

2025 Homeless Hiring Tax Credit

3831

Attach to your California tax return.

Name(s) as shown on your California tax return	<input type="checkbox"/> SSN or ITIN <input type="checkbox"/> CA Corporation no. <input type="checkbox"/> FEIN
	California Secretary of State (SOS) file number
Name of taxpayer generating the credit. See instructions.	<input type="checkbox"/> SSN or ITIN <input type="checkbox"/> CA Corporation no. <input type="checkbox"/> FEIN
	California Secretary of State (SOS) file number

A. Did the business receive a **tentative credit reservation for each claimed eligible individual?**

Yes No If no, stop. See instructions.

Part I Available Credit

1 Enter the credit amount from Worksheet 1. This credit amount is limited to \$30,000. See instructions.	<input type="radio"/> 1	00
2 Pass-through credit from Schedule K-1 (100S, 541, 565 or 568). See instructions.	<input type="radio"/> 2	00
3 Credit carryover from prior year(s). See instructions.	<input type="radio"/> 3	00
4 Total available credit. Add line 1 through line 3.	<input type="radio"/> 4	00
5a Credit claimed. Enter the amount of the credit claimed on the current year tax return. See instructions. (Do not include any assigned credit claimed on form FTB 3544, Part B.)	<input type="radio"/> 5a	00
5b Total credit assigned. Enter the total amount from form FTB 3544, Part A, column (g). If you are not a corporation, enter -0-. See instructions.	<input type="radio"/> 5b	00
5c Credit amount to be elected as refundable in future years. See instructions.	<input type="radio"/> 5c	00
6 Credit carryover available for future years. Add lines 5a, 5b, and 5c, subtract the result from line 4.	<input type="radio"/> 6	00

General Information

Homeless Hiring Tax Credit – For taxable years beginning on or after January 1, 2022, and before January 1, 2027, a Homeless Hiring Tax Credit (HHTC) is available to a qualified taxpayer that hires eligible individuals. The amount of the tax credit is based on the number of hours the eligible individual works in the taxable year. Qualified taxpayers may receive \$2,500 to \$10,000 in tax credit per eligible individual up to \$30,000 per taxable year. Any credits not used in the taxable year may be carried forward up to three years.

Qualified taxpayers must obtain an HHTC certificate and must receive a **tentative credit reservation** for that eligible individual.

Qualified taxpayers will need to pay wages equal to or greater than 120% of the California minimum wage.

Qualified taxpayers must request a tentative credit reservation within 30 days of hiring an eligible individual or within 60 days of an eligible individual receiving a new certification.

For more information, see California Revenue and Taxation Code (R&TC) Section 17053.80 or 23629, or go to fb.ca.gov and search for **hhtc**.

Credit Limitation – For taxable years beginning on or after January 1, 2024, and before January 1, 2027, there is a \$5,000,000 limitation on the application of business credits. The total of all business credits including the carryover of any business credit for the taxable year may not reduce the “net tax”, for personal income filers, or “tax”, for corporate filers, by more than \$5,000,000. Business credits should be applied against “net tax” before other credits. For taxpayers included in a combined report, the limitation is applied at the group level.

For each taxable year of the limitation, taxpayers may make an irrevocable election to receive an annual refundable credit amount for the credits disallowed due to the limitation. Taxpayers may claim 20% of this refundable

credit in each year of a five-year refundable period. The refundable period begins the third taxable year after the taxable year in which the election is made. To make this irrevocable election, complete form FTB 3870, Election for Refundable Credit, and submit it with an original, timely filed return.

S corporations may **not** elect to make credits taken at the entity level refundable.

If a taxpayer does not choose to make the election outlined above, business credits disallowed due to the limitation may be carried over. The carryover period for disallowed credit is extended by the number of taxable years the credit was not allowed. For more information, refer to R&TC Sections 17039.4, 17039.5, 23036.4 and 23036.5 and get form FTB 3870.

A Purpose

Use form FTB 3831, Homeless Hiring Tax Credit, to figure a credit for a qualified taxpayer that hires an eligible individual and receives a tentative credit reservation for that eligible individual.

Also, use form FTB 3831 to claim pass-through HHTC received from an S corporation, estate, trust, partnership, or limited liability company (LLC) classified as a partnership.

S corporations, estates, trusts, partnerships, and LLCs classified as partnerships should complete form FTB 3831 to report the amount of credit that will be passed through to shareholders, beneficiaries, partners, or members.

Attach this form to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Report the pass-through credit amount for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

B Qualified Taxpayer

A qualified taxpayer is an eligible employer that pays wages equal to or greater than 120% of minimum wage subject to withholding under Division 6 of the unemployment insurance code. For each taxable year that the credit is claimed the qualified taxpayer must obtain the following for each eligible individual:

- A copy of the HHTC certificate, must be provided to the Franchise Tax Board (FTB) upon request.
- A tentative credit reservation.

C Eligible Individual

An eligible individual is a person who meets the following criteria:

- Is homeless or has received supportive services from a homeless services provider, as designated by a local continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System, on the date of the hire or anytime during the 180-day period immediately before the hire.
- Has been issued an HHTC certificate and that certificate has not expired.

Note: An eligible individual may receive a new HHTC certificate if they are homeless or have received supportive services from a homeless services provider on the date the eligible individual receives a new HHTC certificate or anytime during the 180-day period immediately before that date.

D HHTC Certificate

The HHTC Certificate is to be completed by a continuum of care or a community-based service provider that is connected to the local coordinated entry system or to a local Homeless Management Information System to certify that the eligible individual is homeless or has received supportive services from a homeless services provider, as defined under R&TC Section 17053.80 and 23629. The HHTC certificate shall expire one year after date of issuance. For more information, go to ftb.ca.gov and search for **htc**.

E Tentative Credit Reservation

A qualified taxpayer is required to obtain a tentative credit reservation from the FTB for the eligible individual. The qualified taxpayer must get the reservation within 30 days of hiring an eligible individual or within 60 days of an eligible individual receiving a new certification. The qualified taxpayer must obtain the tentative credit reservation through an online system that is available on the FTB's website. For more information, go to ftb.ca.gov and search for **htc**.

F Limitations

For taxable years beginning on or after January 1, 2024, and before January 1, 2027, there is a \$5,000,000 limitation on the application of business credits, including carryover. For taxpayers included in a combined report, the limitation is applied at the group level.

The qualified taxpayer must reduce any wage deduction claimed on their income tax returns by the amount of the HHTC allowed for the taxable year, including any credit carried forward to future years.

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

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

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

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

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

G Assignment of Credits

Assigned credits to affiliated corporations – Credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is an eligible 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, get form FTB 3544, Assignment of Credit, or go to ftb.ca.gov and search for **credit assignment**.

H Carryover

If the available credit exceeds the current year tax liability or is limited by tentative minimum tax, the unused credit may be carried over for three years or until the credit is exhausted, whichever occurs first.

Example of the HHTC Calculation

ABC Company hired Jane Smith who was receiving homeless services. ABC Company received the HHTC certificate for Jane through a certifying organization and a tentative credit reservation from FTB as required.

During the taxable year 2025, Jane worked a total of 580 hours. ABC Company utilized Worksheet 1 on the next page to determine the total HHTC amount as follows: ABC Company enters Jane Smith in Line 1, column (a) and enters the quantity of 580 in Line 1, column (b). ABC Company uses the Credit amounts chart to look up the amount for the 580 hours for the taxable year. The credit amount of \$2,500 is entered in Line 1, column (c).

If Jane was the only eligible individual ABC Company hired for the taxable year, then ABC Company can claim \$2,500. This amount is entered on Worksheet 1, line 2 as the Total HHTC and is then carried over to Part I, line 1 of form FTB 3831. If ABC Company had more than one eligible individual for the taxable year, ABC Company repeats the steps listing and determining the credit amount for each eligible individual, then adds all the amounts in column (c), and enters the total on Worksheet 1, line 2 and on Part I, line 1 of form FTB 3831. This amount cannot exceed \$30,000 per taxable year.

Specific Line Instructions

Name(s) as shown on your California tax return – Enter the name of the individual or business and the social security number (SSN), individual tax identification number (ITIN), California corporation number, federal employer identification number (FEIN), or the California Secretary of State (SOS) file number as shown on your tax return.

Name of taxpayer generating the credit – Enter the name of the taxpayer that generated the tax credit. Also, enter the SSN, ITIN, California corporation number, FEIN, or the California SOS file number of the taxpayer in the space provided. Complete this section even if it is the same taxpayer that appears on the California return. **Do not** enter the word "same."

Answer Question A

Corporations, exempt organizations, sole proprietors, estates, trusts, and partnerships generating the credit, complete Question A. Investors of pass-through entities, check the "No" box for Question A and start on line 2.

Question A – A qualified taxpayer is required to obtain a tentative credit reservation from the FTB for each eligible individual. Only claim a credit for an eligible individual for whom you obtained a tentative credit reservation. For more information, see General Information E, Tentative Credit Reservation.

Part I Available Credit

Line 1 – Credit amount

Enter the credit amount for taxable year 2025. Use Worksheet 1 to determine the total credit amount for all eligible individuals based on the actual hours worked in the taxable year.

If you do not have a tentative credit reservation for an eligible individual, you cannot claim the credit for that individual.

Line 2 – Pass through credit from Schedule K-1 (100S, 541, 565, or 568)

Enter the total amount of credits received from an S corporation, estate, trust, partnership or LLC classified as a partnership. An attached statement to your Schedule K-1 should include the allocable share of the credit. In addition, attach a statement to form FTB 3831 showing the names and identification

numbers of the entities from which the credits were passed through or allocated to you.

Line 3 – Credit carryover from prior years

Enter the credit amount from the 2024 form FTB 3831, line 6.

Line 5a – Credit claimed

Do not include assigned credits claimed on form FTB 3544, Part B, List of Assigned Credit Received and/or Claimed by Assignee.

This amount may be less than the amount on line 4 if your credit is limited by your tax liability. For more information, see General Information F, Limitations, and refer to the credit instructions in your tax booklet. Enter the total HHTC claimed amount on this line and on your current tax return. **Use credit code 244.** Refer to the credit instructions in the tax booklet for your tax return for more information.

Line 5b – Total credit assigned

Corporations that assign credit to other corporations within the same combined reporting group must complete form FTB 3544, Part A, Election to Assign Credit Within Combined Reporting Group. Enter the total amount of credit assigned from form FTB 3544, Part A, column (g) on this line.

Line 5c – Credit amount to be elected as refundable in future years

You may elect to make credits that are disallowed due to the \$5,000,000 credit limitation refundable in future years. If you make this election on form FTB 3870, enter the amount of credit that would have otherwise been

available to reduce tax in this tax year but for the \$5,000,000 credit limitation. Do not include credit limited by your tax.

You may not elect to have a partial amount of your disallowed credit be refundable. If you elect to make the amount of this credit that is disallowed due to the \$5,000,000 credit limitation refundable, you must make the same election for all other credits you claimed this year that were also disallowed due to the \$5,000,000 credit limitation. If you enter a value on this line, you must also enter the same amount on form FTB 3870 line 1, column (c). Attach your completed form FTB 3870 to your original, timely filed tax return.

Line 6 – Credit carryover available for future years

Do not include any amount you will be electing as a refundable credit on form FTB 3870.

Credit limited by your tax liability cannot be included in an election for refundable credit. These amounts would not have otherwise been able to be claimed, regardless of the \$5,000,000 credit limitation and therefore are not eligible for an election to be made refundable. They can, however, be carried over for future years. Include any such amounts here.

Franchise Tax Board Privacy Notice on Collection

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for **1131** to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection – Aviso de Privacidad del Franchise Tax Board sobre la Recaudación. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.

Credit amounts

A qualified taxpayer shall be allowed a credit for each eligible individual based on the actual hours worked in the taxable year. The qualified taxpayer may receive \$2,500 to \$10,000 in tax credit per eligible individual. The total credit amount is up to \$30,000 per qualified taxpayer.

Actual Hours Worked (in the taxable year by the eligible individual)	Credit Amount
0 - 499	\$0
500 - 999	\$2,500
1000 - 1499	\$5,000
1500 - 1999	\$7,500
2000 or more	\$10,000

Worksheet 1

Do not attach to form FTB 3831. Keep for your records. All eligible individuals listed in this worksheet must have a tentative credit reservation.

	(a) Eligible Individual	(b) Actual Hours Worked (in the taxable year)	(c) Amount of Credit (See chart above to determine the amount)
1			
2	Total HHTC. Add the amounts in column (c). Enter the smaller of the sum or \$30,000 here and on form FTB 3831, Part I, line 1.		.00