

2017 Instructions for Form FTB 3500A

Submission of Exemption Request

Exemption Based on Internal Revenue Code (IRC) Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19), Federal Determination Letter
References in these instructions are to the IRC as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

What's New

Veterans' Organizations – Effective January 1, 2018, veterans' organizations that are federally tax-exempt under Internal Revenue Code (IRC) Section 501(c)(19) may submit a copy of their Internal Revenue Service (IRS) tax-exempt determination letter to the Franchise Tax Board (FTB) to establish their state income tax exemption. Veterans' organizations that are not issued a federal determination letter can still file for an application to obtain a California tax-exempt status.

General Information

All corporations and unincorporated organizations, even if organized on a nonprofit basis, are subject to California corporation franchise or income tax until the FTB gives exempt status to the organization. Until the exemption is given, the organization remains taxable.

California acknowledges federally tax exempt Internal Revenue Code (IRC) Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19), organizations as tax-exempt from state income tax if the organization submits form FTB 3500A, Submission of Exemption Request, and a copy of its federal determination letter to the FTB.

Disclosure of Application Materials

Until the FTB acknowledges an organization's tax-exempt status, the application and all associated documentation is confidential. The FTB may not discuss the application with any unauthorized person. However, once the organization's exemption is acknowledged, the application, and supporting documents, shall be open to public inspection.

Upon the organization's request, public disclosure of documents relating to any trade secrets, patents, process, style of work, or apparatus may be withheld if the FTB determines that disclosure would adversely affect the organization. Additionally, public disclosure of documents may also be withheld if the disclosure would adversely affect national defense.

A Purpose

Use form FTB 3500A, to obtain California tax-exempt status, if the organization has a federal determination letter granting exemption under IRC Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19). An organization without a federal determination letter may **not** use form FTB 3500A. Organizations without a federal determination letter must use form FTB 3500, Exemption Application. For more information, go to ftb.ca.gov/forms and search for **3500**.

B What and Where to File

Send form FTB 3500A, with an original signature of either:

- An elected officer
- A director
- An authorized representative
- A trustee (if the organization is a trust)

Mail completed form FTB 3500A, with a copy of the organization's IRC Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19), federal determination letter to:

EXEMPT ORGANIZATIONS UNIT MS F120
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

If additional information is required, we will contact the officer or representative designated on form FTB 3500A.

If you have questions about form FTB 3500A, call 916.845.4171.

C What Happens Next

Upon receipt of the completed documents, the FTB will send the organization a letter acknowledging the federal tax exemption under IRC Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), or 501(c)(19), and specify the effective date of the organization's exemption under California law.

The organization must notify the FTB when the IRS revokes their federal tax-exempt status. The FTB will revoke the organization's tax-exempt status if the organization fails to meet certain Revenue and Taxation Code (R&TC) provisions governing exempt organizations. If an organization's tax-exempt status is revoked or denied, the organization will need to file form FTB 3500 to reinstate its tax-exempt status.

D Incorporating in California

If the organization is not incorporated in California and wishes to do so, the organization should first incorporate with the California Secretary of State (SOS), then file form FTB 3500A with the FTB to obtain tax-exempt status. For more information on incorporating, go to the SOS's website sos.ca.gov.

An unincorporated organization that has tax-exempt status, and then incorporates, must reapply for California tax-exempt status.

Foreign Corporations

If the organization is incorporated in another state or country, it is considered a "foreign corporation." The organization may qualify to do business in California if it complies with the California Corporations Code requirements. For more information on qualifying, go to the SOS's website sos.ca.gov.

Organizational Requirements

Get California Form 3500, Exemption Application Booklet, this booklet contains Guidelines for Organizing Documents, sample articles, and organizational requirements.

E Trusts

Trusts organized and operated for purposes described in R&TC Section 23701d are treated as nonprofit corporations for tax-exempt purposes.

F Retroactive Exempt Status

For California franchise and income tax purposes, organizations seeking exemption based on their federal determination letter will be tax-exempt for state purposes beginning on the federal exempt effective date on the federal determination letter. If the entity's incorporation date is prior to the federal effective determination date, consider filing form FTB 3500.

We may consider this form as a claim for refund if the organization is subsequently found to be tax-exempt during the same period it previously paid tax. Under Cal. Regs., tit.18, section 23701, in no event shall a claim for refund be allowed unless timely filed under R&TC Section 19306.

G Group Exemption

Parent organizations requesting group exemption for their subordinates complete PART II of this form.

If the parent organization does not want to obtain group exemption, but wants tax-exempt status for specific subordinates, have each subordinate send the following:

- Form FTB 3500A, with the subordinate's name on the form.
- A copy of the parent organization's group ruling letter from the IRS, or a letter from the IRS to the subordinate that indicates the subordinate is covered under the parent organization's IRS group exemption.
- A letter from the parent organization on their letterhead indicating the entity is a subordinate of their organization.

H Suspended/Forfeited Status

An organization must be active and in good standing to retain tax-exempt status. If the organization is not currently in good standing and all filing requirements have been satisfied and/or amounts due have been paid, this form may be considered a request to bring the organization relief from suspension or forfeiture under R&TC Section 23776.

I IRS Revocation

If the organization's IRS exemption is revoked and then reinstated. Send us a copy of the following with the form FTB 3500A:

- Original IRS exemption determination letter
- IRS revocation letter
- Current IRS exemption determination letter

J Filing Requirements

California tax-exempt organizations may have to file one or more of the following returns:

- Form 199, California Exempt Organization Annual Information Return.
- FTB 199N, Annual Electronic Filing Requirement for Small Tax-Exempt Organizations, (California e-Postcard).
- Form 109, California Exempt Organization Business Income Tax Return.

For more information about state filing requirements, fees, and penalties, get FTB Pub. 1068, Exempt Organizations – Filing Requirements and Filing Fees, or go to ftb.ca.gov/forms and search for **1068**.

Specific Line Instructions

Provide the following:

- California corporation number (seven digits) or California SOS file number (12 digits)
- Federal employer identification number (FEIN)
- Organization name as shown in the organization's creating document
- Address

Private Mail Box (PMB) – Include PMB number in the address field. Write "PMB" first, then the box number. Example: PMB 123.

PART I — Entity Information

Line 1 – Entity type

Check the box for the exempt organization's entity type.

Corporation: The entity has endorsed articles of incorporation from the California SOS, or is a foreign entity that has articles of incorporation on file in another state or country.

Association: The entity is not incorporated in California, another state, or country.

Trust: A trust may be created by language in a will or in a written trust instrument. The trust creates legal obligations for the person (trustee) who manages the assets of the trust.

Foreign Corporation: Incorporated in another state or country. Give the name of the state or foreign country in which the entity is incorporated.

Line 5 – IRS information

If the entity was suspended, revoked, or audited by the IRS, check the "Yes" box and explain the reason for the suspension, revocation, or audit by the IRS.

PART II — Group Exemption

The parent organization must have California tax-exempt status before it can apply for group exemption.

List of subordinates

Include a list of subordinates to be covered under the group exemption. The list must include:

- Name of subordinate
- California corporation number
- FEIN
- Address
- Date subordinate affiliated with parent.

PART III — Purpose and Activity

Mark the appropriate purpose and activity box under your specific exemption section based on your federal determination letter.

How to Get California Tax Information

(Keep this page for future use.)

Automated Phone Service

Use our automated phone service to get recorded answers to many of your questions about California taxes and to order California Business Entity tax forms and publications. This service is available in English and Spanish to callers with touch-tone telephones. Have paper and pencil ready to take notes.

Call from within the United States 800.338.0505
Call from outside the United States 916.845.6500

Where to Get General Tax Information

By Internet – You can get answers to Frequently Asked Questions at ftb.ca.gov.

By Phone – You can hear recorded answers to Frequently Asked Questions 24 hours a day, 7 days a week. Call our automated phone service at the number listed above. Select “Business Entity Information,” then select “Frequently Asked Questions.” Enter the 3-digit code, listed below, when prompted.

Code – Prefiling Assistance

- 715 – If my actual tax is less than the minimum franchise tax, what figure do I put on the **Tax** line on Form 100 or Form 100W?
- 717 – What are the current tax rates for corporations?
- 718 – How do I get an extension of time to file?
- 722 – When does my corporation file a short period return?
- 734 – Is my corporation subject to a franchise tax or income tax?

S Corporations

- 704 – Is an S corporation subject to the minimum franchise tax?
- 705 – Are S corporations required to file estimated payments?
- 706 – What forms do S corporations file?
- 707 – The tax for my S corporation is less than the minimum franchise tax. What figure do I put on the **Tax** line on Form 100S?

Exempt Organizations

- 709 – How do I get tax-exempt status?
- 710 – Does an exempt organization have to file Form 199?
- 735 – Does an exempt organization have to file FTB 199N, California e-Postcard?
- 736 – I have exempt status. Do I need to file Form 100 or Form 109 in addition to Form 199?

Minimum Tax and Estimate Tax

- 712 – What is the minimum franchise tax?
- 714 – My corporation is not doing business; does it have to pay the minimum franchise tax?

Billings and Miscellaneous Notices

- 723 – I received a bill for \$250. What is this for?

Miscellaneous

- 701 – I need a state Employer ID number for my business. Who do I contact?
- 703 – How do I incorporate?
- 737 – Where do I send my payment?

Letters

If you write to us, be sure your letter includes the California corporation number, or FEIN, your daytime and evening telephone numbers, and a copy of the notice. Send your letter to:

EXEMPT ORGANIZATIONS UNIT MS F120
FRANCHISE TAX BOARD
PO BOX 1286
RANCHO CORDOVA CA 95741-1286

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 it relates to an item on the return.

Your Rights As A Taxpayer

Our goal includes making certain that your rights are protected so that you 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 request written advice from the FTB on whether a particular transaction is taxable.

Where to Get Tax Forms and Publications

By Internet – You can download, view, and print California tax forms and publications at ftb.ca.gov/forms.

By Phone – You can order current year California tax forms from 6 a.m. to 10 p.m. weekdays, 6 a.m. to 4:30 p.m. Saturdays, except holidays. See the list below and find the code for the form you want to order. Call 800.338.0505 and follow the recorded instructions.

Allow two weeks to receive your order. If you live outside of California, allow three weeks to receive your order.

Code

- 817 – California Corporation Tax Forms and Instructions. This booklet includes: Form 100, California Corporation Franchise or Income Tax Return
- 814 – Form 109, California Exempt Organization Business Income Tax Return
- 815 – Form 199, California Exempt Organization Annual Information Return
- 818 – Form 100-ES, Corporation Estimated Tax
- 802 – FTB 3500, Exemption Application
- 831 – FTB 3500A, Submission of Exemption Request
- 943 – FTB 4058, California Taxpayers’ Bill of Rights

By Mail – Write to:

TAX FORMS REQUEST UNIT
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

General Phone Service

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday, except holidays. Hours are subject to change.

- 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 disability
711 or 800.735.2929 California relay service
- IRS: 800.829.4933 call the IRS for federal tax questions

Asistencia en español

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.

- 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
711 ó 800.735.2929 servicio de relevo de California
- IRS: 800.829.4933 para preguntas sobre impuestos federales