



This booklet contains:

Form FTB 3809, Targeted Tax Area Deduction and Credit Summary

2015

Targeted Tax Area Business Booklet

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State of California
Franchise Tax Board

2015 Instructions for Form FTB 3809

Targeted Tax Area Businesses

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

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General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Targeted Tax Area (TTA) Credits Carryover

Period – The portion of any TTA sales or use tax credit or hiring 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. Any hiring credits generated in the current taxable year for employees hired on or

before December 31, 2012, and unusable in the current taxable year, may be carried over to the succeeding 10 taxable years.

Repeal of Geographically Targeted Economic Development Area Tax Incentives – The California legislature repealed and made changes to all of the Geographically Targeted Economic Development Area (G-TEDA) Tax Incentives. Enterprise Zones (EZ) and Local Agency Military Base Recovery Areas (LAMBRA) were repealed on January 1, 2014. The Targeted Tax Areas and Manufacturing Enhancement Areas (MEA) both expired on December 31, 2012. For more information, go to ftb.ca.gov and search for **repeal tax incentives**.

Single-Sales Factor Formula

For taxable years beginning on or after January 1, 2013, 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 **single sales factor**. However, business income apportioned to the TTA continues to be based on the property and payroll factors.

Expired Targeted Tax Area – The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. See below for a discussion on how each incentive expired:

- TTA Hiring Credit - Taxpayers can no longer generate/incur TTA hiring credits for employees hired on or after January 1, 2013. However, qualified taxpayers can generate/incur TTA hiring credits for qualified employees hired prior to the TTA expiration date for wages paid or incurred within the 60-month period of the TTA hiring credit.
- TTA Sales or Use Tax Credit - For taxpayers engaged in a trade or business in an expired TTA, the sales or use tax credit is not available for assets purchased and/or placed in service on or after January 1, 2013. Taxpayers can claim the sales or use tax credit carryover from prior years.
- TTA NOL Carryover Deduction – Taxpayers can no longer generate/incur any TTA NOL for taxable years beginning on or after January 1, 2013. Taxpayers can claim an NOL carryover deduction from prior years.

Assignment of Credit – 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 liability.

For more information, see instructions for Schedule Z, Computation of Credit Limitations, on page 12, 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**.

Minimum Wage

The California minimum wage is \$9.00 per hour from July 1, 2014 through December 31, 2015. Beginning on and after January 1, 2016, the minimum wage will be \$10.00 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.

Introduction

Economic Development Area (EDA) Tax Incentives

California established four types of EDAs that have related tax incentives. These incentives were established to stimulate growth and development in selected areas that were economically depressed. EDA tax incentives applied only to certain business transactions that were undertaken after an EDA had received final designation from the California Department of Housing & Community Development (HCD). Final designation was when the HCD designated an area to be an EDA. Tax incentives were available to individuals and businesses operating or investing within the geographic boundaries of the following EDAs:

- Enterprise Zones (repealed on January 1, 2014)
- Local Agency Military Base Recovery Areas (repealed on January 1, 2014)
- Manufacturing Enhancement Areas (designation expired on December 31, 2012)
- Targeted Tax Areas (designation expired on December 31, 2012)

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

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

References in this booklet to the “TTA” are interpreted as “the boundaries of the former TTA as it existed on December 31, 2012.”

Reporting Requirement

California statutes require the Franchise Tax Board (FTB) to provide information to the California Legislature regarding the number of businesses using the EDA tax incentives, types of EDA tax incentives being used, and the EDAs in which the businesses are claiming the tax incentives.

Complete items A through I on Side 1 of form FTB 3809, Targeted Tax Area 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 types of available TTA tax incentives. Taxpayers operating or investing in a business located within a designated TTA may be eligible for the following credit and/or claim the following credit carryover and carryover deduction:

- Hiring credit
- Sales or use tax credit carryover
- NOL carryover deduction

Use this booklet to determine the correct amount of credits and deductions that a business may claim for operating or investing in a business located within a designated TTA. Complete the worksheets in this booklet for each credit or deduction for which the business is eligible. Then enter the total credits and deductions on form FTB 3809.

Note: There is no Worksheet II in this booklet.

Targeted Tax Area Designation

California established the TTA program to stimulate development in a selected economically depressed area of Tulare County. The program offers special tax incentives to entities and individuals located in the Tulare TTA and engaged in a trade or business within the selected Standard Industrial Codes listed on pages 19 through 21 of this booklet.

All of the incorporated cities in Tulare County and portions of the unincorporated areas of Tulare County received final designation as the TTA effective November 1, 1998.

The designation was binding for 15 years, commencing from January 1, 1998. **Note:** The TTA designation expired on December 31, 2012. The incorporated cities in Tulare County are:

- Cutler-Orosi
- Dinuba
- Earlimont
- Exeter
- Farmersville
- Goshen
- Lindsay
- Pixley
- Porterville
- Traver
- Tulare
- Visalia
- Woodlake

For business eligibility or zone related information, including questions regarding TTA geographic boundaries, contact the HCD or the local zone program manager where 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 26 for the HCD contact information.

Important Considerations

TTA tax incentives apply only to the following item:

- Qualified employees hired after November 1, 1998 and prior to the TTA expiration date.

Eligibility

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

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

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

If your business is located within and outside the TTA, see Part II on page 6 for instructions on how to apportion income.

Forms Table

The titles of forms referred to in this booklet are:

Form 100	California Corporation Franchise or Income Tax Return
Form 100S	California S Corporation Franchise or Income Tax Return
Form 100W	California Corporation Franchise or Income Tax Return – Water's-Edge Filers
Form 109	California Exempt Organization Business Income Tax Return
Form 540	California Resident Income Tax Return
Long Form 540NR	California Nonresident or Part-Year Resident Income Tax Return
Form 541	California Fiduciary Income Tax Return
Form 565	Partnership Return of Income
Form 568	Limited Liability Company Return of Income
Schedule CA (540)	California Adjustments – Residents
Schedule CA (540NR)	California Adjustments – Nonresidents or Part-Year Residents
Schedule P (540)	Alternative Minimum Tax and Credit Limitations – Residents
Schedule P (540NR)	Alternative Minimum Tax and Credit Limitations – Nonresidents and Part-Year Residents
Schedule R	Apportionment and Allocation of Income
FTB Pub. 1061	Guidelines for Corporations Filing a Combined Report

Schedule C (100S)	S Corporation Tax 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

Who Can Claim the TTA Tax Incentives?

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

How to Claim Deductions and Credits

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

Attach a separate form FTB 3809 for each business you operate or invest in that is located within the TTA. Also, complete the following schedule and/or worksheets to report credits and deductions incurred:

- Corporations complete Schedule Z and all the worksheets, except for Worksheet III, Section B.
- Sole proprietors complete Schedule Z and all the worksheets.
- For trusts, estates, and partnerships, complete Worksheet IA and Worksheet III, Section A.
- Individual investors receiving pass-through TTA **credits** complete Worksheet III, Section B and Schedule Z. All other investors complete Worksheet III, Section A and Schedule Z.
- Individual investors receiving a pass-through **loss**, and having an overall **NOL** carryover, complete Worksheet III, Section B and Worksheet IV. All other investors complete Worksheet IV.

Schedule Z is on Side 2 of form FTB 3809.

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

- Form 540 filers:** Claim TTA tax incentives on Form 540, line 43 through 45, as applicable.
- Long Form 540NR filers:** Claim TTA tax incentives on Long Form 540NR, line 58 through 60, as applicable.
- Form 100 filers:** Claim TTA tax incentives on Form 100, line 20, line 26, and line 27, as applicable.
- Form 100S filers:** Claim TTA tax incentives on Form 100S, line 18, line 24, and line 25, as applicable.

- Form 100W filers:** Claim TTA tax incentives on Form 100W, line 20, line 26, and line 27, as applicable.
- Form 109 filers:** Check the "Yes" box for the TTA question I at the top of Form 109, Side 1.

Keep all completed worksheets and supporting documents for your records.

Form FTB 3809 – Instructions for items A through I

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

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

Standard Industrial Classification (SIC) and Principal Business Activity (PBA) Codes

To qualify for the TTA hiring credit, you must be engaged in a trade or business within the selected SIC listed on page 19 through page 21 of this booklet. Enter the SIC code of the establishment that qualifies you to take this credit on form FTB 3809, Side 1. If your business has more than one establishment, and if more than one of them qualifies you to take this credit, enter the SIC code that best represents your primary qualifying establishment.

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 22 through page 24. Enter the PBA code of your principal activities on form FTB 3809, Side 1.

Part I – Credits

Line 1a – Hiring Credit

The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. Taxpayers can no longer generate/incur TTA hiring credits for employees hired on or after January 1, 2013. **However**, qualified taxpayers can generate/incur TTA hiring credits for qualified employees hired prior to the TTA expiration date for wages paid or incurred within the 60-month period of the TTA hiring credit.

The portion of any TTA hiring 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. Any hiring credits generated in the current taxable year for employees hired on or before December 31, 2012, and unusable in the current taxable year, may be carried over to the succeeding 10 taxable years.

Employers hiring qualified employees, were required to obtain VoucherCert 10-07 from the local agency responsible for verifying employee eligibility on or before December 31, 2014.

Do not file VoucherCert 10-07 with your tax return. Keep the voucher for your records. For vouchering deadline questions, go to hcd.ca.gov and search for **vouchering**.

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

- Was hired after November 1, 1998, and before January 1, 2013.
- Spends at least 90% of his or her work time (for the qualified employer) on activities directly related to the conduct of a trade or business located within the TTA.
- Performs at least 50% of the work (for the qualified employer) within the boundaries of the TTA.
- Immediately preceding employment with qualified employer, was any of the following:
 1. A person receiving or eligible to receive subsidized employment, training, or services funded by the federal Job Training Partnership Act (JTPA) or its successor.
 2. A person eligible to be a voluntary or mandatory registrant under the Greater Avenues for Independence Act of 1985 (GAIN) or its successor.
 3. A member of a targeted group as defined in the federal Work Opportunity Tax Credit (WOTC) or its successor.
 4. An economically disadvantaged individual 14 years of age or older.
 5. A qualified dislocated worker.
 6. A disabled individual eligible for, enrolled in, or who completed a state rehabilitation plan.
 7. A service-connected disabled veteran.
 8. A veteran of the Vietnam era.
 9. A veteran who recently separated from military service.
 10. An ex-offender.
 11. A person eligible for or a recipient of any of the following:
 - Federal Supplemental Security Income (SSI) benefits.
 - Aid to Families with Dependent Children (AFDC).
 - Food stamps.
 - State and local general assistance.
 12. A Native American.
 13. A resident of the TTA.

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

The percentage of wages used to compute the credit depends on the number of years the employee works for the employer in the TTA. The applicable percentage begins at 50% and declines 10% for each year of employment. After the fifth year of employment, no credit can be generated.

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

employee commenced employment with the employer. For this purpose, commencement of employment or the hire date is the first day of employment for which the individual receives wages/compensation. For an employer that operates a business that has regularly occurring seasonal or intermittent employment decreases and increases, reemployment of an individual is not a new hire; rather, it is a continuation of the prior employment and does not constitute commencement of employment for the qualified wages test.

The credit is based on the smaller of the following:

- The actual hourly rate paid or incurred by the employer for work performed by the employee during the taxable year.
- 150% of the minimum hourly wage established by the Industrial Welfare Commission.

Where the California minimum wage is higher than the federal minimum wage, the California minimum wage is used for purposes of computing the TTA hiring credit. The minimum wage prior to July 1, 2014, was \$8.00 per hour. For purposes of computing the TTA hiring credit, 150% of the minimum wage was \$12.00 per hour. Beginning on or after July 1, 2014, the minimum wage is \$9.00. For purposes of computing the TTA hiring credit, 150% of the minimum wage is \$13.50 per hour.

Example:

John Anderson was hired on January 1, 2012. John's hourly rate for the first month was the minimum wage of \$8.00. At the beginning of the second month, his hourly rate increased to \$8.50. For the third month, John's hourly rate increased to \$12.50. The hourly rate that qualifies for the credit is limited to 150% of the minimum wage, or \$12.00 per hour. The amount of qualified wages is computed as follows:

Month(s)	Hours x per month	Hourly = rate allowed	Qualified wages per month
1	175	\$ 8.00	\$1,400.00
2	170	\$ 8.50	\$1,445.00
3	170	\$12.00	\$2,040.00

Record Keeping

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

- Employee's name.
- Date the employee was hired.
- Number of hours the employee worked for each month of employment.
- Smaller of the hourly rate of pay for each month of employment or 150% of the minimum wage.
- Location of the employee's job site and duties performed.
- Records of any other federal or state subsidies received for hiring the qualified employee.
- Total qualified wages per month for each month of employment.

Instructions for Worksheet IA – Hiring Credit Computation & Recapture

Section A – Credit Computation

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

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

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

Line 2, column (b) through column (f) – Add the amounts in each column.

Line 3, column (b) through column (f) – Multiply the total in each column of line 2 by the percentage in each column.

Line 4

A. For partnerships, enter the amount from line 4 on form FTB 3809, Side 1, Part I, line 1a. Include the current year hiring credit amount on Form 565 and Form 568, Schedule K, line 15f and the distributive share of the credit to partners and members on Schedule K-1 line 15f. In addition, add the entire amount of the credit on Schedule K, line 1, column (c).

B. For corporations, individuals, estates, and trusts, enter the amount from line 4 on Schedule Z, as follows:

- Part II, line 8B, column (b) for corporations, individuals, estates, and trusts.
- Part III, line 10, column (b) for S corporations.
- Part IV, line 12, column (b) for corporations and S corporations subject to paying only the minimum franchise tax.

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

- The amount of hiring credit claimed may not exceed the amount of tax on TTA business income in any year. Use Schedule Z on Side 2 of form FTB 3809 to compute the credit limitation.
- The portion of any TTA hiring 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.
- In the case where the business is qualified to take the TTA hiring credit as well as another credit (e.g., EZ, MEA, or LAMBRA hiring credit) for the same wage expense, the business may claim only one credit.

- S corporations may claim only 1/3 of the TTA hiring credit against the 1.5% entity-level tax (3.5% for financial S corporations). S corporations can pass through 100% of the credit to their shareholders. The 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.

Section B – 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 the following:

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

Employers of seasonal employees must recapture the amount of hiring credit attributable to the employee's wages if both of the following apply:

- The employer terminates the employee before the completion of 270 days of employment.
- The 270 days is during the 60-month period beginning the day the employee commences employment with the employer.

A "day of employment" means any day the employee receives wage compensation (including a paid sick day, holiday, or vacation day).

The employer must add to the current year's tax the amount of credit claimed in the year of termination and all prior years in which the credit was claimed for the terminated employee.

The credit recapture does not apply if the termination of employment was any of the following:

- Voluntary on the part of the employee.
- In response to misconduct of the employee.
- Caused by the employee becoming disabled (unless the employee was able to return to work and the employer did not offer to reemploy the individual).
- Carried out so that other qualified individuals could be hired, creating a net increase in both the number of qualified employees and the number of hours worked.
- Due to a substantial reduction in the employer's trade or business operations.

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

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

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

Line 2 – Enter the amount from line 2, column (b) on form FTB 3809, Side 1, Part IV, line 4.

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 37 and Schedule K-1 (541), line 14d.
- Form 565, Schedule K, line 20c and Schedule K-1 (565), line 20c.
- Form 568, Schedule K, line 20c and Schedule K-1 (568), line 20c.

Indicate that you included the hiring credit recapture on your tax return by writing "FTB 3809" in the space provided on the schedule or form.

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

S corporation shareholders must recapture the portion of the credit that was previously claimed, based on the terminated employee's wages. In addition, identify the recapture amount for shareholders on Schedule K-1 (100S). This amount will differ from the amount recaptured by the S corporation on Form 100S, Schedule J.

Line 1b – Sales or Use Tax Credit Carryover

The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. For taxpayers engaged in a trade or business in an expired TTA, the sales or use tax credit may only be generated for qualified property purchased on or before December 31, 2012, and placed in service on or before December 31, 2012. The sales or use tax credit is not available for assets purchased and/or placed in service on or after January 1, 2013.

You may claim a credit carryover for the sales or use tax paid or incurred on qualified property under R&TC Sections 17053.33 and 23633, only if a carryover is available from taxable years 1998 through 2012.

Credit Limitations

- The amount of sales or use tax credit carryover claimed may not exceed the amount of tax on the TTA business income in any year.
- The portion of any TTA 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.

Worksheet IA Hiring Credit Computation & Recapture – Targeted Tax Area

Section A Hiring Credit Computation. You cannot take the TTA hiring credit and another credit for the same wage expense.

Qualified wages paid or incurred for year of employment					
(a) Employee's name	(b) 1st year	(c) 2nd year	(d) 3rd year	(e) 4th year	(f) 5th year
1					
2 Total. See instructions					
	.50	.40	.30	.20	.10
3 Multiply line 2 by the percentage for each column. See instructions					
4 Add line 3, column (b) through column (f). See instructions.					4

Section B Hiring Credit Recapture

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

- In the case where the business is qualified to take the TTA sales or use tax credit as well as another state credit (e.g. enterprise zone sales or use tax credit, or LAMBRA sales or use tax credit) for the same piece of property, the business may only claim one credit for that property.

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

TTA tax credits are limited to the tax on business income attributable to operations within the TTA. TTA deductions are limited to business income attributable to operations within the TTA. If the business is located within and outside the TTA, determine the portion of total business operations that are attributable to the TTA. Each taxpayer must complete one form FTB 3809 for each zone, and therefore, must also compute the income limitation for each zone.

Business Income vs. Nonbusiness Income

Only business income is apportioned to the TTA to determine the incentive limitation. Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income. See Cal. Code Regs., tit. 18 section 25120 for further references and examples of nonbusiness income.

For corporations and entities doing business in and outside of the TTA, use Worksheet III, Section A, to determine the TTA apportionment factor to determine the amount of business income attributable to the Targeted Tax Area.

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

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the TTA.

2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the TTA included in item 1.
3. The distributive (or pro-rata for S Corporation) share of the TTA 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 III, Section B to determine business income attributable to the TTA. 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 claim part or all of your current year disaster loss under IRC Section 165(i)(1) on prior year's tax return, do not include the amount of the loss that was claimed in your current year business income from the TTA.

Apportionment

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

Property Factor

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

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

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

Payroll Factor

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

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

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

Compensation Within the TTA

Compensation is considered to be within the TTA if any one of the following tests is met:

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

Incidental means any temporary or transitory service performed in connection with an isolated transaction.

3. If the employee's services are performed within and outside the TTA, the employee's compensation is attributed to the TTA if any one of the following items is met:

- A. The employee's base of operations is within the TTA.
- B. There is no base of operations in any other part of the state in which some part of the service is performed, and the place from which the service is directed or controlled is within the TTA.
- C. The base of operations or the place from which the service is directed or controlled is not in any other part of the state in which some part of the service is performed and the employee's residence is within the TTA.

Base of operations is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

Corporations Filing a Combined Report

When determining the income attributable to the TTA, the business income of each corporation doing business in the TTA is the business income apportioned to California as determined under combined report mechanics. Get FTB Pub. 1061 for further information on combined reports and entity income apportionment. Each corporation computes the income attributable to the TTA by multiplying California business by TTA apportionment factor computed in Worksheet III, Section A. The TTA property and payroll factors used in the determination of TTA income includes only the taxpayer's California amounts in the denominator.

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

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

Business income apportioned to the TTA is determined as follows:

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

Instructions for Worksheet III – Income or Loss Apportionment

Section A – Income Apportionment

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

Use Worksheet III, Section A, Income Apportionment, to determine the amount of business income apportioned to the TTA. The apportioned TTA business income determines the amount of the tax incentives that can be used. A taxpayer's TTA business income is its California business income multiplied by the specific TTA apportionment percentage computed in Worksheet III, Section A.

Property Factor

When determining the income apportioned to the TTA, 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 TTA during the taxable year to produce TTA business income, see Worksheet III, 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 III, Section A, column (a).

Payroll Factor

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

Section B – Income or Loss Apportionment

Form 540 and Long Form 540NR filers, use Worksheet III, Section B to determine the amount to enter on the following:

- Worksheet IV, line 1 and line 6
- Schedule Z, Part I, line 1 and line 3

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the TTA. A taxpayer's TTA business income is its California apportioned business income computed using Schedule R, multiplied by the specific TTA apportionment percentage computed using Worksheet III, Section A.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income," since only business income is

apportioned to the TTA. See Part II, Portion of Business Attributable to the Targeted Tax Area, for a complete discussion of business and nonbusiness income.

Business income or loss reported on federal Form 1040 Schedules C, C-EZ, E, F, and other schedules are reported on line 6 through line 9. Line 11 and line 12 report business gains or losses reported on California Schedule D and Schedule D-1 (or federal Form 4797, if California Schedule D-1 is not needed). All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA.

Part I – Individual Income and Expense Items

Wages

For taxpayers with wages from a company located within and outside the TTA, determine the TTA wage income by entering the percentage of the time that they worked within the TTA in column (b). The percentage of time should be for the same period for which the wages entered on line 1 were earned. Determine this percentage based on their record of time and events such as a travel log or entries in a daily planner.

Part II – Pass-Through Income or Loss

Individuals with a K-1

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

Multiple Pass-Through Entities

If you are a shareholder, beneficiary, partner, or member in multiple pass-through entities with businesses located within and outside the TTA from which you received TTA tax incentives, see the example below for computing business income in the TTA.

Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565, or 568)	Entity's TTA apportionment percentage	TTA apportioned income
ABC, Inc.	\$40,000	80%	\$32,000
A, B, & C	30,000	10%	3,000
ABC, LLC	10,000	50%	5,000
Total			\$40,000

Part III – Taxpayer's Trade or Business

Business Income or Loss

Use business income or loss from federal Form 1040 Schedules C, C-EZ, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also, include business capital gains and losses from Schedule D and business gains and losses from Schedule D-1 as adjusted on Schedule CA (540 or 540NR).

Income Computation Located Entirely Within the TTA

Line 6 – Line 9

If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is entirely within the TTA, enter the income or loss from this activity in column (a), and enter 1.00 in column (b).

Line 11 and Line 12

If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within the TTA, enter the gain or loss reported in column (a), and enter 1.00 in column (b).

Located Entirely Within California

Line 6 – Line 9

If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is entirely within California, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet III, Section A. Enter the percentage from Worksheet III, Section A, line 4, column (c) on Worksheet III, Section B, column (b).

Line 11 and Line 12

If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the apportionment percentage figure in column (b), complete Worksheet III, Section A. Enter the percentage from Worksheet III, Section A, line 4, column (c) on Worksheet III, Section B, column (b).

Located Within and Outside the TTA and California

Line 6 – Line 9

If your business operation reported on federal Form 1040 Schedule C, C-EZ, E, F, or other schedule is within and outside the TTA and California, get California Schedule R and complete line 1 through line 18b and line 28 through line 31. Enter the amount from Schedule R, line 18b and line 31 in column (a) of this worksheet. To determine the apportionment percentage in column (b), complete Worksheet III, Section A. Enter the percentage from Worksheet III, Section A, line 4, column (c) on Worksheet III, Section B, column (b).

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

Nonresidents that have an apportioning business that operates within the TTA should have already computed Schedule R, and can use those amounts when that schedule is referenced. Residents complete a Schedule R in order to determine their California source business income for purposes of the TTA credit computation.

Line 11 and Line 12

If the gain or loss reported on Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted within and outside the TTA and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, 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 III, Section A. Enter the percentage from Worksheet III, Section A, line 4, column (c) on Worksheet III, Section B, column (b).

Line 14

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

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

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

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

The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. For taxable years beginning on or after January 1, 2013, taxpayers can no longer generate any TTA NOL. However, taxpayers can claim an NOL carryover deduction from prior years.

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.

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 IV, on the next page 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 TTA before the first taxable year beginning on or after the date the TTA is officially designated or for the taxable years ending after the designation expires. The Tulare County TTA received final designation on November 1, 1998.

Limitation

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

Election

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

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

Alternative Minimum Tax

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

Worksheet III Income or Loss Apportionment – Targeted Tax Area

Section A Income Apportionment

Use Worksheet III, Section A, if your business has net income from sources within and outside the TTA.

	(a) Total within California	(b) Total within the TTA	(c) Percentage within the TTA column (b) ÷ column (a)
PROPERTY FACTOR			
1 Average yearly value of owned real and tangible personal property used in the business (at original cost). See instructions. Exclude property not connected with the business and the value of construction in progress.			
Inventory			
Buildings			
Machinery and equipment			
Furniture and fixtures			
Delivery equipment			
Land			
Other tangible assets (attach schedule)			
Rented property used in the business. See instructions			
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 3809, Side 1, line 2			

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the TTA. Factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer does not have any payroll within or outside the TTA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

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

Section B Income or Loss Apportionment

Part I Individual Income and Expense Items. See instructions.

	(a) Amount	(b) Percentage of time providing services in the TTA	(c) Apportioned amount (a) x (b)
1 Wages			
2 Employee business expenses			
3 Total. 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 TTA from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses
4	
5 Total. Add line 4, column (b)	

Part III Taxpayer's Trade or Business. See instructions.

	(a) Business income or loss	(b) Apportionment percentage for the TTA	(c) Apportioned income or loss (a) x (b)
6 Schedule C or C-EZ			
7 Schedule E (Rentals)			
8 Schedule F			
9 Other business income or loss			
10 Total. Add line 6 through line 9, column (c)			

	(a) Business gain or loss	(b) Apportionment percentage for the TTA	(c) Apportioned gain or loss (a) x (b)
11 Schedule D			
12 Schedule D-1			
13 Total. Add line 11, column (c) and line 12, column (c)			
14 Total. Add line 3, line 10, and line 13, column (c), and line 5, column (b) See instructions			

S Corporations

TTA NOLs incurred prior to becoming an S corporation cannot be used against S corporation income. See IRC Section 1371(b).

However, an S corporation is allowed to deduct a TTA NOL incurred after the "S" election is made. An S corporation may use the NOL carryover 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.

Combined Report

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

Unlike the NOL treatment on a federal consolidated 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.

Water's-Edge Taxpayer

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, but not increased.

Instructions for Worksheet IV – Computation of NOL Carryover and Carryover Limitations

Individuals, exempt trusts, and corporations with current year income and a prior year TTA NOL carryover complete Worksheet IV.

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 17 of Forms 100 and 100W, or line 14 less line 16 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.

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

Line 1 – See Part II (page 6) for a discussion of business and nonbusiness income.

Form 540 and Form 540NR filers:

Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040, Schedule A, as itemized deductions.

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

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

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

Line 6 – This is your modified taxable income (MTI). Reduce the MTI amount by your TTA NOL carryover deduction. The TTA NOL carryover deduction may not be larger than your MTI. If your MTI is a loss in the current year or if it limits the amount of NOL you may use this year, carry over the NOL to future years.

Line 7 – Enter the amount from line 6. If this amount is zero or negative, transfer the amount(s) from line 8 through line 22, column (b) to column (e). Go to line 23.

Line 8 through Line 22 – Enter the amounts on line 8 through line 22 as positive numbers.

In column (c), enter the smaller of the amount in column (b) or the amount in column (d) from the previous line.

In column (d), enter the result of subtracting column (c) from the balance on the previous line in column (d).

In column (e), enter the result of subtracting the amount in column (c) from the amount in column (b), as applicable.

Example:

(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) TTA NOL carryover
		\$5,000	
\$ 500	\$ 500	4,500	\$ 0

Line 23 – Total the amounts in columns (b), (c), and (e). Enter the totals from column (b) and column (e) on form FTB 3809, Side 1, line 3a and line 3c, accordingly.

Your TTA NOL carryover deduction for 2015 is the total of column (c). Enter this amount on your California tax return or schedule as follows:

- Form 100, line 20
- Form 100S, line 18
- Form 100W, line 20
- Form 109, line 6
- Schedule CA (540), line 21e, column B
- Schedule CA (540NR), line 21e, column B

Schedule Z – Computation of Credit Limitations

Credit Limitations

The amount of credit you can claim on your California tax return is limited by the amount of tax attributable to TTA business income. The amount of tax attributable to the TTA business income is computed in this schedule. For corporations and other entities doing business in the targeted tax area, the TTA business income is computed in this schedule using the TTA apportionment factor formula computed on Worksheet III, Section A. For individuals, the TTA business income is computed on Worksheet III, Section B.

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 requirements, limitations or restrictions that applied to the assignor will also apply to the eligible assignee. The amount of TTA credits you may claim on your California tax return is limited to the tax attributable to a specific TTA. 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 Tulare TTA of the assignor, the assignee must have a tax liability on the income attributable to the Tulare TTA in order to use the assigned credit. For more information, 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), annual tax (partnerships and QSub), alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), built-in gains tax (S corporations), or excess net passive income tax (S corporations).

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

S Corporations and the Application of TTA Credits

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

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

Example: In 2015, an S corporation qualified for a \$3,000 TTA hiring credit. The S corporation will be able to use 1/3 of the credit ($\$3,000 \times 1/3 = \$1,000$) to offset the tax on the corporation's TTA income.

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

S corporations should attach form FTB 3809 to Form 100S, California S Corporation Franchise or Income Tax Return, to claim the tax credits.

Shareholders should attach Schedule(s) K-1 (100S), to their individual tax return.

Carryover

If the amount of hiring credit available this year exceeds your TTA tax, you may carry over any excess credit to future years. The portion of any hiring credit or 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. Apply the carryover to the earliest taxable year(s) possible. In no event can the credit be carried back and applied against a prior year's tax.

For S corporations, the amount of the 1/3 of hiring credit that is in excess of the 1.5% entity-level tax (3.5% for financial S corporations) in the current year may also be carried forward and used in future years to offset the S corporation entity-level business tax. See the instructions for Schedule Z, Part III, for more information.

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

Credit Code

Use credit code **210** to claim the TTA hiring credit and sales or use tax credit carryover 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 and Trusts, and Partnerships

- Partnerships and LLC's treated as partnerships do not complete Schedule Z. The partners and members of these types of entities should compute their TTA income from all sources by completing the Schedule Z to determine the amount of TTA 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 TTA. For corporate partners, report the distributive share of the TTA 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, losses, and deductions apportioned to the TTA; and
- Separately state any distributive or pro-rata share of business capital gains and losses apportioned to the TTA included in the amount above.

S Corporations

Complete only Part I and Part III of Schedule Z if your entity-level tax before credits is more than the minimum franchise tax.

Corporations and S Corporations subject to the minimum franchise tax only

Complete only Part IV of Schedule Z.

All others: Complete Part I and Part II of Schedule Z.

Part I – Computation of Credit Limitations

For filers with NOL carryovers.

- Complete Worksheet IV first if you have an NOL carryover.
- Then complete Schedule Z if you have any TTA credits.

If you do not have any NOL carryovers:

- Individuals:** Go to Worksheet III, Section B. Follow the instructions there. Enter the amount from Worksheet III, Section B, 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 TTA to determine the incentive limitation. Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income.

For corporations filing a combined report, the business income of each corporation doing business in the TTA 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 form FTB 3809, Part II instructions for the definition of business income.

Line 2 – If your business is located entirely within the TTA, enter 1.

This percentage is the apportionment percentage computed by the entity using Worksheet III Section A, and represents the percentage of the entity's business income attributable to the TTA.

Line 6a – Compute the tax as if the TTA taxable income represented all of your taxable income.

Individuals

Use the tax table or tax rate schedule in your tax booklet for your filing status.

Exempt Organizations

Use the applicable tax rate in your tax booklet.

Corporations and S Corporations

Use the applicable tax rate.

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

Example: Determination of TTA Income for Shareholders, Partners, or Members of Pass-Through Entities

John Anderson is vice president of ABC, Inc., an S corporation that has two locations: one within the TTA and one outside the TTA. Eighty percent (80%) of the S corporation's business is attributable to the TTA.

This percentage was determined by ABC, Inc. using Worksheet III, 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 within the TTA.

John and Jackie Anderson have the following items of California income and expense for the 2015 taxable year:

John's salary from ABC, Inc.	\$100,000
Jackie's salary from ABC, Inc.	75,000
Interest on savings account	1,000
Dividends	3,000
Schedule K-1 (100S) from ABC, Inc.:	

Ordinary income	40,000
John's unreimbursed employee expenses from federal Schedule A	(2,000)

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

John's TTA salary (\$100,000 x 50%)	\$50,000
Jackie's TTA salary (\$75,000 x 100%)	75,000
Pass-through ordinary income from ABC, Inc. (\$40,000 x 80%)	32,000
John's unreimbursed employee business expenses (\$2,000 x 50%)	(1,000)
Total TTA income (Schedule Z, Part I, line 3)	\$156,000

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

John and Jackie must compute the tax (to be entered on Schedule Z, Part I, line 6a) on the total TTA income of \$156,000 (as if it represents all of their income).

Line 6b – Corporations and S corporations:

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

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

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

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 TTA 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

Worksheet IV Computation of NOL Carryover and Carryover Limitations – Targeted Tax Area. See instructions.

1	Enter the amount from Form 100 or Form 100W, line 17; Form 100S, combined amounts of line 14 and line 16; or Form 109, line 1 or line 4. Form 540 and Long Form 540NR filers, enter the total from Worksheet III, Section B, line 14, column (c) on line 1 and line 6 (skip line 2 through line 5). See instructions. Corporations which file a combined report, enter the taxpayer's business income assigned to California (See instructions Part II)	1		
2 a	Form 100, Form 100W, Form 100S, and Form 109 filers: Enter any nonbusiness income included in line 1 as a negative number. Form 540 and Long Form 540NR filers leave blank.	2a		
b	Form 100, Form 100W, Form 100S, and Form 109 filers: Enter any nonbusiness loss included in line 1 as a positive number. Form 540 and Long Form 540NR filers leave blank.	2b		
c	Combine line 2a and line 2b	2c		
3	Form 100 or Form 100W filers: Enter the amount from Form 100 or Form 100W, line 21. Form 100S filers: Enter the total of the amount from Form 100S, line 16 and line 19. 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 III, Section A, line 4 . . .	5		
6	Modified taxable income. Multiply line 4 by line 5. See instructions	6		

(a) Description	(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) TTA NOL carryover to future years.
7 Modified taxable income from line 6				
8 TTA NOL carryover beginning in 1998				
9 TTA NOL carryover beginning in 1999				
10 TTA NOL carryover beginning in 2000				
11 TTA NOL carryover beginning in 2001				
12 TTA NOL carryover beginning in 2002				
13 TTA NOL carryover beginning in 2003				
14 TTA NOL carryover beginning in 2004				
15 TTA NOL carryover beginning in 2005				
16 TTA NOL carryover beginning in 2006				
17 TTA NOL carryover beginning in 2007				
18 TTA NOL carryover beginning in 2008				
19 TTA NOL carryover beginning in 2009				
20 TTA NOL carryover beginning in 2010				
21 TTA NOL carryover beginning in 2011				
22 TTA NOL carryover beginning in 2012				
23 Total the amounts in columns (b), (c), and (e). See instructions				

line 8A, column (f) or the amount computed on line 8B, column (e). Enter this amount on form FTB 3809, Side 1, line 1a.

Line 8B, column (b) – Enter the amount of the current year credit that was computed on Worksheet IA, Section A, line 4. Individuals that received a Schedule K-1 enter the current year hiring credit from the 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, 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 TTA 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 3809, Side 1, line 1b.

Line 9B, column (c) – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part II, line 9B, column (h).

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, Estates, and Trusts, leave blank and go to column (e) instructions.

Line 9B, column (e) – Subtract the amount on line 9B, column (d), if any, from the amount of the total prior year carryover on line 9B, column (c).

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 TTA business income.

Example: Part II

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

Hiring credit — \$500 and a \$300 carryover from a prior year
 Sales or use tax credit carryover — \$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 TTA 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		-0-
9	Sales or use tax credit	A				6,200	6,200	
		B		9,000	-0-	9,000	6,200	2,800

Part III – Limitation of Credits for S Corporations Only

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

Line 10, column (b) – Enter the amount of the current year credit that was computed on Worksheet IA in column (b) for line 10. Also, enter this amount on Form 100S, Schedule K, line 13d.

Line 10, column (c) – Multiply the amount on line 10, column (b) by 1/3. Enter this amount in column (c). The amount in column (c) is the maximum amount of the current year credit that may be used by the S corporation to offset its 1.5% entity-level tax (3.5% for financial S corporations). Also, include this amount on Form 100S, Schedule C.

Line 10, column (d) – Enter the amount of total prior year credit carryover. This is the credit amount that was previously computed on the prior year Worksheet IA minus the amount that was allowed to be taken on the prior year tax return. Also, include this amount on Form 100S, Schedule C.

Line 11, column (d) – Enter the amount of total prior year credit carryover from prior year's Schedule Z, Part III, line 11, column (g).

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

Line 10 and Line 11, column (f) – Enter the credit amounts that were used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for financial S corporations). Enter the amounts in column (f) for line 10 and line 11 on form FTB 3809, Side 1, line 1a and line 1b, as applicable.

Line 10 and Line 11, column (g) – Subtract the amount in column (f) for each line from the amounts in column (e). These are the credit amounts that can be carried over to future years and used by the S corporation.

Part IV – Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax

Use Part IV of Schedule Z if you are a corporation or S corporation subject to paying only the minimum franchise tax.

Line 12, column (b) – Enter the amount of the current year credit that was computed on Worksheet IA. S corporations may enter only 1/3 of the amount from Worksheet IA on line 12, column (b).

Line 12, column (c) – Enter the amount of the total prior year credit carryover. This is the credit amount that was previously computed on Worksheet IA in the prior year, minus the amount that was allowed to be taken on the prior year tax return. S corporations may enter only 1/3 of the amount from Worksheet IA.

Line 13, column (c) – Enter the amount of total prior year credit carryover from prior year's Schedule Z, Part IV, line 13, column (e).

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) as applicable, 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.

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Visit our website:

ftb.ca.gov

Targeted Tax Area Deduction and Credit Summary

2015

3809

Attach to your California tax return.

Name(s) as shown on return

SSN or ITIN CA Corporation no. FEIN

CA Secretary of State (SOS) file number

Qualified taxpayer's SIC code. See instructions. _____

A. Check the appropriate box for your entity type:

- Individual Estate Trust C corporation S corporation Partnership
- Exempt organization Limited liability company Limited liability partnership

B. Enter the name of the targeted tax area (TTA) business: _____

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

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

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

F. Total number of employees in the TTA _____

G. Number of employees included in the computation of the hiring credit, if claimed _____

H. Gross annual receipts of the business _____

I. Total asset value of the business _____

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

1 Hiring and sales or use tax credits claimed on the current year return:

a Hiring credit from Schedule Z, line 8A, column (g) or line 10, column (f) _____

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

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

Part II Portion of Business Attributable to the Targeted Tax Area. See Instructions.

2 Enter the average apportionment percentage of your business that is in the TTA from Worksheet III, Section A, line 4. If your operation is wholly within the TTA, the average apportionment percentage is 100% (1.00) **2** _____

Part III Net Operating Loss (NOL) Carryover and Deduction. See Instructions.

3 a Enter the total NOL carryover from the prior year from Worksheet IV, line 23, column (b) **3a** _____

b Enter the total NOL deduction used in the current year from Worksheet IV, line 23, column (c). Enter this amount on Schedule CA (540 or 540NR), line 21e, column B; Form 100, line 20; Form 100W, line 20; Form 100S, line 18; or Form 109, line 6. **3b** _____

c Enter the TTA NOL carryover to future years from Worksheet IV, line 23, column (e) **3c** _____

Part IV Recapture of Credits

4 TTA recapture of hiring credit from Worksheet IA, Section B, line 2, column (b) **4** _____

Schedule Z Computation of Credit Limitations — Targeted Tax Area

Part I Computation of Credit Limitations. See instructions.

1	Trade or business income. Individuals: Enter the amount from Worksheet III, Section B, line 14, column (c) on this line and on line 3 (skip line 2). See instructions. Corporations which file a combined report, enter the taxpayer's business income apportioned to California (see instructions for form FTB 3809, Part II)	<input checked="" type="radio"/>	1
2	Corporations: Enter the average apportionment percentage from Worksheet III, Section A, line 4. See instructions.		2
3	Multiply line 1 by line 2.		3
4	Enter the TTA NOL deduction from Worksheet IV, line 23, column (c)		4
5	TTA taxable income. Subtract line 4 from line 3		5
6	a Compute the amount of tax due using the amount on line 5. See instructions.	6a	
	b Enter the amount of tax from Form 540, line 35; Long Form 540NR, line 42; Form 541, line 21; Form 100, or Form 100W, line 23; Form 100S, line 21; or Form 109, line 10. Corporations and S corporations, see instructions	6b	
7	Enter the smaller of line 6a or line 6b. This is the limitation based on the TTA income. Go to Part II, Part III, or Part IV. See instructions.	<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 TTA 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						
	B						
9 Sales or use tax credit	A						
	B						

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

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

Part IV Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax. See instructions.

(a) Credit name	(b) Credit amount	(c) Total prior year carryover	(d) Total credit assigned from form FTB 3544, col. (g)	(e) Total credit carryover sum of col. (b) plus col. (c), minus col. (d)
12 Hiring credit				
13 Sales or use tax credit				

Refer to page 3 for information on how to claim deductions and credits.

Standard Industrial Classification Manual, 1987 Edition (Partial Listing)

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

The Standard Industrial Classification Manual is organized using a 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, the following SIC codes are listed since only taxpayers with establishments in these industry codes qualify for the TTA tax incentives:

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

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

NATIONAL TECHNICAL INFORMATION SERVICE
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: (nec means "not elsewhere classified")

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

(continued on next page)

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

(continued on next page)

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

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

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

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

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Principal Business Activity Codes

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System published by the United States Office of Management and Budget, 1997 Edition.

For purposes of qualifying for the TTA tax incentives, refer to the Standard Industrial Classification Manual, 1987 Edition and the partial listing on pages 19 through 21 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

Code**Pipeline Transportation**

486000 Pipeline Transportation

Scenic & Sightseeing Transportation

487000 Scenic & Sightseeing Transportation

Support Activities for Transportation

488100 Support Activities for Air Transportation
 488210 Support Activities for Rail Transportation
 488300 Support Activities for Water Transportation
 488410 Motor Vehicle Towing
 488490 Other Support Activities for Road Transportation
 488510 Freight Transportation Arrangement
 488990 Other Support Activities for Transportation

Couriers and Messengers

492110 Couriers
 492210 Local Messengers & Local Delivery

Warehousing and Storage

493100 Warehousing & Storage (except lessors of miniwarehouses & self-storage units)

Information**Publishing Industries (except Internet)**

511110 Newspaper Publishers
 511120 Periodical Publishers
 511130 Book Publishers
 511140 Directory & Mailing List Publishers
 511190 Other Publishers
 511210 Software Publishers

Motion Picture and Sound Recording Industries

512100 Motion Picture & Video Industries (except video rental)
 512200 Sound Recording Industries

Broadcasting (except Internet)

515100 Radio & Television Broadcasting
 515210 Cable & Other Subscription Programming

Telecommunications

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

Data Processing Services

518210 Data Processing, Hosting, & Related Services

Other Information Services

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

Finance and Insurance**Depository Credit Intermediation**

522110 Commercial Banking
 522120 Savings Institutions
 522130 Credit Unions
 522190 Other Depository Credit Intermediation

Nondepository Credit Intermediation

522210 Credit Card Issuing
 522220 Sales Financing
 522291 Consumer Lending

Code

522292 Real Estate Credit (including mortgage bankers & originators)
 522293 International Trade Financing
 522294 Secondary Market Financing
 522298 All Other Nondepository Credit Intermediation

Activities Related to Credit Intermediation

522300 Activities Related to Credit Intermediation (including loan brokers, check clearing, & money transmitting)

Securities, Commodity Contracts, and Other Financial Investments and Related Activities

523110 Investment Banking & Securities Dealing
 523120 Securities Brokerage
 523130 Commodity Contracts Dealing
 523140 Commodity Contracts Brokerage
 523210 Securities & Commodity Exchanges
 523900 Other Financial Investment Activities (including portfolio management & investment advice)

Insurance Carriers and Related Activities

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

Code

Rental and Leasing Services

- 532100 Automotive Equipment Rental & Leasing
- 532210 Consumer Electronics & Appliances Rental
- 532220 Formal Wear & Costume Rental
- 532230 Video Tape & Disc Rental
- 532290 Other Consumer Goods Rental
- 532310 General Rental Centers
- 532400 Commercial & Industrial Machinery & Equipment Rental & Leasing

Lessors of Nonfinancial Intangible Assets (except copyrighted works)

- 533110 Lessors of Nonfinancial Intangible Assets (except copyrighted works)

Professional, Scientific, and Technical Services

Legal Services

- 541110 Offices of Lawyers
- 541190 Other Legal Services

Accounting, Tax Preparation, Bookkeeping, and Payroll Services

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

Architectural, Engineering, and Related Services

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

Specialized Design Services

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

Computer Systems Design and Related Services

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

Other Professional, Scientific, and Technical Services

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

Management of Companies (Holding Companies)

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

Code

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)

- 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

Food Services and Drinking Places

- 722300 Special Food Services (including foodservice 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)

Code

- 811210 Electronic & Precision Equipment Repair & Maintenance
- 811310 Commercial & Industrial Machinery & Equipment (except Automotive & Electronic) Repair & Maintenance
- 811410 Home & Garden Equipment & Appliance Repair & Maintenance
- 811420 Reupholstery & Furniture Repair
- 811430 Footwear & Leather Goods Repair
- 811490 Other Personal & Household Goods Repair & Maintenance

Personal and Laundry Services

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

Religious, Grantmaking, Civic, Professional, and Similar Organizations

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

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Visit our website:

ftb.ca.gov

How to Get California Tax Information

(Keep This Page For Future Use)

Your Rights as a Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB 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 F-283
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

We will respond to your letter within ten weeks. In some cases, we may need to call you for additional information.

Do not attach correspondence to your tax return unless the correspondence relates to an item on your 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 durante todo el año desde las 7 a.m. hasta las 5 p.m. de lunes a viernes, excepto días feriados. 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
para personas con discapacidades
auditivas o del habla

TTA Contact Information

For business eligibility or zone related information, including questions regarding TTA geographic boundaries and vouchering, contact the HCD or the local zone program manager where 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