



## Application for a Voluntary Disclosure Agreement

### Part 1 – Representative or Applicant Entity Information

Representative's or Applicant's Name		Telephone Number
Representative's or Applicant's Street Address		FAX Number
City	State	ZIP Code

### Part 2 – Information Required for Primary Applicant

1. Is the applicant organized and existing under the laws of the state of California? . . . . . 1.  Yes  No
2. Is the applicant qualified or registered with the California Secretary of State (SOS)? . . . . . 2.  Yes  No
3. Does the applicant maintain and staff a permanent facility in California? . . . . . 3.  Yes  No
4. Has the applicant or a predecessor entity ever filed a tax return with Franchise Tax Board (FTB)? . . . . . 4.  Yes  No
5. Has the applicant ever been the subject of an inquiry by FTB with respect to potential liability for income/franchise taxes? . . . . . 5.  Yes  No
6. If the applicant is a trust, have trust administration activities ever been performed in California? . . . . . 6.  Yes  No

**STOP!** If you answered **Yes** to **any** of the above questions, the applicant does **not** qualify for the Voluntary Disclosure Program (VDP). If you answered **No** to all six questions, continue with Part 2.

7. Entity type applying for Voluntary Disclosure Agreement (VDA) (check one):  
 C corporation     S corporation     Limited liability company     Trust     Partnership
8. Tax years to be covered by the VDA: \_\_\_\_\_
9. State the basis the applicant had for believing it was immune from California tax:  
\_\_\_\_\_  
\_\_\_\_\_
10. Did the applicant rely upon the advice of a person in a fiduciary position or other competent advisor that the applicant was immune from California tax? If so, describe the nature of the advice the applicant received, status and competency of the person giving the advice, and the approximate date the applicant received the advice:  
\_\_\_\_\_  
\_\_\_\_\_
11. Provide other information attesting to the applicant's good faith and lack of willful neglect in failing to file California tax returns and pay California taxes:  
\_\_\_\_\_  
\_\_\_\_\_

**Applicant Entity Information**

Refer to the specific instructions outlined on PAGE 6 for Applicant Entity Directions.

**Part 3 – Information Required for Secondary Applicants - Qualified Shareholders of an S Corporation**

- 1. How many shareholders held an interest in the S corporation? . . . . . **1.** \_\_\_\_\_
  - a. Of that amount, how many of those shareholders are individuals? . . . . . **a.** \_\_\_\_\_  
Only shareholders who are individuals may enter VDP.
  - b. Are all individual shareholders applying in connection with this application currently California nonresidents? . . . . . **b.**  Yes  No

Individual shareholders must be also nonresidents on the signing date of the VDA to be qualified shareholders.
- 2. Based on the above information, how many qualified shareholders are applying for VDP in connection with the qualified S corporation? . . . . . **2.** \_\_\_\_\_
- 3. State the reason why any shareholders of the primary S corporation applicant are not applying for VDP:  
\_\_\_\_\_
- 4. Will the S corporation be filing a group nonresident return (See FTB Pub. 1067)? . . . . . **4.**  Yes  No
- 5. State the basis the qualified shareholders had for believing they were immune from California tax:  
\_\_\_\_\_
- 6. Did the qualified shareholders rely upon the advice of a person in a fiduciary position or other competent advice that they were immune from California tax? . . . . . **6.**  Yes  No  
  
If so, describe the nature of the advice the applicant received, status and competency of the person giving the advice, and the approximate date the applicant received the advice:  
\_\_\_\_\_
- 7. Provide other information attesting to the qualified shareholders' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes:  
\_\_\_\_\_

Qualified S corporation applicants must also complete Parts 7 through 9 below.

**Part 4 – Information Required for Secondary Applicants - Qualified Members**

- 1. How many members held an interest in the LLC? . . . . . **1.** \_\_\_\_\_
  - a. Of that amount, how many are individuals, corporations, LLCs, trusts, and partnerships? . . . **a.** \_\_\_\_\_
  - b. Are all individual members applying in connection with this application currently California nonresidents? . . . . . **b.**  Yes  No

Individual members must also be nonresidents on the signing date of the VDA to be qualified members.

  - c. Are all other members (corporations, LLCs, trusts, or partnerships) applying in connection with this application not organized under the laws of California? . . . . . **c.**  Yes  No
  - d. Are all other members (corporations, LLCs, trusts, or partnerships) applying in connection with this application not qualified or registered with SOS? . . . . . **d.**  Yes  No

Members that are corporations, LLCs, trusts, or partnerships may not enter VDP if they are organized under the laws of California, or qualified or registered with SOS.

2. How many qualified members are applying to enter VDP in connection with the qualified LLC?
- a. Individuals: ..... a. \_\_\_\_\_
- b. Corporations: ..... b. \_\_\_\_\_
- c. LLCs: ..... c. \_\_\_\_\_
- d. Trusts: ..... d. \_\_\_\_\_
- e. Partnerships: ..... e. \_\_\_\_\_

3. State the reason why any members of the primary LLC applicant are not applying for VDP:

\_\_\_\_\_

4. State the basis the members had for believing they were immune from California tax:

\_\_\_\_\_

5. Did the members rely upon the advice of a person in a fiduciary position or other competent advisor that they were immune from California tax? ..... 5.  Yes  No

If so, describe the nature of the advice the members received, status and competency of the person giving the advice, and the approximate date the members received the advice:

\_\_\_\_\_

6. Provide other information attesting to the qualified members' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes:

\_\_\_\_\_

Qualified LLC applicants must also complete Parts 7 through 9 below.

**Part 5 – Information Required for Secondary Applicants – Qualified Beneficiaries of a Trust**

1. How many beneficiaries held an interest in the trust?
- a. How many beneficiaries are individuals? ..... a. \_\_\_\_\_

Only beneficiaries who are individuals may enter VDP.

- b. Have all individual beneficiaries applying in connection with this application been California nonresidents for the past six years? ..... b.  Yes  No

Individual beneficiaries must be nonresidents on the signing date of the VDA, and for the prior six years, to be qualified beneficiaries.

2. How many qualified beneficiaries are applying to enter VDP? ..... 2. \_\_\_\_\_

3. Please state the reason why any individual beneficiaries are not applying for VDP:

\_\_\_\_\_

4. State the basis the beneficiaries had for believing they were immune from California tax:

\_\_\_\_\_

5. Did the beneficiaries rely upon the advice of a person in a fiduciary position or other competent advice that they were immune from California tax? ..... 5.  Yes  No

If so, describe the nature of the advice the beneficiaries received, status and competency of the person giving the advice, and the approximate date the beneficiaries received the advice:

\_\_\_\_\_

6. Provide other information attesting to the qualified beneficiaries' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes:

\_\_\_\_\_

Qualified trust applicants must also complete Parts 7 through 9 below.

**Part 6 – Information Required for Secondary Applicants - Qualified Partners of a Partnership**

- 1. How many partners held an interest in the partnership? ..... 1. \_\_\_\_\_
- a. Of that amount, how many are individuals? ..... a. \_\_\_\_\_
- b. Are all individual partners applying in connection with this application currently California nonresidents? ..... b.  Yes  No

Individual partners must also be nonresidents on the signing date of the VDA to be qualified partners.

- c. Are all other partners (corporations, LLCs, trusts, or partnerships) applying in connection with this application not organized under the laws of California? ..... c.  Yes  No
- d. Are all other partners (corporations, LLCs, trusts, or partnerships) applying in connection with this application not qualified or registered with SOS? ..... d.  Yes  No

Partners that are corporations, LLCs, trust, or partnerships may not enter VDP if they are organized under the laws of California, or qualified or registered with SOS.

- 2. How many qualified partners are applying to enter VDP in connection with the qualified partnership? Number of qualified partners that are:
  - a. Individuals: ..... a. \_\_\_\_\_
  - b. Corporations: ..... b. \_\_\_\_\_
  - c. LLCs: ..... c. \_\_\_\_\_
  - d. Trusts: ..... d. \_\_\_\_\_
  - e. Partnerships: ..... e. \_\_\_\_\_

3. State the reason why any partner of the primary partnership applicant is not applying for VDP:  
\_\_\_\_\_

4. State the basis the partners had for believing they were immune from California tax:  
\_\_\_\_\_

- 5. Did the partners rely upon the advice of a person in a fiduciary position or other competent advisor that they were immune from California tax? ..... 5.  Yes  No

If so, describe the nature of the advice the partners received, status and competency of the person giving the advice, and the approximate date the beneficiaries received the advice:  
\_\_\_\_\_

6. Provide other information attesting to the qualified partners' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes:  
\_\_\_\_\_

Qualified trust applicants must also complete Parts 7 through 9 below.

**Part 7 – Exhibit A**

Include the following information on a separate sheet(s) labeled **Exhibit A**, and attach it to your application. Provide the following information:

- 1. State of incorporation/organization for the primary applicant.
- 2. Primary applicant's line(s) of business and describe its business activities inside and outside California.
- 3. Tax year the primary applicant began doing business anywhere.
- 4. Business activity that created California nexus for the primary applicant and tax year it was created.
- 5. If applicant is a member of a unitary group in which other members are applying for VDP, applicants' relationship to each other (parent, subsidiary, brother-sister affiliate).
- 6. Beginning and ending dates of the primary applicant's accounting period.
- 7. A diagram of the business/investment structure labeling the primary (and secondary, tertiary, and quaternary, etc.) tiers and ownership/interest percentages.
- 8. A summary containing the secondary (and tertiary, quaternary, etc.) entity types, CA return types to be filed for each entity, the tax years requesting protection, and the number of total agreements needed.

**Part 8 – Exhibit B**

On a separate sheet labeled **Exhibit B**, provide the information requested in the manner described below (or in a comparable manner) for each period to be covered by the VDA:

A primary applicant, except for a qualified LLC applicant, must include the following information:

- Federal taxable income before net operating losses (NOL).
- Estimated California net income and estimate of California tax due for the primary applicant and any qualified shareholders, qualified beneficiaries, and qualified partners applying in connection with the primary applicant entity.

A qualified LLC applicant must state the:

- Amount of the LLC’s total income from all sources derived from or attributable to California Revenue and Taxation Code (R&TC) Section 17942.
- California net income and the amount, if any, that will be withheld by the LLC for LLC members that do **not** consent to California tax jurisdiction (see R&TC Section 18633.5). A member’s failure to provide its affirmative consent to jurisdiction under Section 18633.5 does not exempt that member from its California tax obligations.
- LLC tax due.
- LLC fee due (if any) and an estimate of California tax due from and for all qualified members that are applying for VDP in connection with the qualified LLC applicant.

Provide the income and tax information requested above for each applicant (primary, secondary, tertiary, and quaternary) that is **not** an LLC in the following format, and indicate if the entity is a primary or secondary applicant:

Tax Year, Starting From Most Recent (MM/DD/YYYY – MM/DD/YYYY)	Federal Taxable Income Before NOLs	CA Net Income	Estimate of CA Tax Due
1 –			
2 –			
3 –			
4 –			
5 –			
6 –			

Provide the income and tax information requested above for each LLC applicant (primary, secondary, tertiary, quaternary, direct or indirect) in the following format, and indicate if the entity is a primary or secondary applicant:

Tax Year, Starting From Most Recent (MM/DD/YYYY – MM/DD/YYYY)	R&TC 17942 Total Income from CA Sources	R&TC 17941 LLC Tax (\$800)	LLC Fee (if applicable)	Withholding Amounts Under 18633.5 (if applicable)
1 –				
2 –				
3 –				
4 –				
5 –				
6 –				

**Part 9 – Signature**

**Failure to provide all requested information and to promptly respond to the FTB’s inquiries concerning your application will delay processing and may result in the application being denied.**

**I declare under penalty of perjury under the laws of the state of California that I am the applicant, or authorized by the unnamed applicant(s) to act as its agent in applying for the VDP, and that the information given above and in the attached Exhibit A, Exhibit B, and any supplemental information is true and correct to the best of my knowledge and belief.**

Print Name	Signature <b>X</b>	Date
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# Application for a Voluntary Disclosure Agreement

## Purpose

Franchise Tax Board's (FTB) Voluntary Disclosure Program (VDP) encourages qualified taxpayers with an unfulfilled California franchise/income tax return filing requirement and unpaid tax or fee liability to voluntarily come forward. Our VDP applies to qualified entities, qualified shareholders, qualified members, qualified beneficiaries, and qualified partners. In exchange, we are authorized by statute to limit the imposition of tax and fee liabilities to a six-year period immediately preceding the signing date of a voluntary disclosure agreement (VDA), and to waive specified penalties (see **Penalties Waived**).

## General Information

The California Revenue and Taxation Code (R&TC) Section 19191 authorizes FTB to enter into a VDA with any qualified taxpayer who applies to participate in VDP to get voluntary compliance with the income/franchise tax laws of the state of California. Qualified taxpayers who participate in the program must file tax returns for the six years immediately preceding the signing date of the agreement. We may waive most penalties associated with any tax returns filed. As part of the VDP, we waive our authority to assess tax, additions to tax, fees, or listed penalties for tax years ending prior to the six tax years covered by the agreement.

Qualified taxpayers who enter into a VDA must fully disclose all material facts pertinent to their franchise or income tax liability. In addition, applicants must file all tax returns and pay all taxes, fees, interest, and penalties not waived associated with the tax years covered by the agreement within 30 days of the signing date of the VDA. We may extend the time for filing tax returns and paying amounts due to 120 days from the signing date of the VDA, or to the latest extended due date of the tax return for a tax year for which relief is granted, whichever is later. Failure to adhere to the terms of the agreement renders the agreement null and void.

A unitary group of corporations is not a qualified entity. Each corporate member of the unitary group must file a separate application. If multiple corporations in a single unitary group are seeking voluntary disclosure relief, they should submit their applications simultaneously to the extent possible, and reference each entity's relationship to the other entity applicants (e.g., parent, subsidiary, etc.) on Exhibit A of their application.

Note: Any reference to secondary entities or secondary applicants should be interpreted as any secondary (tertiary, quaternary, etc.) tiers in the organizational structure of the primary applicant.

## Applicant Entity Directions

If VDP relief is sought for individuals, corporations, LLCs, trusts, and partnerships that held interests indirectly in qualified entity through an interest in a pass-through entity for tax purposes, attach additional sheets to provide the information requested above for each entity seeking relief as an indirect owner of an interest in a qualified entity.

**\*Corporation** Complete Parts 7 through 9. If more than one corporation in a single unitary combined reporting group wishes to apply for voluntary disclosure relief, each corporation seeking relief must file a separate application, simultaneously if possible.

**\*S corporation** Complete Part 3 for qualified shareholders, in addition to Parts 7 through 9.

**\*Limited Liability Company (LLC)** Complete Part 4 for qualified members, in addition to Parts 7 through 9.

**\*Trust** Complete Part 5 for qualified beneficiaries, in addition to Parts 7 through 9.

**\*Partnership** Complete Part 6 for qualified partners, in addition to Parts 7 through 9.

## Qualified Entities

Only qualified entities are eligible to participate in VDP. A qualified entity meets all of the following criteria:

- It is a qualified entity as defined by statute: a corporation (including an S corporation), limited liability company (LLC), trust, or partnership.
- It is an entity, including any predecessor to the entity that previously never filed a tax return with FTB.
- It has not been the subject of any FTB inquiry with respect to any potential liability for taxes or fees.
- It voluntarily came forward, prior to any contact initiated by FTB, and makes both an application for a VDA and a full and accurate statement of its activities in California for the six immediately preceding tax years.
- If the applicant is a trust, the trust must have:
  - Never performed administration activities in California (other than activities that were inconsequential to overall trust administration).

Even if an applicant meets the above criteria, it will not be considered a qualified entity and will not be eligible to participate in VDP if it is any of the following:

- Organized and existing under the laws of California.
- Qualified or registered with the California Secretary of State (SOS).
- Maintains and staffs a permanent facility in California. (Storing materials, goods, or products in a public warehouse pursuant to a public warehouse contract does not constitute maintaining a permanent facility in California.)

## Qualified Shareholders

A qualified shareholder is an individual who is all of the following:

- A shareholder of an S corporation that applied for a VDA.
- A nonresident on the signing date of the VDA.

### Important Information

Applicable penalties will not be waived for any tax years before the signing date of the agreement in which the shareholder was a California resident. Penalties or additions to tax attributable to income other than California source income from the S corporation filing the application for voluntary disclosure will not be waived.

## Qualified LLC Members

A qualified member is an individual, corporation, LLC, trust, or partnership that is all of the following:

- A member of an LLC (other than one classified as a corporation) that applied for a VDA. If that member is itself an LLC, its members also may apply to be treated as qualified members if they meet the criteria of this section.
- In the case of an individual, you must be a nonresident on the signing date of the VDA.
- In the case of a corporation, LLC, trust, or partnership that is **not** any of the following:
  - Organized under the laws of California.
  - Registered with SOS.

### Important Information

Applicable penalties will not be waived for any tax years before the signing date of the agreement in which an individual member was a California resident. Penalties or additions to tax attributable to income other than California source income from the LLC filing the application for voluntary disclosure will not be waived.

## Qualified Trust Beneficiaries

A qualified beneficiary is an individual who is all of the following:

- A beneficiary of a qualified trust who applied for a VDA that disclosed all material facts pertinent to the beneficiary's liability.
- A beneficiary with a contingent or noncontingent interest in the qualified trust. A beneficiary's trust interest for a taxable year is not contingent if the trust has made any distributions to that beneficiary.
- A nonresident on the signing date of the VDA and a nonresident during each of the six tax years ending immediately preceding the signing date of the VDA.

### Important Information

Applicable penalties will not be waived for any tax attributable to income other than income of the trust filing for VDP.

## Qualified Partners

A qualified partner is an individual who is all of the following:

- A partner of a qualified partnership who has applied for a VDA that disclosed all material facts pertinent to the partner's liability.
- A nonresident on the signing date of the VDA.

### Important Information

Applicable penalties will not be waived for any tax years before the signing date of the agreement in which the partner was a California resident. Penalties or additions to tax attributable to income other than California source income from the partnership filing the application for voluntary disclosure will not be waived.

## Penalties Waived

If the qualified entity, qualified shareholder, qualified member, qualified beneficiary, or qualified partner fully complies with the VDA, FTB may not assess any of the following R&TC section penalties for tax years covered by the agreement:

- Section 19131 – Failure to make and file a tax return.
- Section 19132 – Failure to pay any amount due by the date prescribed for payment.
- Section 19136 – Underpayment of estimated tax.
- Section 19141 – Secretary of State penalties imposed pursuant to Corporation Code Sections 6810 and 8810(a).
- Section 19141.5 – Failure to furnish information or maintain records.
- Section 19142 – Underpayment of tax.
- Section 19172 – Late filing of partnership tax returns.
- Section 19172.5 - Late filing of S corporation tax returns.
- Section 19183 – Failure to file information tax returns.
- Section 23305.1 – Contract voidability. Relief from contract voidability will be granted to a qualified entity when the terms of the VDA are fulfilled.

## Violation of the Agreement

The VDA is null and void if the qualified entity, qualified shareholder, qualified member, qualified beneficiary, or qualified partner:

- Misrepresents material facts relating to the agreement.
- Fails to file any tax return or pay in full any tax, penalty, or interest for the periods covered by the agreement within the time prescribed.
- Fails to comply with an installment payment arrangement.
- Fails to begin to prospectively comply with all franchise and income tax laws of this state.
- Understates the tax liability for any year covered by the agreement by more than 10 percent and cannot show a good faith effort to accurately compute the tax liability.

## Forms and Publications

- 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 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*
- Pub. 1050, *Application and Interpretation of Public Law 86-272*
- Pub. 1060, *Guide for Corporations Starting Business in California*
- Pub. 1061, *Guidelines for Corporations Filing a Combined Report*
- Pub. 1067, *Guidelines for Filing a Group Form 540NR*
- Pub. 1083, *Frequently Asked Questions About California Corporation Taxes*

## To Get Forms and Publications

### Web

Go to [ftb.ca.gov](http://ftb.ca.gov) and search for the **form number** to find the forms and publications mentioned in this application.

**Mail** STATE OF CALIFORNIA  
TAX FORMS REQUEST UNIT MS D120  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

**Phone** 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.

### Additional Assistance

Call 916.845.4476 for questions about the VDP.

## Franchise Tax Board Privacy Notice

To learn more about your privacy rights, how we may use your information, and consequences if you do not provide information we request, go to [ftb.ca.gov/forms](http://ftb.ca.gov/forms) and search for **1131**. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.

## Instructions for Filing a Voluntary Disclosure Application

Complete FTB 4925, *Application for a Voluntary Disclosure Agreement*, to participate in VDP. The application pertains to only one qualified entity (the primary applicant) and to any qualified shareholders, qualified members, qualified beneficiaries, and qualified partners that are applying for voluntary disclosure relief in conjunction with the primary applicant.

## Additional Instructions for Required Application Parts

### Application Part 1

To apply anonymously, an applicant may have an authorized representative contact us. The representative should not reveal the name of the applicant or any information that would readily identify the applicant to FTB until the agreement is executed. We assign these applicants an identifying number, such as Anonymous 15-001, to use for subsequent correspondence.

### Application Part 7

Complete this section, and attach it to the application as **Exhibit A**. Applicant's state of incorporation/organization.

1. Applicant's line(s) of business and business activities inside and outside California.
2. The tax year applicant began doing business anywhere.
3. The business activities creating California nexus and tax year it was created.
4. If applicant is a unitary group member, its relationship to other applicants.
5. The applicant's accounting period beginning and ending dates.

6. A diagram of the business/investment structure labeling the primary (and secondary, tertiary, and quaternary, etc.) tiers and ownership/interest percentages.
7. A summary containing the secondary (and tertiary, quaternary, etc.) entity types, California return types to be filed for each entity, the tax years requesting protection, and the number of total agreements needed.

### Application Part 8

For each applicant, provide the estimate of California tax due for each tax year at issue, along with all other requested information, and attach it to the application as **Exhibit B**.

### Application Part 9

Provide your signature to acknowledge that you:

- Understand the consequences of providing an incomplete statement.
- Declare that you are the applicant or an authorized representative, applying for VDP.
- Provided true and correct information to the best of your knowledge.

## Mailing Application to FTB

Applications to participate in VDP must be in writing. If you use U.S. regular mail (including U.S. standard postage stamp mail, U.S. priority mail, U.S. certified mail, U.S. registered mail, and U.S. insured mail), mail FTB 4925 and required exhibits to:

STATE OF CALIFORNIA  
VOLUNTARY DISCLOSURE PROGRAM MS F182  
FRANCHISE TAX BOARD  
PO BOX 1779  
RANCHO CORDOVA CA 95741-1779

If you use a private express mail carrier (including Federal Express, United Parcel Service, and DHL, but excluding any form of U.S. regular mail), mail FTB 4925 and required exhibits to:

STATE OF CALIFORNIA  
VOLUNTARY DISCLOSURE PROGRAM MS F182  
FRANCHISE TAX BOARD  
SACRAMENTO CA 95827-1500

We will contact the applicant or its representative if additional information is required.