Before You Begin the Form 540

Complete your client's federal tax return before completing Form 540. Important information from the federal tax return carries over to the California tax return.

The tax software generates all California tax returns on Form 540.

Form 540 is required if your clients:

- Claim any additional credits in the Tax and Credits section.
- Have California Lottery winnings.
- Differences between federal and state wages on Form W-2.
- Interest on state and municipal bonds from a state other than California.
- Claimed educator expense, student loan interest deduction, or tuition and fees deduction.
- Complete a federal Schedule C or CEZ for 1099-MISC income or a federal Schedule D for Sale of Stock or Personal Residence.

Name, Address, and Social Security Number

The instructions for name and address are all the same for all Forms 540 2EZ, and 540. Refer to the General Information section for specific instructions.

Filing Status

Fill in only one of the squares on lines 1 through 5. Be sure to enter the required information if you filled in the square on line 3 or 5. For additional information about filing status, refer to the General Information section.

Filing status must be the same for federal and state. Exceptions to this rule are generally out of scope of the volunteer program.

Line 6
Can Be Claimed as a Dependent

If your client or their spouse/RDP can be claimed as a dependent on someone else's tax return, fill in the square on Line 6. For additional information about clients who can be claimed as dependents, refer to federal tax law training. Federal and state tax law conforms on this line.