR, line 18, that is directly connected with the production of the investment income shown on form FTB 3800, line 1.

Part II Tentative Tax Based on Parent's Tax Rate

If the parent used Form 540 2EZ, refigure your tax by referring to the tax table for Form 540 in order to complete this part. Using Form 540 2EZ will **not** produce the correct result.

Line 6 – Enter the taxable income from Form 540, line 19; or total taxable income from Long or Short Form 540NR, line 19 of the parent whose name is shown at the top of form FTB 3800. If the parent's taxable income is less than zero, enter -0- on line 6. If the parent filed a joint California tax return, enter the taxable income shown on that return even if the parent's spouse/RDP is not the child's parent.

Line 7 – If the individual identified as the parent on this form FTB 3800 is also identified as the parent on any other form FTB 3800, add the amounts, if any, from line 5 on **each** of the other forms FTB 3800 and enter the total on line 7.

Line 9 – Use the California tax table or tax rate schedules in the 2014 instructions for Form 540 to find the tax for the amount on line 8, based on the parent's filing status.

Long or Short Form 540NR Filers: To figure a revised California adjusted gross income and a tentative tax based on the parent's tax rate, complete the following worksheet.

- A Enter the child's portion of the net investment income that must be included in the child's CA adjusted gross income. _____
- B Enter parent's CA adjusted gross income from Long or Short Form 540NR, Line 32 _____
If the parents have other children for whom form FTB 3800 was completed, add the other children's CA sourced net investment income to the parent's CA adjusted gross income.
- C Add line A and line B _____
- D Enter the child's net investment income (form FTB 3800, line 5) _____
- E Enter parent's adjusted gross income from all sources from Long or Short Form 540NR, line 17. _____
If the parents have other children for whom form FTB 3800 was completed, add the other children's net investment income to the parent's adjusted gross income from all sources.
- F Add line D and line E _____
- G Divide line C by line F (not to exceed 1.0) _____
- H Enter the parent's total itemized deductions or standard deduction from Long or Short Form 540NR, line 18 _____
- I Multiply line H by line G _____
- J Subtract line I from line C _____
- K Subtract line H from line F _____
- L Find the tax on the amount on line K for the parent's filing status (Use the tax table or tax rate schedules in the 2014 instructions for Long or Short Form 540NR) _____
- M Divide line L by line K _____
- N Multiply line J by line M. Enter the result on form FTB 3800, line 9. If zero or less, enter -0- _____

Line 10 – Enter the tax shown on the tax return of the parent identified at the top of form FTB 3800 from Form 540, line 31.

If the parent filed a joint tax return, enter on line 10 the tax shown on that tax return even if the parent's spouse/RDP is not the child's parent.

Long Form 540NR Filers: If the parent's tax amount on Long Form 540NR, line 37 does not include an amount from form FTB 3803, then enter the parent's tax amount from Long Form 540NR, line 37.

If the parent's tax amount on Long Form 540NR, line 37 includes an amount from form FTB 3803, revise the parent's tax by completing the following worksheet.

- A Enter the tax from the parent's Long Form 540NR, line 31. _____
- B Enter the tax from form FTB 3803 _____
- C Subtract line B from line A _____
- D Enter the amount from the parent's Long Form 540NR, line 19. _____
- E Divide line C by line D _____
- F Enter the amount from the parent's Long Form 540NR, line 35. _____
- G Multiply line F by line E. Enter the result on form FTB 3800, line 10. _____

Part III Child's Tax

Line 15 – Use the California tax table or tax rate schedules in the 2014 instructions for Form 540 to find the tax for the amount on line 14 based on the child's filing status.

Long Form 540NR Filers: To figure a revised California adjusted gross income for the child and the child's tax, complete the following worksheet.

- A Enter the child's CA adjusted gross income from Long Form 540NR, line 32 _____
- B Enter the portion of the child's net investment income that must be included in the child's CA adjusted gross income _____
- C Subtract line B from line A _____
- D Enter the child's adjusted gross income from all sources from Long Form 540NR, line 17 _____
- E Enter the child's net investment income (form FTB 3800, line 5) _____
- F Subtract line E from line D _____
- G Divide line C by line F (not to exceed 1.0) _____
- H Enter the child's total itemized deductions or standard deduction from Long or Short Form 540NR, line 18 _____
- I Multiply line H by line G _____
- J Subtract line I from line C _____
- K Subtract line H from line F _____
- L Find the tax on the amount on line K for the child's filing status (Use the tax table or tax rate schedules in the 2014 instructions for Long Form 540NR) _____
- M Divide line L by line K _____
- N Multiply line J by line M. Enter the result on form FTB 3800, line 15 _____

Line 17 – Use the California tax table or tax rate schedules found in the 2014 instructions for Form 540 to find the tax for the amount on line 4, based on the child's filing status.

Long Form 540NR Filers:

- A Enter the amount from form FTB 3800, line 4 _____
- B Find the tax for the amount on line A, by using the tax table or tax rate schedules in the 2014 instructions for Long Form 540NR based on the child's filing status _____
- C Divide line B by line A _____
- D Enter the amount from the child's Long Form 540NR, line 35. _____
- E Multiply line D by line C. Enter the result on form FTB 3800, line 17 _____

Line 18 – Compare the amounts on line 16 and line 17 and enter the **larger** of the two amounts on line 18. Be sure to check the box labeled "FTB 3800" on Form 540, line 31 of the child's tax return.

Long Form 540NR Filers: Divide the child's Long Form 540NR, line 35 by the child's Long Form 540NR, line 19 to determine the child's percentage. Divide the **larger** of line 16 or line 17, by the percentage. Enter the amount on line 18 and on the child's Long Form 540NR, line 31. Be sure to check the box labeled "FTB 3800" on the child's Long Form 540NR.

Note: The amount entered on Long Form 540NR, line 31 reflects your tax on total taxable income before applying the California tax rate to your California source income. Follow the instructions for Long Form 540NR to determine your final California tax.