



STATE OF CALIFORNIA  
**Franchise Tax Board**

# 2016 VITA/TCE California Volunteer Reference Manual

**California Volunteers Make the Difference**

Instructions for:

- ▶ Form 540
- ▶ Schedule CA
- ▶ Form 3506
- ▶ Volunteer Procedures
- ▶ Software Tips

## Critical Numbers

Site Identification Number (SIDN)

Site Name

Partner: \_\_\_\_\_

Phone: \_\_\_\_\_

State Coordinator: \_\_\_\_\_

Phone: \_\_\_\_\_

### Franchise Tax Board Field Offices

LOS ANGELES FIELD OFFICE  
300 S SPRING STREET SUITE 5704  
LOS ANGELES CA 90013-1204

SAN DIEGO FIELD OFFICE  
7575 METROPOLITAN DRIVE SUITE 201  
SAN DIEGO CA 92108-4402

OAKLAND FIELD OFFICE  
1515 CLAY STREET SUITE 306  
OAKLAND CA 94612-1432

SAN FRANCISCO FIELD OFFICE  
121 SPEAR STREET SUITE 400  
SAN FRANCISCO CA 94105-3685

SACRAMENTO FIELD OFFICE  
3321 POWER INN ROAD SUITE 250  
SACRAMENTO CA 95826-3389

SANTA ANA FIELD OFFICE  
600 W. SANTA ANA BLVD SUITE 300  
SANTA ANA CA 92701-4532

**Volunteer Hotline** (For Volunteer Use Only)

800.522.5665

### Automated Phone Service

From Within the United States, call

800.338.0505

From Outside the United States, call (not toll-free)

916.845.6600

### Public Assistance Numbers

From Within the United States, call

800.852.5711

From Outside the United States, call (not toll-free)

916.845.6500

### Website

Get more information at [ftb.ca.gov](http://ftb.ca.gov), including:

- How to e-file
- Check the status of a refund
- Options for paying taxes
- Have California forms mailed to you
- Download forms and publications

# Table of Contents

<b>INTRODUCTION .....</b>	<b>1</b>
SCOPE OF VITA/TCE .....	2
WHAT'S NEW FOR 2016? .....	5
REMINDERS .....	5
IMPORTANT DUE DATES .....	6
STATE AND FEDERAL DIFFERENCES .....	7
CALIFORNIA TAX CREDITS INCLUDE: .....	8
<b>ADDITIONAL INFORMATION .....</b>	<b>8</b>
GENERAL FILING REQUIREMENTS .....	8
DECEASED TAXPAYERS .....	8
CHILDREN UNDER 19 WITH MORE THAN \$2,100 OF INVESTMENT INCOME .....	9
CALIFORNIA TAX FORMS ON THE INTERNET .....	9
FILING REQUIREMENTS FOR MOST CLIENTS .....	10
CALIFORNIA INCOME TAX RETURNS .....	11
FILLING IN PAPER TAX RETURNS .....	11
WHICH TAX FORM TO USE – 540 2EZ OR 540? .....	12
<b>GENERAL INFORMATION SECTION .....</b>	<b>15</b>
NAME AND ADDRESS .....	17
SOCIAL SECURITY NUMBERS .....	17
FILING STATUS .....	17
CLAIMED AS A DEPENDENT .....	18
EXEMPTIONS .....	18
INCOME ADJUSTMENTS .....	20
CALIFORNIA DISTRIBUTIONS .....	22
STANDARD AND ITEMIZED DEDUCTIONS .....	26
TAX AND CREDITS .....	27
<i>California Income Tax Withheld</i> .....	31
<i>2016 California Estimated Tax and Payment with FTB 3519</i> .....	31
<i>Nonrefundable Renter's Credit</i> .....	32
<i>Excess SDI or VPDI Withheld</i> .....	33
<i>Child and Dependent Care Expense Credit Form 3506</i> .....	34
CONTRIBUTIONS ON THE CALIFORNIA TAX RETURN .....	41
EARNED INCOME CREDIT .....	41
REFUND OR NO AMOUNT DUE .....	42
AMOUNT YOU OWE .....	42
DIRECT DEPOSIT .....	43
CAN CLIENTS PAY FTB ONLINE? .....	43
SIGNING THE TAX RETURN .....	45
QUALITY REVIEW CHECKLIST .....	45
<b>FORM 540 SECTION .....</b>	<b>47</b>
BEFORE YOU BEGIN THE FORM 540 .....	49
NAME, ADDRESS, AND SOCIAL SECURITY NUMBER .....	49
FILING STATUS .....	49

EXEMPTIONS .....	50
CALIFORNIA ADJUSTMENTS .....	51
PART I SECTION B.....	59
CA ITEMIZED DEDUCTIONS.....	63
REFUND DIRECT DEPOSIT IS FAST, SAFE, AND CONVENIENT.....	73
SIGN HERE.....	73
FORM 540 PROBLEM 1 DATA SHEET .....	74
FORM 540 PROBLEM 2 DATA SHEET .....	79
FORM 540 PROBLEM 3 DATA SHEET .....	83
<b>CONTRIBUTION SECTION .....</b>	<b>87</b>
<b>VOLUNTEER PROCEDURES .....</b>	<b>93</b>
RESPONSIBILITY OF THE VOLUNTEER.....	95
REPLENISHING YOUR SUPPLY OF FORMS .....	96
CHANGE IN SERVICE HOURS OR LOCATION .....	96
PUBLICIZING YOUR PROGRAM .....	96
<b>TAX TABLES .....</b>	<b>104</b>
<b>FORM 540 .....</b>	<b>104</b>
<b>SOFTWARE TIPS .....</b>	<b>112</b>
BEFORE YOU BEGIN .....	114
START THE STATE TAX RETURN.....	115
<i>State Disability Insurance</i> .....	115
<i>W2G/California Lottery and Gambling Losses</i> .....	117
<i>1099R Pension and Railroad Retirement Income</i> .....	118
FORM 540, PAGE 1 .....	119
FORM 540, PAGE 2.....	119
CA SCHEDULE CA 540 ADJUSTMENTS.....	121
CA SCHEDULE CA 540 – PART II .....	127
FORM 540 PAGE 1 .....	127
FORM 540 PAGE 2 .....	127
<i>Line 46 Nonrefundable Renter’s Credit</i> .....	128
FORM 3506 CHILD AND DEPENDENT CARE EXPENSES CREDIT .....	130
DO YOU WANT TO FILE THIS FORM ELECTRONICALLY?.....	132
<i>Electronic Signature</i> .....	132
HEAD OF HOUSEHOLD .....	133
REFUND DIRECT DEPOSIT .....	135
ESTIMATE PENALTY .....	137
CALCULATE STATE ESTIMATE PAYMENTS.....	139

**2016 California Volunteer  
Reference Manual**

**Introduction  
Section**

**Scope of VITA/TCE**

The VITA/TCE program provides assistance to individuals with limited income who need help completing simple federal and state income tax returns. Non-resident and part-year resident tax returns can be complex. This manual excludes instructions for the California long or short Form 540NR. This manual limits instructions to California resident tax returns only. Generally, volunteer sites open as early as January 15 and provide assistance through April 15 each year. In all cases, VITA/TCE sites do not charge for assistance.

## **What's New for 2016?**

### **State EITC**

Earned Income Tax Credit (CA EITC) limits have been re-indexed. The CA EITC is "refundable," meaning that you will receive a refund if the amount of the credit is greater than the tax you owe. This credit is available to California households with adjusted gross incomes of less than \$6,718 if there are no qualifying children, less than \$10,088 if there is one qualifying child or less than \$14,162 if there are two or more qualifying children.

### **Standard Deduction Amounts:**

- Single and married filing separately - \$4,129.
- Married filing jointly/RDP, head of household, and qualifying widow(er) - \$8,258.

### **Exemption Credit Amounts Changed:**

- For dependents - \$344
- For personal, senior, and blind - \$111

## **Reminders**

### **Child and Dependent Care Expenses Credit**

For taxable years beginning on or after January 1, 2011, the Child and Dependent Care Expenses Credit is nonrefundable. The information has been moved from the payment section to the tax and credit section of the 540.

### **Use Tax Table**

For purchases less than \$1,000, a use tax table based on California AGI is included in the 540 Booklet.

### **Capital Gain Exclusion**

California conforms to capital gain exclusion amounts for sale of personal residence by a surviving spouse/RDP.

### **Computer Based Training**

The VITA/TCE computer based training (CBT) quiz and test are offered as a supplement or alternative to classroom training at a basic certification level. Find the CBT online at

[https://www.ftb.ca.gov/individuals/vita/Training\\_Course/mainmenu.aspx](https://www.ftb.ca.gov/individuals/vita/Training_Course/mainmenu.aspx) or search the volunteer program webpage at [https://www.ftb.ca.gov/individuals/vita/index.shtml?WT.mc\\_id=Ind\\_Sidebar\\_VITA](https://www.ftb.ca.gov/individuals/vita/index.shtml?WT.mc_id=Ind_Sidebar_VITA).

**Estimated Tax Payments** – Quarterly payments due for each tax year shall be 30 percent of taxpayer’s tax liability for the first quarter, 40 percent of taxpayer’s liability for the second quarter, 0 percent of the taxpayer’s liability is due for the third quarter, and 30 percent of taxpayer’s liability for the fourth quarter. Taxpayers with a tax liability less than \$500 (\$250 for married/RDP filing separately) do not need to make estimated tax payments.

**Important Due Dates**

<p style="text-align: center;"><b>April 18, 2017</b></p>	<p>Last day for your client to file and pay their 2016 tax liability in order to avoid penalties and interest. See FTB 3519, <i>Payment for Automatic Extension for Individuals</i>, for more information.</p> <p>If a client is living or traveling outside the United States on April 18, 2017, the due dates for filing a return and paying tax are different.</p>
<p style="text-align: center;"><b>October 16, 2017</b></p>	<p>Last day for your client to file their 2016 tax return to avoid penalties and interest computed from the original due date of April 15, 2017.</p>
<p style="text-align: center;"><b>April 18, 2017 (30%)</b></p> <p style="text-align: center;"><b>June 15, 2017 (40%)</b></p> <p style="text-align: center;"><b>September 15, 2017 (0%)</b></p> <p style="text-align: center;"><b>January 16, 2018 (30%)</b></p>	<p>Due dates for 2017 estimated tax payments. Generally, your clients do not have to make estimated tax payments if their California withholding in each payment period totals 90 percent of their required annual payment. Also, they will not have to make estimated tax payments if they pay enough through withholding to keep the amount they owe with their tax return under \$500 (\$250 if married/RDP filing separately). However, if they do not pay enough tax either through withholding or by making estimated tax payments, they may have an underpayment penalty. See Form 540-ES instructions for more information.</p>

## State and Federal Differences

### California does not tax:

- Interest income from U.S. savings bonds, U.S. Treasury Bills, or any other bonds of the U.S. or U.S. Territories.
- State income tax refunds.
- Unemployment compensation and paid family medical leave in lieu of unemployment.
- Social security benefits.
- Tier 1 and tier 2 railroad retirement benefits.
- California lottery winnings.

### California does tax:

- Foreign earned income.
- Interest income from non-California state and local bonds.
- Interest income from District of Columbia bonds issued after December 27, 1973.
- Interest income from municipal bonds issued by a county, city, town, or other local government unit in a state other than California.
- Foreign social security income.

## Itemized Deductions

California law differs from federal law with regard to certain itemized deductions. California disallows some of the federal adjustments to gross income. California offers partial conformity to federal provisions. Refer to FTB 1001, *Supplemental Guidelines to California Adjustments*, for important differences. California allows contributions to many different funds.

Under federal law, a spouse may seek relief in instances where a refund on a joint return is used to pay (offset) a debt of the other spouse. California does not conform to this provision.

**Example:** In 2016, Sam was a full-time student and Sally was employed. Sam and Sally filed a joint tax return. Sam and Sally's refund was used to offset past-due child support owed by Sam. For federal purposes, Sally is an injured spouse. Thus, Sally may claim her share of the refund on federal Form 8379, *Injured Spouse Allocation*. California does not conform to this provision.

### **California tax credits include:**

- Nonrefundable Renter’s Credit.
- Child and Dependent Care Expenses.
- Joint Custody Head of Household.
- Refundable Earned Income Tax Credit.
- Dependent Parents.
- Senior Head of Household.
- Child Adoption.
- As well as many other special credits. See Form 540 instruction booklet for a complete list of available credits.

### **Additional Information**

#### **General Filing Requirements**

If in doubt about if a return needs to be filed or not, file a tax return. By filing a tax return, your client avoids penalties for failure to file.

If a client may be claimed as a dependent on someone else’s tax return, file a tax return if gross income exceeds the standard deduction. Use the “Standard Deduction Worksheet for Dependents” to figure the deduction amount.

Remember, even if your client does not have a filing requirement, file a tax return to claim a refund if:

- There is California withholding on Form W-2 or 1099s.
- The client paid estimated tax payments to the State of California.
- The client paid out of pocket child care expenses.

#### **Deceased Taxpayers**

If a tax return is normally required, file a final tax return for individuals who died during 2016. If there is no administrator or executor appointed, file a joint tax return with the surviving spouse/RDP as long as the spouse/RDP did not remarry during 2016. Write “surviving spouse/RDP” next to their signature on the tax return.

If your client is not the surviving spouse/RDP, and claims a refund due a deceased taxpayer, attach to the tax return federal Form 1310, *Statement of Person Claiming Refund Due a Deceased Taxpayer*, and a copy of the death certificate.

### **Children under 19 with More Than \$2,100 of Investment Income**

State and federal rules conform for children under age 19, or under age 24 and a full time student, who received more than \$2,100 of investment income in 2016. The taxpayer must complete Form 540 and FTB 3800, *Tax Computation for Children with Investment Income*, or FTB 3803, *Parents' Election to Report Child's Interest and Dividends*.

This rule does not apply if the child, aged 19 through 24, has earned income that exceeds half of their support.

Before 2010, there were differences in conformity between federal and state. For information on prior year differences, contact the Volunteer Hotline, 800.522.5665.

### **California Tax Forms on the Internet**

Download, view, and print California income tax forms and publications at [ftb.ca.gov](http://ftb.ca.gov). Select the Forms & Instructions link under the File column on the homepage.

## Filing Requirements for Most Clients

Read down the first column to find your client's filing status at the end of 2016. Read across to find the age of your client at the end of 2016 and the number of dependents they claim for 2016. File a tax return if either the California gross income or the California adjusted gross income exceeds the listed amount for their filing status, age, and number of dependents.

On 12/31/2016 my client's filing status was:	And my client's age was:	California Gross Income			California Adjusted Gross Income		
		Number of Dependents			Number of Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of Household	Under 65	16,597	28,064	36,664	13,278	24,745	33,345
	*65 or older	22,147	30,747	37,627	18,828	27,428	34,308
Married Filing Jointly/RDP or Married Filing Separately/RDP (with combined incomes*)	Under 65	33,197	44,664	53,264	26,558	38,025	46,625
	*65 or older (1 spouse or RDP)	38,747	47,347	54,227	32,108	40,708	47,588
	*65 or older (both spouses or RDPs)	44,297	52,897	59,777	37,658	46,258	53,138
Qualifying Widow/Widower	Under 65		28,064	36,664		27,745	33,345
	*65 or older		30,747	37,627		27,428	34,308
Dependent of another person. (Any filing status, any age)		More than your client's standard deduction.  *Married filing separate filing status may be different.					

**California Gross Income** is world-wide income your client's received in the form of money, goods, property, and services that are not exempt from tax. Gross income does not include any adjustments or deductions.

**California Adjusted Gross Income (AGI)** is your client's federal adjusted gross income from all sources reduced or increased by allowable adjustments.

**Note:** If your client's 65th birthday is on January 1, 2017, they are considered to be age 65 on December 31, 2016.

## California Income Tax Returns

There are four state personal income tax forms for California:

- 540 2EZ – For full year residents
- 540 – For full year residents
- 540NR – *Long Form* for part year residents and nonresidents
- 540NR – *Short Form* for part year residents and nonresidents

This manual covers instructions for:

- Form 540
- Schedule CA (540)
- Form 3506
- Software Tips
- Volunteer Procedures

### Filling in Paper Tax Returns

Use a black or blue ballpoint pen to fill in the copy of the tax return for the Franchise Tax Board (FTB). The scanning machine cannot read red, other colored ink, or pencil.

Print all names and words in **CAPITAL LETTERS**.

Enter your client's social security number at the top of the form. Social security numbers are not on mailing labels or letters.

Print numbers inside boxes. Line up dollar amounts. Always round cents to the nearest whole dollar on the tax return and schedules.

If there is no entry for a line, leave it blank. Do not enter a dash. Also, do not enter a zero unless the instructions specifically advise you to enter a zero.

See the example below for filling in the name.

| J | O | H | N | |

If any of your client's names or addresses are too long to fit in the boxes, ignore the boxes and fit the information in the provided space. John SmithBarney enters his last name as follows:

| S | M | I | T | H | B | A | R | N | E | Y |

**Important Note:** Remember to write the social security number for each client and spouse/RDP, if applicable. Paper filers enter date of birth. If either a taxpayer or spouse/RDP filed a tax return using a different last name in 2015, enter the last name used on that tax return in the space provided.

### Which Tax Form to Use – 540 2EZ or 540?

	<b>540 2EZ</b>	<b>540</b>
Filing Status	Single, married/RDP filing jointly, head of household, or qualifying widower	Any filing status
Dependents	0-3 allowed	All dependents the client is entitled to claim
Sources of Income	<ul style="list-style-type: none"> <li>• Wages, salaries, tips</li> <li>• Taxable Scholarship or fellowship grants</li> <li>• Unemployment compensation, paid family leave in lieu of Unemployment</li> <li>• U.S. Social Security</li> <li>• Railroad retirement</li> <li>• Pensions</li> <li>• Dividends</li> <li>• Mutual Funds</li> <li>• Capital gains</li> </ul>	All sources of income
Amount of Income	Taxable income of \$100,000 or less if single or head of household. \$200,000 or less if married/RDP filing jointly or qualifying widow(er). If your client can be claimed as a dependent by another taxpayer, see form instructions.	Any amount of income
Adjustment to Income	None	All adjustments to income

**Which Tax Form to Use – 540 2EZ or 540? Cont'd**

	<b>540 2EZ</b>	<b>540</b>
Standard Deduction	Allowed (included in tax table calculation)	Allowed
Itemized Deductions	None	All itemized deductions
Payments	Withholding shown on Form W-2, 1099R	Same as 540 2EZ and withholding from: <ul style="list-style-type: none"> <li>• Withholding from all sources</li> <li>• Estimated tax payments</li> <li>• Payments made with extension voucher</li> <li>• Excess State Disability Insurance (SDI) or Voluntary Plan Disability (VPDI)</li> <li>• 592-B</li> <li>• 593-B</li> </ul>
Tax Credits	Personal, dependent, and senior exemption credits. Nonrefundable Renter's Credit. Earned Income Tax Credit	All Credits



# **2016 California Volunteer Reference Manual**

# **General Information Section**

The General Information section covers common rules that apply to two or more of the California tax forms. Find specific information in the appropriate 540 or 540 2EZ booklet.



**All of the information in this section appears on two or more California tax forms.**

### **Name and Address**

- Paper filers complete the entire tax form, and then check your entire math and line amounts.
- Make sure the information is correct, give the tax return to a fellow volunteer for quality review, before the client signs, and dates the tax return.
- If your client has multiple last names, use the last name on the social security card. The state software rejects hyphenated last names. If your client has a hyphenated last name, enter both names minus the hyphen on the state tax return.

When your client files married/RDP filing jointly or married filing separately, always enter both social security numbers.

Postal regulations require using PMB with your client's mailbox number if they leased the box from a private business rather than the United States Postal Service. If a private mailbox is used, enter your client's box number in the field labeled address and use PMB plus number.

### **Social Security Numbers**

Enter your client's social security number in the correct space. If filing a joint return, list the social security numbers in the same order as the names on the tax return.

If your client has applied for, but not yet received, an Individual Taxpayer Identification number (ITIN), write *Applied For* in the social security field.

**Important Info:** If your client does not have a social security number because they are a nonresident or resident alien for federal tax purposes, and the IRS issued your client an ITIN, enter the ITIN in the space provided for the social security number.

### **Filing Status**

Your client's filing status for California must be the same as the filing status used on the federal return unless the client is part of a Registered Domestic Partnership.

**Exception:** Married clients who file a joint federal income tax return may file separate state tax returns if either spouse:

- Was an active duty member of the United States armed forces (or any auxiliary military branch) during 2016.
- Was a California nonresident for the entire year with no California source income.
- Was a registered domestic partner.

The exceptions above require income splitting. Income splitting rules are complex and outside the scope of the VITA/TCE volunteer program. If military, refer them to their Staff Judge Advocate’s Office.

Completely fill in the circle for the filing status that applies to your clients.

**Claimed as a Dependent**

Completely fill in the circle on line 6 if your client, or their spouse/RDP, meet the dependency rules on someone else’s tax return.

**Exemptions**

**Personal**

Find the exemption credit amounts in the exemption section of Form 540.

If the **square on line 6 is blank** and the filing status is:

Single, enter	<b>1</b>
Married/RDP filing jointly, enter	<b>2</b>
Married/RDP filing separately, enter	<b>1</b>
Head of Household, enter	<b>1</b>
Qualifying widow(er), enter	<b>2</b>

If you **did** check the square on line 6 and the filing status is:

- Single, married/RDP filing separately, head of household or married/RDP filing jointly, and both your client and their spouse/RDP can be claimed as a dependent, **enter 0.**
- Married/RDP filing jointly and only your client or their spouse/RDP can be claimed as a dependent, **enter 1.**

Then, multiply this number by \$111 and enter the amount on line 7 of Form 540.

## **Blind**

Claim an additional personal exemption credit if your client, or spouse/RDP if filing jointly, is visually impaired. If this exemption is claimed for the first time, attach a doctor's statement verifying the visual impairment to the **back** of the tax return.

*Visually impaired* means: "Vision is no better than 20/200 while wearing glasses or contact lenses, or that the field of vision is not more than 20 degrees." Enter 1 if your client qualifies or 2 if both the client and their spouse/RDP qualify. Multiply this number by \$111 and enter the amount on line 8 of Form 540.

**Important Info:** This exemption credit cannot be taken if your client can be claimed as a dependent on someone else's tax return.

## **Senior**

Claim an additional personal exemption credit if your client, or their spouse/RDP, if filing jointly, is 65 years of age or older by December 31, 2016. Enter 1 if your client qualifies or 2 if both your client and spouse/RDP are 65 or older. Multiple this number by \$111 and enter the amount on line 9 of Form 540.

If your client's 65th birthday is on January 1, 2017, they are considered age 65 on December 31, 2016.

If your client can be claimed as a dependent on someone else's return, they may not claim this exemption credit.

**Important Note:** You must check the "blind" box located on the personal information screen and/or enter your client's birth date on the personal information screen in order for the blind and senior exemption credits to automatically enter on the state tax return.

## **Dependents**

An exemption credit is allowed for each dependent. Write the name and relationship of each dependent in the appropriate space.

Count the number of dependents listed, and enter the total in the appropriate boxes on the forms. Multiply the number of dependents by \$344 and enter the amount on line 10 of Form 540.

**Important Info:** The Dependent Exemption Credit on Form 540 2EZ is included in Form 540 2EZ tax tables.

## **Income Adjustments**

These are the adjustments available on the California Form 540. See the Form 540 section for more information and income adjustments available.

### **State Income Tax Adjustment**

California does not tax state income tax refunds. Enter the amount of any state income tax refund on Form 1040, line 10, as a subtraction adjustment to income on the California return.

### **Unemployment Compensation Adjustment**

California does not tax unemployment compensation or paid family medical leave reported on federal Form(s) 1099-G and shown on the federal tax return. Enter the amount of taxable unemployment compensation or paid family medical leave on Form 1040, line 19, as a subtraction adjustment to income on the California tax return.

### **Social Security Benefits, Tier 1 and Tier 2 Railroad Retirement Benefit Adjustments**

California does not tax:

- Social security benefits and equivalent tier I railroad retirement benefits on Form 1040, line 20b.
- Tier 2 railroad retirement benefits on Form 1040, line 16b.

Enter the total taxable amounts of the income types above on your client's federal tax return as a subtraction adjustment to income on the California return.

Adjust the income types above on California Adjustments – Residents Schedule CA (540) for Form 540 filers.

### **California Nontaxable Interest or Dividend Income Adjustment**

California does not tax interest income from:

- United States savings bonds.
- United States Treasury Bills.
- Any other bonds or obligations of the United States, U.S. territories, and government agency obligations specifically exempt by federal law.

Enter nontaxable interest amounts included on Form 1040, line 8a, as a subtraction adjustment to income on the California tax return. Adjust the income types above on California Adjustments – Residents Schedule CA (540) for Form 540 filers.

**Interest from municipal or state bonds from a state other than California:**

Report this interest, taxable by California but not by federal, on Schedule CA (540). If you identify this type of interest income as tax exempt on your client's federal return, add it back on their state return. Enter the federal tax-exempt interest amount on line 8, column C, Schedule CA (540).

**Exempt-interest dividends from mutual funds:**

Certain qualified mutual funds pay "exempt interest dividends." If at least 50 percent of their mutual funds, at the end of each quarter, consist of tax-exempt government obligations, including tax-exempt government obligations of the state of California and its' municipalities, that amount of dividend is exempt from California tax. Find the tax-exempt portion of the dividend on your client's annual statement. Enter the California exempt-interest amount that exceeds the federal exempt-interest amount on Schedule CA (540), line 8, column B.

Tax exempt interest dividends include:

- Exempt federal obligations, or
- California state or local obligations.

For California purposes, federal and California state obligations may be combined to meet the 50 percent test. California law on tax exempt obligations is different than federal. The differences are:

- Federal – State or local obligations of any state.
- California – California state or local obligations. U.S. federal obligations.

**Important Info:** The mutual fund determines the tax-exempt amount for federal tax purposes and sends a statement to the taxpayer. The federal amount will be correct for California if the exempt-interest dividends are from California state and local obligations.

Only federal obligations that would be exempt from California taxation if held by the individual taxpayer qualify for tax-exempt treatment.

The amount designated by the mutual fund as an exempt interest dividend may contain items that are not exempt from California tax (e.g. non-California state obligations or non-deductible interest expenses). In this case, only a percentage of the dividend will be exempt for California purposes.

## **California Distributions**

Although the taxing method of IRA distributions is generally the same for California and federal calculations, there may be differences in the taxable amount depending on the year the client made the contribution.

If your client or their spouse/RDP contributed to an IRA in 1975, or 1982 through 1986, you may need to make an adjustment. California and federal deduction rules differed during these years. The client may owe less California tax on the distribution amount.

Consider an IRA fully taxable if your client took the full deduction at the time of the contribution. If the IRA contribution was partially or fully nondeductible, then the nondeductible contribution is not taxed when your client begins taking distributions.

Since California law differs from federal law, complete the “IRA Adjustment Worksheet” in this chapter to determine California basis.

### **1975:**

IRA deductions were disallowed for California. Federal allowed an IRA deduction up to \$1,500.

### **1982 through 1986:**

California and federal law differed. The maximum federal individual deduction equaled \$2,000. Active participants in qualified and government retirement plans, and persons who contributed to tax-sheltered annuities, qualified for the federal deduction. For California, the maximum deduction was the lesser of \$1,500 or 15 percent of earned income with an additional deduction for a “nonworking spouse,” up to an overall limit of \$1,750. California disallowed all IRA deductions if an individual was an active participant in a qualified or government retirement plan or contributed to a tax-sheltered annuity.

### **1987 through present:**

California law generally conforms to the federal law. Therefore, if your clients made an IRA contribution during those years, no adjustment is necessary.

**California residents who were formerly nonresidents:**

California law changed for tax years beginning on or after January 1, 2002.

Before January 1, 2002, when your client became a California resident, they received a stepped-up basis in their IRA equal to fair market value at the time they became a resident. A nonresident's IRA basis was carried over until fully recovered. But now, under the new law, they no longer have this stepped-up basis.

On or after January 1, 2002, former nonresident are treated as if they were a resident for all prior years for all items of deferred income, which includes IRAs. Therefore, a former nonresident must recalculate their IRA under California law as if a California resident. This applies only to contributions made before 1987.

If your client became a California resident before 2002 with an unrecovered stepped-up basis carryover for 2002, restate their IRA basis using the new law.

If a client does not recover basis from the initial distribution, the client may amend for applicable years. Otherwise, any unrecovered basis is lost.

**Important Note:** For more information, see FTB 1005, *Pension and Annuity Guidelines*.

**Below is an example of how to figure a California Basis Adjustment**

<b>Basis Worksheets – Worksheet I Figuring California Basis/Adjustment to Federal AGI</b>	
<b>Part A - Pre-1987 California Basis</b> (If you have already computed your California basis as of 12/31/2016, or have always been a California resident, skip to Part B.)	
1. Enter your total federal deductions claimed prior to 1987.	
2. Enter total California deductions claimed prior to 1987 (or the deductions you could have claimed if you had been a California resident).	
3. Total California basis (subtract line 2 from line 1).	
4. Enter your California basis recovered in prior years.	
5. California basis as of 12/31/2016. Subtract line 4 from line 3.	
<b>Part B – Adjustments to Federal AGI and Remaining Pre-1987 California Basis</b>	
1. Enter your taxable distribution from your Federal Form 1040, line 15b (or line 16b).	
2. Enter your California basis as of 12/31/2016.	
3. Enter the smaller of line 1 or line 2. Enter this amount on Schedule CA (540), line 15b, or line 16b.	
4. Remaining California basis as of 12/31/2016. Subtract line 3 from line 2.	

<b>Enter Total California basis from information above or client's records:</b>	<b>1. \$900</b>
<b>Enter California basis recovered in prior years:</b>	<b>2. \$0</b>
<b>California basis as of 12/31/2016:</b>	<b>3. \$900</b>
<b>Enter client's taxable distribution from Form 1040, line 15b:</b>	<b>4. \$500</b>
<b>Enter client's basis as of 12/31/2016 (from line 3 above):</b>	<b>5. \$900</b>
<b>Enter the smaller of line 4 or line 5. Enter this amount on Schedule CA (540), line 15b:</b>	<b>6. \$500</b>
<b>Remaining California basis as of 12/31/2016, subtract line 6 from line 5:</b>	<b>7. \$400</b>

## Use this IRA Adjustment Worksheet to Calculate Your Client’s IRA California Basis.

**Worksheet II — Summary of California Basis**

Taxable Year	Pre-1987 Contributions	Deduction		California Basis in Contribution	Total Distribution	Federal Taxable Amount	California Basis Recovered	Remaining California Basis
		Federal	California					

### Contributions and Deductions by Year

Your client must be able to provide information to complete the chart in order for you to determine whether an adjustment is necessary. If your client does not have this necessary information, no adjustment can be made.

If your client can provide the necessary information, subtract total California Deductions (C) from total Federal Deductions (B). This amount is your client’s California basis. If there is no difference between B and C, there is no adjustment on Schedule CA (540), line 15.

### Basis of an Inherited IRA

Distributions from an inherited IRA are considered inherited income, not inherited property. The IRA basis is not stepped up to fair market value at the date of death. The beneficiary’s basis in the IRA is the same as the decedent’s basis in the IRA.

### California Pension and Annuity Adjustments

California and federal laws generally treat pension and annuity income the same. However, if any of the following apply, your client may have an adjustment on the California tax return:

- They receive a federal Form RRB 1099-R for tier 2 railroad retirement benefits and you included all or part of these benefits as taxable income on the federal tax return.

- They received a retirement annuity between July 1, 1986, and January 1, 1987, and elected to use the three year rule for California purposes. The federal taxable amount is less than the California taxable amount.
- They receive federally nontaxable foreign social security income.

**Standard and Itemized Deductions**

Your client deducts the larger of the standard or itemize deduction. Use the method that gives your client the larger deduction. Your client may itemize for state, federal, or both.

Clients over age 65, who take the federal standard deduction, may receive a greater state deduction if they itemize.

If your clients are married/RDP and filing separate tax returns, the client and their spouse/RDP must either both itemize their deductions or both take the standard deduction.

**The Standard Deduction**

If your client takes the standard deduction on their federal tax return, in many cases the state standard deduction will be greater than the allowable itemized deductions.

Any dependent, filing their individual tax return, must use the “California Standard Deduction Worksheet for Dependents” in this chapter.

**Line 6** – If your client completed the square on line 6, indicating possible dependent status on someone else’s tax return, complete the “California Standard Worksheet for Dependents” below.

1.	Earned income. For purposes of the standard deduction, earned income includes only wages.	\$400
2.	Enter \$350.	\$350
3.	Add line 1 and line 2.	\$750
4.	Minimum standard deduction (\$1,050 for tax year 2016).	\$1,050
5.	Enter the larger of line 3 or line 4.	\$1,050
6.	California standard deduction for the filing status.	\$4,129
7.	Allowable standard deduction. Enter the smaller of line 5 or line 6.	\$1,050

## Itemized Deductions

Your clients may itemize for federal, state, or both.

If your client claims itemized deductions on their state tax return, adjust the amount from their federal Schedule A. If your client files Form 540, complete and attach Schedule CA (540) Part II – Adjustments to Federal Itemized Deductions. Complete state itemized deductions using the “California Itemized Deductions Worksheet” below.

If your client or their spouse/RDP claims additional standard deduction amounts on their federal tax return because your client or their spouse/RDP is age 65 or older, then your client may benefit from itemizing on their state tax return even if they took the federal standard deduction.

To itemize for just the state, complete Form 1040, Schedule A following federal rules, and then complete the “California Itemized Deductions Worksheet” or Schedule CA (540), Part II – Adjustments to Federal Itemized Deductions. Do not attach the federal Schedule A to your client’s tax return.

<b>Schedule CA, Part II, Adjustment to Federal</b>	
1. Enter the amount of itemized deductions from federal Schedule A, line 28, Itemized Deductions.	
2. Enter the amount from federal Schedule A, line 5, line 7, <b>and</b> only the portion relating to foreign income taxes from line 8. Be sure to include any amount deducted for State Disability Insurance (SDI), California Lottery losses claimed as a federal itemized deduction, and any Mortgage Insurance premiums (PMI) claimed on the federal Schedule A.	
3. Subtract line 2 from line 1. This amount is your client’s total <b>itemized deductions for California</b> .	
4. Enter the <b>Standard Deduction</b> for your client’s filing status.	
5. Compare the amounts on line 3 and line 4 above. Enter the larger of the two amounts here and on Form 540, line 18.	
<b>If your client can be claimed as a dependent on someone else’s tax return, complete the “Standard Deduction Worksheet for Dependents.” Enter the amount from line 7 of that worksheet on line 4 of this worksheet.</b>	

## Tax and Credits

### Tax

Determine your client’s tax by using the tax table in the 540 Booklet or in this manual. If you are filing a paper Form 540 2EZ, the tax tables are specially calculated to include the standard deduction and exemption credit. Do not use the Form 540 2EZ tax tables for Form 540.

Follow the instructions at the top of the tax table. Use the correct filing status and taxable income from your client’s Form 540, line 19.

First Column

- 1 – Single
- 3 – Married/RDP filing separately

Second Column

- 2 – Married/RDP filing jointly
- 5 – Qualifying widow-(er)

Third Column

- 4 – Head of Household

**Use Tax**

California enacted use tax on July 1, 1935. It applies to purchases from out of state sellers, similar to sales tax paid on purchases made in California.

In general, your client pays California use tax on purchases from out of state (i.e., telephone, over the Internet, by mail, or in person) if both apply:

- The seller did not collect California sales or use tax.
- Your client used, gave away, stored, or consumed the item in this state.

If your client owes use tax, but chooses not to report it on their income tax return, they must report and pay the tax to the State Board of Equalization. For more information, contact the State Board of Equalization at **boe.ca.gov** or call **800.400.7115**.

Complete the worksheet below to figure your client’s use tax.

<b>Use Tax Worksheet</b>	
1. Enter your client’s total purchases subject to use tax. Include handling charges. Do not include any sales or use tax your client paid to the seller.	
2. Enter the applicable sales and use tax rate from chart below.	
3. Multiple line 1 by the tax rate on line 2.	
4. Enter any sales or use tax your client paid to another state for purchases included on line 1.*	
5. Subtract line 4 from line 3. Enter line 5 on Form 540, line 93.	

\*This is a credit paid to other states.

Your client cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if your client paid \$8.00 in sales tax to another state for a purchase, and they would have paid \$6.00 in California, they can claim a credit of only \$6.00 for that purchase.

<b>County</b>	<b>Rate</b>	<b>County</b>	<b>Rate</b>
<b>Alameda</b>	9.50%	<b>Orange*</b>	8.00%
<b>Alpine</b>	7.50%	<b>Placer</b>	7.50%
<b>Amador</b>	8.00%	<b>Plumas</b>	7.50%
<b>Butte</b>	7.50%	<b>Riverside</b>	8.00%
<b>Calaveras</b>	7.50%	<b>Sacramento</b>	8.00%
<b>Colusa</b>	7.50%	<b>San Benito*</b>	7.50%
<b>Contra Costa*</b>	8.50%	<b>San Bernardino*</b>	8.00%
<b>Del Norte</b>	7.75%	<b>San Diego*</b>	8.00%
<b>El Dorado*</b>	7.50%	<b>San Francisco</b>	8.75%
<b>Fresno*</b>	8.225%	<b>San Joaquin*</b>	8.00%
<b>Glenn</b>	7.50%	<b>San Luis Obispo</b>	7.50%
<b>Humboldt*</b>	8.00%	<b>San Mateo</b>	9.00%
<b>Imperial*</b>	8.00%	<b>Santa Barbara</b>	8.00%
<b>Inyo</b>	8.00%	<b>Santa Clara</b>	8.75%
<b>Kern</b>	7.50%	<b>Santa Cruz*</b>	8.25%
<b>Kings</b>	7.50%	<b>Shasta</b>	7.50%
<b>Lake*</b>	7.50%	<b>Sierra</b>	7.50%
<b>Lassen</b>	7.50%	<b>Siskiyou</b>	7.50%
<b>Los Angeles*</b>	9.00%	<b>Solano</b>	7.625%
<b>Madera</b>	8.00%	<b>Sonoma*</b>	8.25%
<b>Marin*</b>	8.50%	<b>Stanislaus</b>	7.625%
<b>Mariposa</b>	8.00%	<b>Sutter</b>	7.50%
<b>Mendocino*</b>	7.625%	<b>Tehama</b>	7.50%
<b>Merced*</b>	7.50%	<b>Trinity</b>	7.50%
<b>Modoc</b>	7.50%	<b>Tulare*</b>	8.00%
<b>Mono</b>	7.50%	<b>Tuolumne*</b>	7.50%

<b>Monterey</b>	7.625%	<b>Ventura</b>	7.50%
<b>Napa</b>	8.00%	<b>Yolo*</b>	7.50%
<b>Nevada*</b>	7.625%	<b>Yuba</b>	7.50%

\*Many cities and towns in California impose a district tax, which results in a higher sales and use tax than in other parts of the county.

If your clients are reporting an item that was purchased for use in any of the following cities or towns, please use the appropriate tax rates for those areas. The following tax rates apply within the city limits or the town limits of the listed community.

<b>County</b>	<b>City or Town With a Special District Tax</b>	<b>Effective Tax Rate</b>
Contra Costa	Richmond	9.50%
El Dorado	Placerville and South Lake Tahoe	8.00% and 8.00%
Fresno	Clovis	8.225%
Humboldt	Trinidad	8.75%
Imperial	Calexico	8.50%
Lake	Clearlake and Lakeport	8.00% and 8.00%
Los Angeles	Avalon	9.50%
Marin	San Rafael	9.25%
Mendocino	Point Arena and Fort Bragg	8.125% and 8.625%
Mendocino	Willits and Ukiah	8.125% and 8.125%
Merced	Los Banos and Merced	8.00% and 8.00%
Monterey	Salinas and Sand City	9.125% and 8.625%
Nevada	Truckee	8.375%
Orange	Laguna Beach	8.00%
San Benito	San Juan Bautista	8.25%
San Bernardino	Montclair	8.25%
San Diego	El Cajon and National City	8.50% and 9.00%
San Joaquin	Stockton	9.00%
Santa Cruz	Capitola, Santa Cruz, and Scotts Valley	8.75%, 8.75%, and 8.75%
Sonoma	Sebastopol and Santa Rosa	9.00% and 8.75%
Tulare	Dinuba, Farmersville, Porterville, Tulare, and Visalia	8.75%, 8.50%, 8.50%, 8.50%, and 8.25%

### **California Income Tax Withheld**

Enter total California income tax withheld from box 17 on Forms W-2. If filing a joint tax return, include the amount withheld from the spouse's/RDP's wages. If filing separate tax returns, claim half of the **total** withholding from **both** spouses/RDPs on each tax return.

Also, include amounts from Form W-2G, box 14, and 1099-R, box 12. If your clients received Form 1099 showing California income tax withholding on dividends and interest income, include these amounts.

### **Do not include any amount of local income tax withheld.**

Advise clients who do not receive Form W-2 by January 31, 2017, to contact their employers. Only an employer distributes or corrects Form W-2. Clients who cannot get a copy of Form W-2 must complete FTB 3525, *Substitute for Form W-2, Wage and Tax Statement*, or 1099-R, *Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* If your client forgets to send their Form W-2 with a paper tax return, advise them not to send them separately. It is best to wait until Franchise Tax Board contacts your client to request them.

### **2016 California Estimated Tax and Payment with FTB 3519**

Enter total of any:

- 2016 California estimated tax payments your clients made using Form 540-ES.
- Overpayment from your client's 2015 California income tax return that they applied to their first quarter 2016 estimated tax payment.
- Any payment with FTB 3519, *Payment Voucher for Automatic Extension for Individuals*, which your client may have made if they are filing after April 18, 2017.
- Amounts claimed by your client who, with their spouse/RDP, paid in 2016 joint estimated tax payments towards a joint tax return.

When filing a separate tax return after estimate payments have been jointly sent to Franchise Tax Board, either the client or the spouse/RDP claims the entire amount paid or they each claim a part of it. Provide a signed statement from the client and their spouse/RDP explaining how they want their payments divided. Always show both social security numbers on the separate tax returns.

### **Nonrefundable Renter's Credit**

Is your client's income on Form 540, line 17:

- \$39,062 or less if single or married/RDP filing separately
- \$78,125 or less if married filing jointly, head of household, or qualifying widow(er)

#### **And**

Your client paid rent on their principal residence in California for at least 6 months in 2016?

**Yes:** Answer the Renter's Credit question "yes" in the state information for the California return in the software

**No:** They do not qualify for this credit.

Your client does not qualify for the Nonrefundable Renter's Credit if, for more than half of the year, they rented property exempt from property taxes. Exempt property includes most government owned buildings, church owned buildings and parsonages, college dormitories, and military barracks. However, if your client's landlord paid possessory interest taxes for the rented property, then your client may claim the Nonrefundable Renter's Credit.

Your client does not qualify for the Nonrefundable Renter's Credit if they or their spouse/RDP received a property tax exemption at any time during the year. However, if your client lived apart from their spouse/RDP for the entire year, and your client's spouse/RDP received a homeowner's property tax exemption for a separate residence, then claim the Nonrefundable Renter's Credit if the client meets all other qualifications.

If your client and their spouse/RDP file separate returns, live in the same rental property, and both qualify for the Nonrefundable Renter's Credit, each claims half of the amount, \$60, or one of them claims the whole amount, \$120. If your client and their spouse/RDP maintained separate residences, they each claim only half the amount, \$60.

**Important Note:** The tax software does not automatically enter the Nonrefundable Renter's Credit. If your clients qualify, you must remember to answer the "Do you qualify for" renter's credit question "yes" on the state tax return.

### Excess SDI or VPDI Withheld

Your clients may claim a credit for excess California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) if they meet all of the conditions below:

- A client had **two or more** employers during 2016.
- The client received more than \$106,742 in combined wages during 2016 from more than one employer.
- The amount of SDI or VPDI withholding appears on the Forms W-2.

A client with one employer and SDI withholding that exceeds the maximum withholding amount of \$960.68 or withholding that exceeds 0.9 percent of your client’s gross wages, cannot take the credit. Your client’s employer refunds the difference.

Use the “Excess SDI or VPDI Worksheet” below to figure your client’s credit.

<b>Excess California SDI or VPDI Withheld</b>	
1. Add amounts of SDI (or VPDI) withheld on your client’s Form W-2.	
Enter the total here.	_____
2. 2016 SDI (or VPDI) limit.	\$960.68 _____
3. Subtract Line 2 from Line 1. This is your client’s excess SDI (or VPDI) withheld.	
Enter the result here, and on Form 540, line 74	_____

For married/RDP clients filing a joint tax return, compute the credit separately for each spouse/RDP, add the two credits together, and enter the combined credit on Form 540.

**Important Note:** Employers often enter SDI in Box 14 on Form W-2. The tax software will calculate the federal SDI Schedule A deduction if SDI is selected from the drop down menu.

## Child and Dependent Care Expense Credit Form 3506

Before the 2011 tax year, the Child and Dependent Care Expense Credit was a refundable credit on Form 540. After the 2011 tax year, the Child and Dependent Care Expense credit is **nonrefundable**. Nonrefundable means that your client uses the credit only to reduce the amount of state tax owed on their California tax return.

If your client paid someone to care for their child or other qualifying person in order to work or look for work in 2016, they may be eligible for the child and dependent care expense credit. They must earn income in 2016 to claim the credit. If they qualify for the credit, use FTB 3506, *Child and Dependent Care Expenses Credit*, to figure the credit amount.

Your client does not have to take the federal Child and Dependent Care Expense Credit to claim the California credit.

### Differences in California and Federal law

- California allows this credit only for care provided in California.
- Federal adjusted gross income of \$100,000 or less to qualify for the California credit.
- The California credit is a percentage of the federal credit as modified by California law.
- An RDP may file a joint tax return and claim this credit.

### Qualifications

Check with your client to see if **all eight** of the following rules apply:

1. Married/RDP clients must file a joint tax return. For exceptions, see the "Married clients filing separate returns" section on the next page.
2. All care provided in California for one or more qualifying persons. A qualifying person is:
  - Any child age 12 or under for whom your client claims the dependent exemption credit. Children turning 13 during the year qualify for the part of the year they were 12.
  - Your client's spouse/RDP was physically or mentally incapable of self-care.
  - Your client's dependent was physically or mentally incapable of self-care. Your client must claim the dependent exemption credit for this person.

- Any disabled person unable to care for themselves whom you could claim as a dependent; however, you (or your spouse/RDP filing a joint tax return) could be claimed as a dependent on someone else's 2016 tax return.
3. The care was provided so your client or their spouse/RDP could work or look for work during 2016. However, if they did not find a job and have no earned income for the year, they cannot take the credit. If your client's spouse/RDP was a student or disabled, see the instructions for Form 3506, line 5.
  4. You and your spouse/RDP must have earned income during the year.
  5. Your client and the qualifying person(s) must have lived in the same home for more than half the year.
  6. The person providing the care is not the spouse/RDP, the parent of the qualifying child, or a person for whom your client can claim a dependent exemption. If a client's child provides the care, the child must have been 19 or older by the end of 2016.
  7. Reported provider and qualifying child information.
  8. Your client's federal adjusted gross income must be \$100,000 or less.

**Important Note:** Nonresident rules are not covered in this manual. If your client was a part year or nonresident of California, see the FTB 3506, *Child and Dependent Care Expense Credit* instructions.

### **Married/RDP Clients Filing Separate Returns**

If your client is married and files a separate return, and they meet the three requirements below, plus **all** the other qualifications listed previously, they may take the credit:

- They lived apart from their spouse/RDP during the last 6 months of 2016.
- The qualifying person lived in their home more than half of 2016.
- They provided over half the cost of keeping up the home.

### **Divorced, Separated, or Never Married Parents**

If your client is divorced, separated, or never married, special rules apply for determining if their child is their qualifying person. A child can only be the qualifying person of one parent when the parents are filing separate returns. Even if both parents pay for childcare for the same child, both parents cannot qualify for the credit. Some custody agreements designate which parent is entitled to the credit; however, the designated parent must still meet **all** of the previous qualifications.

### **Custodial Parent**

Your client is considered the custodial parent if they had physical custody of their child longer than the other parent during the calendar year. On days where custody is shared, the parent having custody of the child for more than 12 hours is considered to have custody for that day. If your client and other parent have physical custody for the same number of days, then neither your client nor the other parent is the custodial parent.

For more information on divorced, separated, never married, or custodial parents, see the instructions for FTB 3506.

## **Part I**

### **Unearned Income and Other Funds Received in 2016**

List the source and amount of any money your client received in 2016, not included in earned income (listed on lines 4 and 5, Form FTB 3506), but used to support their household. Include:

- Child support
- Property settlements
- Public assistance benefits
- Court awards
- Inheritances
- Insurance proceeds
- Pensions and annuities
- Social Security payments
- Workers compensation
- Unemployment compensation
- Interest
- Dividends

**Part II****Persons or Organizations Who Provided the Care**

Complete columns (a) through columns (g) for each person or organization that provides dependent care. Use federal Form W-10, Dependent Care Provider's Identification and Certification, or any other source listed in the instructions for Form W-10 to get the necessary information from the care provider. If the provider does not give your client the information, complete as much of the information as possible and explain that the provider did not give the information requested. If the correct or complete information is not given, your client's credit may be disallowed unless they can show they used due diligence trying to get the required information.

**Line 1, (a) and (b)**

Enter the care provider's name and address. Also, select if the provider is a person or an organization.

If your client was covered by their employer's dependent care plan and the employer furnished the care (either at their workplace or by hiring a care provider), enter the employer's name in (a). Next, enter "See W-2" in (b). Then enter the employer's telephone number in (c). Complete 1(a) through 1(f). Leave (g) blank. But, if the employer paid a third party (not hired by the employer) on your client's behalf to provide care, you must provide information on their third party on line 1, (a) through (g).

**Line 1, (c)**

Enter the telephone number of the care provider, including area code. FTB may call to verify the provider information.

**Software Tip:**

The care provider's phone number can be entered with the care provider's information in the software. It will be passed to the "required" field on the FTB 3506. Failure to provide the phone number causes e-file reject for the state tax return.

**Line 1, (d)**

Check the box indicating whether the care provider is a person or organization.

**Line 1, (e)**

If the care provider is an individual, enter his/her social security number. Otherwise, enter the provider's employer identification number. If the provider is a tax-exempt organization, enter "Tax-Exempt" in (c).

**Line 1, (f)**

Enter the address where the care was provided. **Only care provided in California qualifies for the credit.**

**Line 1, (g)**

Enter the total amount your client actually paid in 2016 to the care provider. Also, include amounts the employer paid to a third party on their behalf. It doesn't matter when the expenses were incurred. Do not reduce this amount by any reimbursement they received.

Inform the client that FTB may ask for proof of payments made at a later date. Cash payments without verifiable documentation may not be accepted.

**Part III**

**Credit for Child and Dependent Care Expenses**

**Line 2**

**Information about your qualifying person(s)**

Complete column (a) through column (e) for each qualifying person. If your client has more than three qualifying persons, attach a statement to the return with the required information and write, "see attached." Be sure to put your client's name and social security number on the statement.

**Line 2, column (a)**

Enter each qualifying person(s) name.

**Line 2, column (b)**

Enter the qualifying person's SSN unless he or she was born and died in 2016. Be sure the name and SSN entered agree with the person's social security card.

If the person was born and died in 2016, and did not have an SSN, enter "Deceased" in column (b) and attach a copy of the person's birth and death certificates.

**Line 2, column (c)**

Enter the qualifying person's date of birth. If the qualifying person is disabled, check the "Yes" box.

**Line 2, column (d)**

If your client shared custody of the qualifying person(s), enter the percentage of time they had physical custody. Physical custody must be greater than 50 percent to qualify for the credit.

**Line 2, column (e)**

Enter the qualified expenses your client incurred and paid in 2016 for the person listed in column (a). Do not include in column (e) qualified expenses your client:

- Incurred in 2016, but did not pay until 2017.
- Incurred in 2015, but did not pay until 2016. Instead, see line 11, Credit for Prior Year's Expenses.
- Prepaid in 2016 for care to be provided in 2017. These expenses may only be used to figure the 2017 credit.

**Line 3 Add**

Add the amounts in column (e) and enter on line 3. Do not enter more than \$3,000 for one qualifying person or \$6,000 for two or more qualifying persons.

**Line 4 Earned Income**

Earned income includes wages, salaries, tips, other employee compensation, net earnings from self-employment, strike benefits, and disability payments your client reported as wages. Earned income does not include pensions and annuities, social security payments, worker's compensation, interest, dividends, public assistance, capital gains, or unemployment compensation.

**Line 5 Spouse/RDP Who is a Student or Disabled**

Your client's spouse/RDP can be considered a student if he/she was enrolled as a full-time student at a school during any five months of 2016. A school does not include a night school or correspondence school.

Your client's spouse/RDP is considered disabled if he or she was not capable of self-care.

Figure your client's spouse/RDP income on a monthly basis. For each month or part of a month your client's spouse/RDP was a student or was disabled, he/she is considered to have worked and earned income. His/her income for each month is considered to be at least \$250 (\$500 if two or more qualifying persons). If your client's spouse/RDP also worked during that month, use the higher of \$250/\$500 or their actual earned income for that month.

If, in the same month, both your client and their spouse/RDP were either students or disabled, only one of them can be treated as having earned income in that month. For any month that their spouse/RDP was not a student or disabled, use your client's spouse/RDP actual earned income if he/she worked during that month.

**Line 7 Federal Adjusted Gross Income**

Determine your client's federal adjusted gross income from Form 540, line 13. Then use the chart below to determine the decimal to use on line 7.

<b>Federal AGI is Over</b>	<b>But Not Over</b>	<b>Decimal for Line 7</b>
\$0	15,000	.35
15,000	17,000	.34
17,000	19,000	.33
19,000	21,000	.32
21,000	23,000	.31
23,000	25,000	.30
25,000	27,000	.29
27,000	29,000	.28
29,000	31,000	.27
31,000	33,000	.26
33,000	35,000	.25
35,000	37,000	.24
37,000	39,000	.23
41,000	43,000	.21
43,000	No Limit	.20

**Line 9 California Credit Percentage**

Use the chart below to determine the California percentage.

If the amount from Form 540, line 13 is:                      Enter on Line 9, FTB 3506:

\$40,000 or less	.50
\$40,000 but not over \$70,000	.43
\$70,000 but not over \$100,000	.34
Over \$100,000 does not qualify	

**Line 11 Prior Year Expenses**

If your client had qualified expenses for care that was provided in 2015 that they did not pay until 2016, they may be able to increase the amount of credit they can take in 2016. You will need a copy of the 2015 tax return to complete this line.

**Line 12 Add**

Add line 10 and line 11. Enter this result on Form 540, line 78.

## **Part IV**

### **Dependent Care Benefits**

#### **Line 13 – Line 27**

Part IV is to be completed only if your client received dependent care benefits from an employer. See FTB 3506 instructions for detailed information.

#### **Credit for 2015 Expenses Paid in 2016**

You will need the instructions for the 2015 FTB 3506 if your client feels he/she qualifies for 2015 expenses paid in 2016.

#### **Contributions on the California Tax Return**

Some clients make charitable contributions to charitable funds listed on the back of Form 540. For a list of the funds and a description of each, see the Contribution section in this manual. The contribution reduces any refund due. The contribution also increases the balance due, if there is tax owed on the tax return.

Contributions must be \$1 or more, in whole dollar amounts. Your client cannot change the contribution amount after FTB accepts an e-file or paper tax return.

#### **Earned Income Credit**

This credit is available to California households with adjusted gross income of less than **\$6,718** if there are **no** qualifying children, less than **\$10,088** if there is **one** qualifying child or less than **\$14,162** if there are **two** or more qualifying children. The CA EITC requires earned income reported on a W-2 form, such as wages, salaries, and tips, which must be subject to California withholding. Unlike the federal EITC, income from self-employment **cannot** be used to qualify for the California credit. You, your spouse, and any qualifying children must each have a social security number issued by the Social Security Administration that is valid for employment. You must file using the single, married/registered domestic partner (RDP) filing jointly, or head of household filing status. The "married/RDP filing separately" status **may not** be used. Your principal residence must be in California for more than half the tax year. Federal rules for age and dependent status also apply. FTB 3514, California Earned Income Tax Credit, must be completed and filed with return to claim credit. The credit amount, if you qualify, is on line 23 of the 540 2EZ, line 75 of the 540 return, line 85 of the 540NR (short) or 540NR (Long) Maximum credit amounts are **\$214** with **no** qualifying children, **\$1428** with **one** qualifying child, **\$2358** with **two** qualifying children, and **\$2653** with **three** or more qualifying children.

### **Refund or No Amount Due**

If your client made Form 540 contributions, the amount of the refund is the amount of overpaid tax available this year minus the amount of the contributions.

If your client made no Form 540 charitable contributions, then the amount of their refund is the same as the amount of the overpaid tax available this year.

Refunds automatically issue for \$1 or more. For refunds less than \$1, attach a written request to Form 540. Send Refund or No Amount Due tax returns to:

**STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
PO BOX 942840  
SACRAMENTO, CA 94240-0001**

### **Amount You Owe**

If your client made contributions the amount of the payments are the amount of tax due plus the amount of contributions.

If your client did not contribute, enter the amount from the Tax Due line on the Amount You Owe line. Have your client attach a check or money order for this amount.

Make the check or money order payable to “Franchise Tax Board” for the full amount shown on the Amount You Owe line. Have your client write their social security number, the tax year, and the form number on their check or money order.

**Example:** Joan Smith would include XXX-XX-5555 (her social security number) and a 2016 Form 540 (the tax year and the form number of the tax return she is filing).

Have the client attach the check or money order to their tax return and mail the tax return to:

**STATE OF CALIFORNIA  
FRANCHISE TAX BOARD  
PO BOX 942867  
SACRAMENTO, CA 94267-0001**

### Direct Deposit

If your client expects a refund, encourage direct deposit. Provide the bank routing number, the bank account number, and the type of account in the boxes provided on the form. If the client chooses, split refunds between two different bank accounts.

It's fast, safe, and convenient for clients to use direct deposit. The illustration below shows the bank numbers to transfer to the third page of Form 540.

Please put the direct deposit information in the specified section of the forms.

**Important Note:** Banking information is entered separately for federal and state refunds in the software.

Do not use a deposit slip to find the bank numbers. Deposit slips sometimes have different numbers. Have your client contact their financial institution for assistance in getting correct routing numbers. Also, do **not** attach a copy of a voided check.

John Doe	<b>123</b>	
Mary Doe	15 000000 00	
1234 Main Street		
Anytown, CA 99999		
PAY TO THE ORDER OF	\$	
<hr/>		
Anytown Bank		
Anytown, CA 99999		
<div style="border: 1px solid black; padding: 5px; display: inline-block; width: 100px; text-align: center;">234873992</div>	<div style="border: 1px solid black; padding: 5px; display: inline-block; width: 100px; text-align: center;">00000982937</div>	<div style="border: 1px solid black; padding: 5px; display: inline-block; width: 100px; text-align: center;">123</div>
↙	↙	↙
Routing Number	Account Number	Check Number

### Can Clients Pay FTB Online?

Yes. Go to [ftb.ca.gov](http://ftb.ca.gov) and search **Payment Options**. Choose **Web Pay**. Follow the easy directions, including how to obtain a MyFTB Account, and enjoy the convenience of deciding which date and what dollar amount to debit directly from your bank account. Payments may be scheduled up to a year in advance.

### **Western Union**

FTB accepts Western Union payments. Western Union charges a fee for the service.

### **Credit Card Payments**

Clients can use a Discover, MasterCard, VISA, or American Express card to pay personal income tax. Pay the balance due for this year (2016), estimated taxes for 2017, extension payments, or amounts owed for prior years.

There is a convenience fee charged for this service. Pay the fee directly to the “Official Payments Corp.” for the automated service. The client’s tax payment determines the amount of the fee.

### **Rate**

2.5 percent of tax amount charged (round to nearest cent). Minimum fee: \$1. Example: Tax Payment = \$754, 2.5 percent Fee = \$18.85.

### **When will my client’s payment be posted?**

Payment is effective on the transaction date charged.

### **What happens if my client changes their mind?**

If your client pays their tax liability by credit card and later reverse the credit card transaction, they may be subject to penalties, interest, and other fees imposed by Franchise Tax Board for nonpayment or late payment of their tax liability.

### **How does my client use their credit card to pay their tax due?**

Have the Discover, MasterCard, VISA, or American Express card, and the following information ready:

- Credit card number
- Expiration date
- Amount to be paid
- Client’s and Spouse/RDP’s SSN
- Type of payment being made (tax return, estimated tax, bill)
- Tax year
- Home phone number
- ZIP code for the address where your client’s monthly credit card bill is sent
- **FTB Jurisdiction Code: 1555**

Use a touch tone telephone to call **800.2PAY.TAX** or **800.272.9829** and follow the recorded instructions. Official Payments Corp. will tell your client the convenience fee before they complete the transaction. You can go to the Official Payments website at **officialpayments.com**.

### **Signing the Tax Return**

Your client must sign and date the return. If your client files a joint return, each spouse/RDP must sign. By signing, your client declares under penalty of perjury that their return is correct and complete to the best of their knowledge.

**Important Note:** Practitioner PIN should be used for e-filed tax returns. Your client and spouse/RDP must sign and date a California Form 8879. Give the signed Form 8879 to the taxpayer to keep with their tax return records.

If your client files a joint return and their spouse/RDP died during 2016, write "Surviving Spouse/RDP" next to the client's signature.

Be sure to enter your site identification number (SIDN) and initials in the space below "Paid Preparer's SSN/FEIN."

### **Quality Review Checklist**

- Double-check that names and social security numbers are complete and in the correct order.
- Quality Review all returns per IRS and FTB policy.
- Make sure Quality Review Sheet is complete.
- Double-check the amount of California withholding on IRS W-2 and 1099.
- Double-check all Schedule A itemized deductions on Form CA (540).
- Check your math and income statements. Double check each information line on the tax return.
- Make sure the client signs and dates the tax return.
- Enter site information number (SIDN) on every tax return.
- The software will continually run diagnostics on every tax return as it is being completed.



**2016 California Volunteer  
Reference Manual**

**Form 540  
Section**



## **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.

## **Exemptions**

### **Line 7**

#### **Personal Exemption**

Enter the number of personal exemptions claimed on the tax return. Filing status 1, 3, or 4 allows one personal exemption. Filing status 2 or 5 allows two personal exemption credits. The tax software automatically enters personal exemptions for you.

### **Line 8**

#### **Blind Exemption**

For information about the blind exemption credit, refer to the General Information section. The tax software provides a checkbox for visually impaired on the Personal Information Screen for Blind Exemption credit flow through.

### **Line 9**

#### **Senior Exemption**

For more information about the senior exemption, refer to the General Information section. The tax software automatically enters the Senior Exemption based on birth date information provided on the Personal Information Screen.

### **Line 10**

#### **Dependent Exemption**

Allow an exemption credit for each dependent. For additional information regarding dependent exemptions, refer to the General Information section. Federal and state tax law conforms regarding dependent exemptions.

### **Line 11**

#### **Exemption Amount**

Add line 7 through line 10 amounts. Transfer this amount to the Exemption Credit line in the Tax and Credits section of the form. The tax software completes this step automatically.

### **Line 12**

#### **State Wages**

Add up the amounts of state wages, tips, etc. from Box 16 on each of your client's Forms W-2 and enter the total on line 12. The tax software completes this step from information entered on the W-2.

### **Line 13**

#### **Federal Adjusted Gross Income**

State tax calculations begin with the federal adjusted gross income. Enter the federal adjusted gross income from the Form 1040, line 37. The tax software automatically enters this information.

### **Line 14 and 16**

#### **California Adjustments**

Certain types of income are nontaxable in California, but taxable on your client's federal tax return. Frequently, the difference is between the taxable amount of federal and California IRA distribution, pension, and annuity income. Other income types, social security and unemployment, are taxed by federal but not by California.

If there are differences between your clients's federal taxable income and state taxable income, complete a Schedule CA (540). The tax software will automatically generate a Schedule CA (540), although the flow through of information depends on information entered on income statements, worksheets, and the main information sheet.

Enter income taxable to federal, but not to the state. Enter the amount from Schedule CA (540), column B, line 37 to Form 540, line 14.

Enter income taxable to the state, but not to federal. Enter the amount from Schedule CA (540), column C, line 37 to Form 540, line 16.

After populating the Schedule CA (540), the tax software requires the preparer to enter adjustments from State Return Page. Use the print return function to see if the form is correct. For more detailed information on California adjustments, refer to the General Information Section, the Schedule CA (540) detail later in this chapter, and FTB 1001, *Supplemental Guidelines to California Adjustments*.

The most common California adjustments are:

- Any state income tax refund
- Unemployment compensation
- Federally taxable U.S. social security or railroad retirement
- California nontaxable interest or dividend income
- California IRA distributions resulting from an increased California basis
- Non-taxable pensions and annuities
- California Lottery winnings
- Tuition and fees deduction
- Educator expense

TAXABLE YEAR

SCHEDULE

# 2016 California Adjustments – Residents

## CA (540)

**Important:** Attach this schedule behind Form 540, Side 5 as a supporting California schedule.

Name(s) as shown on tax return

SSN or ITIN

**Part I Income Adjustment Schedule**

**Section A – Income**

	<b>A</b> Federal Amounts (taxable amounts from your federal tax return)	<b>B</b> Subtractions See instructions.	<b>C</b> Additions See instructions.
7 Wages, salaries, tips, etc. See instructions before making an entry in column B or C	7		
8 Taxable interest (b)	8(a)		
9 Ordinary dividends. See instructions. (b)	9(a)		
10 Taxable refunds, credits, offsets of state and local income taxes	10		
11 Alimony received	11		
12 Business income or (loss)	12		
13 Capital gain or (loss). See instructions.	13		
14 Other gains or (losses)	14		
15 IRA distributions. See instructions. (a)	15(b)		
16 Pensions and annuities. See instructions. (a)	16(b)		
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	17		
18 Farm income or (loss)	18		
19 Unemployment compensation	19		
20 Social security benefits (a)	20(b)		
21 Other income.		a	a
a California lottery winnings		b	b
b Disaster loss deduction from FTB 3805V		c	c
c Federal NOL (Form 1040, line 21)		d	d
d NOL deduction from FTB 3805V		e	e
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809	21	f	f
f Other (describe):			
22 Total. Combine line 7 through line 21 in column A. Add line 7 through line 21f in column B and column C. Go to Section B.	22		

**Section B – Adjustments to Income**

23 Educator expenses	23		
24 Certain business expenses of reservists, performing artists, and fee-basis government officials	24		
25 Health savings account deduction	25		
26 Moving expenses	26		
27 Deductible part of self-employment tax	27		
28 Self-employed SEP, SIMPLE, and qualified plans	28		
29 Self-employed health insurance deduction	29		
30 Penalty on early withdrawal of savings	30		
31a Alimony paid. (b) Recipient's: SSN			
Last name	31a		
32 IRA deduction	32		
33 Student loan interest deduction	33		
34 Tuition and fees	34		
35 Domestic production activities deduction	35		
36 Add line 23 through line 31a and line 32 through line 35 in columns A, B, and C. See instructions	36		
37 Total. Subtract line 36 from line 22 in columns A, B, and C. See instructions	37		



**Part II Adjustments to Federal Itemized Deductions**

38 Federal itemized deductions. Enter the amount from federal Schedule A (Form 1040), lines 4, 9, 15, 19, 20, 27, and 28 . . . . .  38

39 Enter total of federal Schedule A (Form 1040), line 5 (State Disability Insurance, and state and local income tax, or General Sales Tax) and line 8 (foreign income taxes **only**). See instructions . . . . .  39

40 Subtract line 39 from line 38 . . . . .  40

41 Other adjustments including California lottery losses. See instructions. Specify  . . . . .  41

42 Combine line 40 and line 41 . . . . .  42

43 Is your federal AGI (Form 540, line 13) more than the amount shown below for your filing status?  
     Single or married/RDP filing separately . . . . . \$182,459  
     Head of household . . . . . \$273,692  
     Married/RDP filing jointly or qualifying widow(er) . . . . . \$364,923  
 No. Transfer the amount on line 42 to line 43. . . . .

    Yes. Complete the Itemized Deductions Worksheet in the instructions for Schedule CA (540), line 43 . . . . .  43

44 Enter the larger of the amount on line 43 or your standard deduction listed below  
     Single or married/RDP filing separately. See instructions . . . . . \$4,129  
     Married/RDP filing jointly, head of household, or qualifying widow(er) . . . . . \$8,258  
 Transfer the amount on line 44 to Form 540, line 18 . . . . .  44

This space reserved for 2D barcode

The purpose of this form is to make adjustments to your client's federal adjusted gross income for differences between federal and California income or deductions.

**Differences between California and Federal law for 2016:**

California law does not conform to federal law for:

- The deduction allowed and interest earned on Health Savings Accounts (HSA). HSA contributions may not be deducted and any interest earned on the account is taxable to California.

**Included for informational purposes:** Mortgage Forgiveness Debt Relief Act amounts of indebtedness, debt relief: Indebtedness limit is \$800,000 for all except \$400,000 MFS. California limited debt relief to \$500,000 MFJ/RDP, Single, HOH, and qualifying widow(er), and \$250,000 MFS/RDP until 31 Dec 2012. California **extended** its exclusion to 2013, **but not 2014, 2015, or 2016**. Enter the amount of the excluded income on line 21f, column C.

**Column A**

Enter in Column A, lines 7 through 21, the same amounts you entered on federal Form 1040, lines 7 through 21 (or your client's federal Form 1040A, line 7 through 14b).

**Columns B and C**

**Line 7 Wages, Salaries, Tips, Etc.**

Generally, you will not make any adjustments on this line unless your clients received any of the types of income listed below:

- Ride sharing benefits
- Sick pay received under the Federal Insurance Contributions and Railroad Retirement Acts
- California Qualified Stock Options (CQSO)
- Employer provided RDP and RDP's dependent health and accident insurance and medical expense reimbursements

If your client received any income from the sources listed above, figure the difference between the taxable amounts reported on this line in column A and the taxable amount using California law. Enter the result on line 7, column B. If your client received any income exempted by U.S. tax treaties (unless specifically exempt for state purposes also) or employer provided HSA contributions and excluded the amount on their federal tax return, enter the excluded amount on line 7, column C. Find employer HSA contribution amounts on the W-2, box 12, code W. State exempt tax treaty

income is substantiated by a copy of the treaty obtained by the taxpayer from their embassy.

## Line 8

### Taxable Interest Income

Enter on line 8, **column B**, interest from column A that your client received from the following:

- United States Savings Bonds
- United States Treasury Bills
- Any other bonds or obligations of the U.S. and its territories
- Interest income from children reported on the parent's tax return

See FTB 1001, *Supplemental Guidelines to California Adjustments*, for detailed information.

Enter on line 8, **column C**, interest identified as tax exempt interest on Form 1040, line 8b (or Form 1040A, line 8b), and from the following sources:

- Non-California state bonds
- District of Columbia obligations issued after December 27, 1973
- Non-California municipal bonds issued by a county, city, town, or other local government unit
- Interest from a health savings account

## Line 9

### Ordinary Dividends

Generally, make no adjustment on this line. However, certain mutual funds qualify to pay "exempt interest dividends" if at least 50 percent of their assets consist of tax-exempt government obligations. **Find the tax-exempt part of the dividend on your client's annual statement.**

For California tax purposes, a mutual fund may qualify to pay tax-exempt interest dividends if, at the end of each quarter, at least 50 percent of the funds' assets are invested in federal or **California** state or local obligations. The federal and California obligations may be combined to meet the 50 percent test. Individual shareholders do **not** include tax-exempt interest or dividends in income.

**Important Note:** Interest dividends from agency bonds such as **FNMA** (Fannie Mae) and **GNMA** (Ginny Mae) are **not** considered federal obligations, and are not tax-exempt. Only federal obligations that would be exempt from California taxation if held by the individual taxpayer qualify for tax-exempt treatment.

The amount designated by the mutual fund as an exempt interest dividend may contain items that are not exempt from California tax (e.g. non-California state obligations or non-deductible interest expenses). In this case, only a percentage of the dividend will be exempt for California purposes.

If the California exempt-interest amount is more than the federal exempt-interest amount, enter the difference on line 9, **column B**.

Health Savings Account dividends line 9, **column C**.

### **Line 10**

#### **State Tax Refund**

California does not tax state income tax refunds. Enter in column B the amount of any state tax refund also entered in column A. The software will automatically make this adjustment.

### **Line 11**

#### **Alimony Received**

Only a nonresident alien who received alimony not included in their federal income would make an entry on this line in **column C**. Otherwise, make no adjustment.

### **Line 12**

#### **Business Income or Loss**

Business income or loss adjustment is beyond the scope of the VITA/TCE volunteer program. Make no entry in **column B or C**.

### **Line 13**

#### **Capital Gain or Loss**

Generally, there is no difference between the amount of capital gain or loss in column A and the amount to report using California law. California taxes long and short term capital gains as regular income. Get FTB 1001, *Supplemental Guidelines for California Adjustments*, for more information.

**Important Note:** For Capital loss carryovers, all information flows automatically from the federal to the California tax return.

Use Schedule D, *California Gain or Loss Adjustment*, if there are differences from any of the following. Basis amounts resulting from differences between California and federal law in prior years. Gain or loss from stock and bond transactions, installment sale gain from FTB 3805E, *Installment Sale Income*, gain on sale of personal residence claiming depreciation in a prior

year, and capital loss carryover. If your client thinks there is an adjustment to their federal capital gain or loss amount, refer them to:

- FTB Pub 1001.
- Franchise Tax Board's toll-free public assistance number, **800.852.5711**.

#### **Line 14**

##### **Other Gains and Losses**

This is beyond the scope of the VITA/TCE volunteer program.

#### **Line 15**

##### **Total IRA Distributions**

Generally, make no adjustments on this line. However, there may be significant differences in the taxable amount of a distribution depending on when your client made their contributions to the IRA. Restate the IRA basis for individuals who in prior years contributed to an IRA as nonresidents (see FTB 1100). For additional information on Individual Retirement Accounts, refer to the General Information section and FTB 1005, *Pension and Annuity Guidelines*.

#### **Line 16**

##### **Total Pensions and Annuities**

California and federal law generally treat pension and annuity income the same. However, if your client receives tier 2 railroad retirement benefits or partially taxable distributions from a pension, you may need to make an adjustment.

If your client receives Form RRB-1099-R and included some or all of these benefits in federal adjusted gross income, enter the taxable benefit amount in **column B**.

If your client began receiving a retirement annuity between July 1, 1986 and January 1, 1987, and elected to use the three year rule for California purposes and the annuity rules for federal purposes, enter in **column C** the amount of the annuity payments you excluded for federal purposes.

Enter additional tax on an early distribution from an IRA or pension plan on Form 540, line 63.

**Important Note:** The tax software will automatically generate the additional tax on line 63 based on information entered from the 1099-R.

**Line 17**

**Rental Real Estate, Royalties, Partnerships, S Corporations, and Trusts**

This is beyond the scope of the VITA/TCE program. The exception is Royalty income reported on a K-1. Royalty income reported on a 1099-MISC is out of scope. When the federal Schedule E and K-1 are complete, the tax software automatically flows royalty information from the federal to the state tax return.

**Line 18**

**Farm Income or Loss**

This is beyond the scope of the VITA/TCE program.

**Line 19**

**Unemployment Compensation**

California does not tax unemployment compensation or paid family medical leave reported on Form 1099-G. Enter the amount of unemployment compensation from line 19, column A on line 19, column B.

**Line 20**

**Social Security Benefits**

Enter in column B the amount of social security benefits or equivalent tier 1 railroad retirement benefits shown in column A. Column A only includes the federal taxable amount. These amounts can be found on Form 1040, line 20b.

**Line 21**

**Other Income**

**Line a – California Lottery Winnings**

California does not tax California lottery winnings. Enter the amount of California lottery winnings included in the amount on line 21, column A on line 21, column B.

**Important Note:** Do not make adjustments for lottery winnings from other states. These winnings are taxable to California.

**Lines b through e - Disaster loss carryover and net operating loss (NOL)**

These adjustments are beyond the scope of the VITA/TCE volunteer program.

### **Line f Other**

Include on line f, column B, income that you included in your client's federal income on Form 1040 from:

- Beverage container recycling
- Rebates from local water agencies, energy agencies, or energy suppliers
- Reward from a crime hotline
- Compensation for false imprisonment
- Cost-share payments received by forest landowners
- Grants paid to low income individuals to retrofit or construct buildings
- Health Savings Account distributions for unqualified medical expenses
- Death benefits received from the State of California by a surviving spouse/RDP or beneficiary of certain military personnel killed in the performance of duty. Military personnel include the California National Guard, State Military Reserve, or the Naval Militia
- Rebate for turf removal
- Rebate for seismic improvement

### **Line f Other Cont'd.**

Include on line f, column C, income that you excluded from your client's federal income on Form 1040:

- Federal foreign earned income or housing exclusion.
- Foreign income exempted by U.S. Tax Treaties.
- Mortgage forgiveness debt relief

### **Line 22**

#### **Total Income**

Add lines 7 through 21f in column B and column C. Enter the totals on line 22.

### **Part I Section B**

Use this section of the Schedule CA (540) for adjustments to entries made on Form 1040, lines 23 through 36. If your clients have no adjustments to income on these lines on their Form 1040, skip to line 37.

### **Column A**

Enter in column A, lines 23 through 36, the same amounts you entered on your client's federal Form 1040, lines 23 through 36.

**Columns B and C**

**Line 23 through Line 31**

Below is a description of any adjustment necessary for columns B and C. California law is the same as federal unless otherwise noted.

**Line 24**

**Certain Business Expenses of Reservists, Performing Artists, and Fee Basis Government Officials**

See Publication 1001 for more information on possible adjustments to California gross income. If there are allowable adjustments, enter the amount from line 24, column A, to line 24, column B.

**Line 25**

**Health Savings Account**

Enter the amount from line 25, column A, to line 25, column B.

**Line 26**

**Moving Expenses**

No adjustment necessary.

**Line 27**

**Self-Employment Tax**

No adjustment necessary.

**Line 28**

**Self-employed, SIMPLE, and Qualified Plans**

No adjustment necessary.

**Line 29**

**Self Employed Health Insurance Deduction**

No adjustment necessary.

**Line 30**

**Penalty on Early Withdrawal of Savings**

No adjustment necessary.

**Line 31**

**Alimony Paid**

Enter the name and social security number of the individual to whom your client paid alimony.

**Line 32**  
**IRA Deduction**

No adjustment necessary. There is an exception for military spouse/RDP.

**Line 33**  
**Student Loan Interest Deduction**

California conforms to federal law regarding student loan interest deduction. The tax software automatically calculates the California deduction amount correctly. There is an exception for military spouse/RDP.

**Line 34**  
**Tuition and Fees Deduction**

California does not conform. Enter column A amount in column B on this line.

**Line 35**  
**Domestic Production Activities Deduction**

This is beyond the scope of the VITA/TCE program.

**Line 36**  
**Add**

Add line 23 through line 35 in column B and C.

**Line 37**  
**Total**

Subtract line 36 from line 22 in column B and column C.

**Important Note:** Paper filers transfer any line 37, column B, negative numbers to Form 540, line 16, as a positive number. If line 37, column C is a negative number, transfer the amount to Form 540, line 14, as a positive number. The tax software automatically transfers appropriate amounts from the Schedule CA (540) to Form 540.

**Part II**  
**Adjustments to Federal Itemized Deductions**

**Line 38**

Enter itemized deductions from federal Schedule A, lines 4, 9, 15, 19, 20, 27, and 28.

**Line 39**  
**State and Local Income Taxes**

Enter the state and local tax (SDI), or sales tax, from federal Schedule A, line 5, and only the part relating to foreign income taxes from line 8. If your client deducts general sales tax, enter the amount of sales tax on this line.

### **Line 40**

#### **Subtract**

Subtract line 39 from line 38. Enter the result here.

### **Line 41**

#### **Other Adjustments**

Enter the amount of California lottery losses from your client's federal Schedule A. Some of the adjustments below are additions and some are subtractions. Find other line 41 adjustments below:

- Adoption- related expenses
- Mortgage interest credit
- Nontaxable income expenses
- Employee business expenses
- Investment interest expense
- Federal estate tax
- Generation skipping transfer tax
- HSA distributions
- Interest on loans from utility companies
- Private mortgage insurance (PMI)
- Qualified charitable contributions

Find more information about the California itemized deduction adjustments listed in the 540 Personal Income Tax Booklet and FTB 1001, *Supplemental Guidelines to California Adjustments*.

### **Line 42**

#### **Combine**

Combine line 40 and line 41. This is the total amount of itemized deductions allowed on the state tax return. Compare this amount to the standard deduction allowed for your client's filing status. Take the larger of adjusted itemized deductions or the standard deduction and enter that amount on Form 540, line 18.

If your client can be claimed as a dependent on someone else's tax return, complete the "California Standard Deduction Worksheet for Dependents" available in the Personal Income Tax Booklet and in the General Information section of this manual.

The tax software automatically calculates California itemized deductions based on information from the federal Schedule A. **It is still important to review the return to make sure your client has access to all available**

**deductions, and has made all necessary adjustments, on line 41 of the Schedule CA (540).**

### **Line 43**

#### **CA Itemized Deductions**

Is the amount on Form 540, line 13, more than the amount shown below for your client's filing status? Income amounts in excess of amounts listed on Schedule CA (540), line 43, and are outside the scope of the VITA program. If income is below this amount, transfer the amount of California itemized deductions from line 42 to line 43.

Single or married/RDP filing separately, \$182,459

Married filing jointly/RDP or qualifying widow(er), \$364,923

Head of household, \$273,692

### **Line 44**

#### **Larger of Standard Deduction or Itemized Deduction**

Single or Married/RDP filing separately, \$4,129

Married/RDP filing jointly, head of household, or qualify widow(er), \$8,258

Enter the larger of the standard or itemized deductions on line 44 and transfer to Form 540, line 18.

**Next, the software will calculate and paper filers turn their attention to:**

### **Line 19 Taxable Income**

Line 19 includes the California adjusted gross income minus the standard or itemized deduction amount. This is your client's taxable income.

### **Line 31**

#### **Tax**

Determine your client's tax by using the tax table in your client's booklet or in the Tax Table section of this manual. For more information about tax, refer to the General Information section.

### **Tax Rate Schedule**

Taxpayers with taxable income, line 19, of \$100,000 or more must use the Tax Rate Schedule to compute the amount of tax due. The tax rate schedule is beyond the scope of the VITA/TCE volunteer program. The tax software correctly calculates taxable income in excess of \$100,000.

**Line 32**

**Exemption Credits**

Enter the amount from line 11.

**Line 33**

**Subtract**

Subtract line 32 from line 31 and enter the result on line 33. If the amount on line 33 is less than zero, enter zero.

**Line 34**

**Tax from Schedule G-1 and Form FTB 5870A**

This is beyond the scope of the VITA/TCE volunteer program.

**Line 35 & Line 36**

**Add**

Add line 33 and line 34 and enter the result on line 35.

**Line 40**

**Child and Dependent Care Expenses Credit**

On or after January 1, 2011 this credit is nonrefundable. If the client has more than three qualifying persons, refer to the Form 3506 instructions for more information. If paper filing, complete and attach FTB 3506 to your client's Form 540. FTB Form 3506 also transmits through the e-file process. If your client received a refund for 2015, they may receive a federal Form 1099-G.

**Line 43 through line 45**

**Special Credit Section**

A variety of additional credits are available to qualified clients to reduce their tax liability. To claim your client's credits, figure the amount of the credit and enter the credit name, code number, and amount of the credit on line 43 through line 45. Consider the following question:

Does your client claim any of the credits listed on the Credit Chart on Pages 24 of the Form 540 instruction booklet?

**No:** Skip line 40 through line 46. Go to line 47.

**Yes:** Figure the amount of your client's credit or credits. Enter the total amount of credit and the credit code number on line 43 through line 45. See below a list of the most common credits. For a list of all credit codes available, see the credit chart in the Form 540 instruction booklet or the chart following this section.

**Credit for Joint Custody Head of Household Code 170**

Do not claim this credit if your client filed head of household, married filing jointly/RDP, or qualifying widow(er).

Claim a credit for joint custody head of household if your client was unmarried at the end of 2016, or if the client lived apart from their spouse/RDP for all of 2016 and file married filing separately. They furnish more than one-half of the household expenses for their home, which also served as the home of their child, stepchild, or grandchild for at least 146 days but not more than 219 days. If the child is married, your client must claim the dependent exemption for the child.

The custody arrangement for the child is part of a decree of dissolution, legal separation, or separate maintenance, or is a part of a written agreement between the parents in effect during the period between the petition and issuance of the final decree.

Use the worksheet below to compute the credit.

<b>Credit for Joint Custody Head of Household Worksheet</b>	
1. Enter the amount from Form 540, line 35.	_____
2. Credit percentage.	<u><b>x .30</b></u>
3. Credit amount. Multiple line 1 by line 2. Enter the result or \$431, whichever is less.	_____

**Credit for Dependent Parent Code 173**

Do not claim this credit if your client claimed single, head of household, married filing jointly/RDP, or qualifying widow(er) filing status. Your client claims this credit if all of the following conditions apply:

- Married at the end of 2016 and use the married filing separately filing status.
- Their spouse/RDP did not live in the client’s household during the last six months of the year.
- They furnished over one-half of the household for their dependent mother’s or father’s home (whether or not the parent lived in your client’s home).

To figure the Credit for Dependent Parent, use the Joint Custody Head of Household Worksheet above.

### Credit for Senior Head of Household Code 163

Claim this credit if all of the following conditions apply:

- The client is 65 years of age or older on December 31, 2016.
- The client qualifies for the head of household filing status in 2014 or 2015 by providing a household for a qualifying individual who died during 2015 or 2016.
- California adjusted gross income is \$71,370 or less for 2016.

**Important Note:** If your client’s 65th birthday is January 1, 2017, consider them age 65 on December 31, 2016.

Use the worksheet below to compute the credit.

**Credit for Senior Head of Household Worksheet**

1. Enter the amount from Form 540, line 19. \_\_\_\_\_

2. Multiply line 1 by 2% (.02). Enter the result or \$1,345 \_\_\_\_\_  
whichever is less.

### Credit for Child Adoption Costs Code 197

For the year of court filed adoption, your client claims a credit of 50 percent of the cost of adopting a child who is a citizen or legal resident of the United States, and a California public agency or a California political subdivision held custody of the child prior to the adoption. Qualifying costs include:

- Fees of the Department of Social Services or a licensed adoption agency
- Medical expenses not reimbursed by insurance
- Travel expenses for the adoptive family

Use the following worksheet to compute the credit.

**Credit for Child Adoption Costs Worksheet**

1. Enter the total qualifying costs. \_\_\_\_\_

2. Multiply line 1 by 50% (.50). Enter the result or \$2,500, \_\_\_\_\_  
whichever is less. The maximum credit is \$2,500 per minor child. Your clients may carry over the excess credit to future years until they use the credit.

On the next page is a list of possible special credits. If your client potentially qualifies for any of these credits, have them call Franchise Tax Board’s public assistance telephone number, 800.852.5711, for more detail.

<b>CODE NAME</b>	<b>CODE #</b>	<b>DESCRIPTION</b>
Child Adoption	197	50% of qualified costs in the year an adoption is ordered.
FTB 3506, <i>Child and Dependent Care Expenses</i>	232	Similar to the federal credit except that the California credit amount is based on a specified percentage of the federal credit.
Community Development Financial Institution Deposits – Certification Required	209	20% of each qualified deposit made to a community development institution. Obtain certification from California Organized Investment Network (COIN), Department of Insurance, 300 Capitol Mall Ste 1600, Sacramento, CA 95814 Website: <b>insurance.ca.gov</b>
Dependent Parent	173	Must use married/RDP filing separately filing status and have a dependent parent.
College Access	235	The credit, which is allocated and certified by the California Educational Facilities Authority, is available for taxpayers who contribute to the College Access Tax Credit Fund. Website: <b>treasurer.ca.gov/cefa/</b>
FTB 3547, <i>Disabled Access for Eligible Small Business</i>	205	Similar to the federal credit but limited to \$125 based on 50% of qualified expenditures that do not exceed \$250.
FTB 3547, <i>Donated Agricultural Products Transportation</i>	204	50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations.
FTB 3546, <i>Enhanced Oil Recovery</i>	203	One third of the similar federal credit and limited to qualified enhanced oil recovery projects located within California.
FTB 3511, <i>Environmental Tax</i>	218	Five cents (\$.05) for each gallon of ultra-low sulfur diesel fuel produced during the taxable year by a small refiner at any facility located in this state.

<b>CODE NAME</b>	<b>CODE #</b>	<b>DESCRIPTION</b>
FTB 3521, <i>Low-Income Housing</i>	172	Similar to the federal credit but limited to low-income housing in California.
FTB 3808, <i>Manufacturing Enhancement Area (MEA) Hiring</i>	211	Percentage of qualified wages paid to qualified disadvantaged individuals.
New Employment Credit	234	Taxpayer that hires full time employee and pays or incurs wages in a designated census tract or economic development area, and receives a tentative credit reservation for that full-time employee.
FTB 3503, <i>Natural Heritage Preservation</i>	213	55% of the fair market value of any qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government.
Nonrefundable Renter's Credit	None	For California, residents who paid rent for their principal residence for at least 6 months in 2016 and whose AGI does not exceed a certain limit.
Other State Tax Schedule S	187	Net income tax paid to another state or a U.S. possession on income also taxed by California.
FTB 3510, <i>Prior Year Alternative Minimum Tax</i>	188	Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in 2015.
FTB 3507, <i>Prison Inmate Labor</i>	162	10% of wages paid to prison inmates.
FTB 3523, <i>Research</i>	183	Similar to the federal credit but limited to costs for research activities in CA
Senior Head of Household	163	2% of taxable income up to \$1,345 for seniors who qualified for head of household in 2014 or 2015 and whose qualifying individual died during 2015 or 2016.

**The following credits are no longer available. However, your clients may claim these credits if there are carryovers available from prior years.**

<b>CODE NAME &amp; NUMBER</b>	<b>CODE NAME &amp; NUMBER</b>	<b>CODE NAME &amp; NUMBER</b>	<b>CODE NAME &amp; NUMBER</b>
Agricultural Products - 175	Employee Ridesharing - 194	Recycling Equipment - 174	Political Contributions - 184
Commercial Solar Energy - 181	Farm worker Housing - 207	Low-emission vehicles - 160	Residential Rental and Farm Sales - 186
Employer Ridesharing Large Employer - 191 Small Employer - 192 Transit Passes - 193	Orphan Drug - 185	Salmon & Steelhead Trout Habitat Restoration - 200	Rice Straw - 206
Water Conservation – 178	Young Infant - 161	Solar Energy - 180	Ridesharing - 171
Local Agency Military Base Recovery Area (LAMBRA) – 198	FTB 3527, <i>New Jobs Credit</i> 220 \$3,000 allowed for a qualified employer for each increase in qualified full-time employees hired in the current tax year.		

#### **Line 46**

##### **Nonrefundable Renter’s Credit**

To determine if your client qualifies for the Nonrefundable Renter’s Credit, refer to the General Information section.

#### **Line 47**

##### **Total Credits**

Add line 40 and line 43 through line 46. These are the total credits.

### **Line 48**

#### **Subtract**

Subtract line 47 from line 35 and enter the result on line 48. If the amount on line 48 is zero or less, **enter 0**.

### **Lines 61 through 63**

#### **Other Taxes**

The tax software figures the amount of other taxes, line 63, correctly, provided the birth date and income statement are correct. The tax software computes the amount of additional tax owed on an early distribution of a qualified retirement plan based on information from Form 1099-R. The computation of any other tax in this section is beyond the scope of the VITA/TCE volunteer program. If your client is subject to taxes beyond program scope, refer them to Franchise Tax Board.

### **Line 64**

#### **Total Tax**

Add line 48, line 61, and line 63. This is the total tax.

### **Line 71**

#### **California Income Tax Withheld**

Enter your client's total California income tax withholding from box 17 on Forms W-2. If filing a joint tax return, be sure to include the amount withheld from the spouse's/RDP's wages.

For more information about income tax withheld, refer to the General Information section or the 540 instruction booklet.

### **Line 72**

#### **2015 California Estimated Tax and Other Payments**

For information about estimate tax and other payments, refer to the General Information section. Clients make estimate payments using electronic funds withdrawal, Web Pay, check with a voucher, and credit card.

### **Line 73**

#### **Real Estate Withholding**

Generally, real estate withholding is out of scope for the volunteer program. If your client has real estate tax withholding from the sale of California real estate, enter the total California tax withheld from Form 592-B or 593-B.

### **Line 74**

#### **Excess California SDI or VPD I Withheld**

Claim excess California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI) as a credit on the California tax return. For more information about excess SDI or VPD I, refer to the General Information Section or the Form 540 instruction booklet.

### **Line 75**

#### **EITC**

If taxpayer qualified for CA Earned Income Tax Credit, enter on this line.

### **Line 76**

#### **Total Payments**

Add line 71, line 72, line 73, line 74, and line 75. Enter the total on line 76. This is your client's total payment amount. The tax software calculates this step for you.

The next section discusses overpaid tax or tax due.

### **Line 91**

#### **Use Tax**

Please refer to the General Information section or Form 540 instruction booklet for information regarding use tax. Use tax may be reported directly to the State Board of Equalization (BOE) or on the California personal income tax return. **The 540 booklet includes a worksheet used to figure use tax amounts based on California AGI.** Refer questions on the taxability of purchases to the State Board of Equalization website, [boe.ca.gov](http://boe.ca.gov), or call the BOE Taxpayer Information Section, **800.400.7115**.

### **Line 92**

**Payments balance.** If line 76 is more than line 91, subtract line 91 from line 76.

### **Line 93**

**Use Tax balance.** If line 91 is more than line 76, subtract line 76 from line 91.

### **Line 94**

#### **Overpaid Tax**

If the amount on line 92 is more than the amount on line 64, your payments and credits are more than your tax. Subtract the amount on line 64 from the amount on line 92. Enter the result on line 94.

Refund to your client, apply to the client's 2017 estimate tax, or apply all or part as a charitable contribution.

**Line 95**

**Amount applied to Your 2016 Estimated Tax**

Enter the amount of line 94, if any, your client wants applied to 2017 estimated tax. The amount on line 94 must be at least \$5.00.

**Line 96**

**Amount of Overpaid Tax Available This Year**

If you enter an amount on line 94, subtract that amount from line 95 and enter the result on line 96.

**Line 97**

**Tax Due**

If the amount on line 92 is less than the amount on line 64, subtract the amount on line 92 from the amount on line 64. Enter the result on line 97. Your tax is more than your payments and credits.

Advise your client that FTB assesses penalties for not paying enough tax during the year. FTB assesses the penalty if the tax due on line 97 is \$500 or more, and the state tax withholding amount on line 71 is less than 90 percent of the amount of the total tax on line 64.

If your clients owe a penalty, let Franchise Tax Board compute the penalty and send a bill.

**Line 110**

**Total Contributions**

Your client may make contributions to any of the listed funds on Side 4 of Form 540. For a list of these funds, and a description of each, see the Contribution section of this manual or the Form 540 instruction booklet. The contribution amount reduces your client's refund or, in the event of tax due, will increase the amount your client owes. Add all contribution lines. Enter the result on Line 110. This is your client's total charitable contribution.

**Line 111**

**Amount You Owe**

Add the amount on line 93, line 97, and line 110, if any. Enter the amount on line 111. For more information on tax due returns and payment information, refer to the General Information section.

### **Line 112**

#### **Interest and Penalties**

It is beyond the scope of the VITA/TCE volunteer program to calculate interest, late filing, late payment, and underpayment of estimated tax penalties. Refer clients with possible penalties to FTB's public assistance telephone number, **800.852.5711**.

### **Line 113**

#### **Underpayment of Estimated Tax**

This is beyond the scope of the VITA/TCE program. Refer those clients to Franchise Tax Board's public assistance number, **800.852.5711**. Inform your client that Franchise Tax Board computes the penalty and sends a bill.

### **Line 114**

#### **Total Amount Due**

The tax software calculates this line. Transfer the amount from line 111 to line 114.

### **Line 115**

#### **Refund or No Amount Due**

If the amount on line 96 or line 110 is zero, enter the amount from line 93 on line 115. This line states your client's refund amount. For a refund of \$1 or less, attach a written statement requesting the refund for your client. For more information about Refund or No Tax Due returns or refund direct deposit information, refer to the General Information section.

**Refund direct deposit is fast, safe, and convenient.**

### **Sign Here**

Signing the tax return is the same for all Forms (5402EZ and 540). For e-file returns, use the Form 8879. Give the client Form 8879 to keep with their records. Do not send Form 8879 to FTB.

### **Quality Review Checklist**

Always quality review the tax return. For a quality review checklist and additional tasks to finish the tax return, refer to the General Information section.

## Form 540 Problem 1 Data Sheet

Form 1040 is included for the following clients. Below is information needed to complete the state tax return.

### Client Information

---

Name:	Christopher Thomas – 000-00-0000
Birth Date:	10/18/1949
	Terrie Thomas – 000-00-0000
	07/04/1954
Address:	1234 Whaler Way Huntington Beach, CA 92647
Phone #:	805.111.1111
Filing Status:	Married Filing Jointly/RDP
Dependents:	None

### Additional Information

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1. The interest shown on line 8a of Form 1040 (\$200), issued on personal savings accounts, is a joint asset.
2. Christopher and Terrie are full year residents.
3. They itemize their deductions for both federal and state. Their Federal Schedule A is attached.
4. Christopher and Terrie own a home.
5. Christopher carries over a \$2,465 capital loss from stock sold during 2015.
6. Terrie paid \$2,000 in tuition as a continuing education requirement for her teaching credential. (Golden West College ID#33-0073702, 15744 Golden West St, Huntington Beach, CA 92647) She received a 1098T from the school.
7. There is a federal married filing joint tax return to assist you.
8. Christopher and Terrie had health care coverage for the year.
9. Christopher received \$11,500 in Social Security benefits. (1040, line 20a)

## Form 540, Problem 1 W-2 Information for Terrie Thomas

Department of the Treasury—Internal Revenue Service

**Form W-2 Wage and Tax Statement**

# 2016

		<b>a</b> Employee's social security number	This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
<b>b</b> Employer identification number (EIN) 94-5678786		<b>1</b> Wages, tips, other compensation 42000		<b>2</b> Federal income tax withheld 2500		
<b>c</b> Employer's name, address, and ZIP code SCHOOL DISTRICT P O BOX 111 HUNTINGTON BEACH CA 92648		<b>3</b> Social security wages 47000		<b>4</b> Social security tax withheld 2914		
		<b>5</b> Medicare wages and tips 47000		<b>6</b> Medicare tax withheld 682		
		<b>7</b> Social security tips		<b>8</b> Allocated tips		
<b>d</b> Control number		<b>9</b>		<b>10</b> Dependent care benefits		
<b>e</b> Employee's first name and initial TERRIE		<b>Last name</b> THOMAS		<b>Suff.</b>		
1234 WHALER WY HUNTINGTON BEACH CA 92647		<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12 D   5000		
		<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		<b>12b</b>		
		<b>14</b> Other		<b>12c</b>		
				<b>12d</b>		
<b>f</b> Employee's address and ZIP code						
<b>15</b> State CA	<b>Employer's state ID number</b> 999999	<b>16</b> State wages, tips, etc. 42000	<b>17</b> State income tax 250	<b>18</b> Local wages, tips, etc. 42000	<b>19</b> Local income tax 378	
					<b>20</b> Locality name SDI	





SCHEDULE A (Form 1040)		Itemized Deductions		OMB No. 1545-0074		
Department of the Treasury Internal Revenue Service (99)		▶ Information about Schedule A and its separate instructions is at <a href="http://www.irs.gov/schedulea">www.irs.gov/schedulea</a> .		2016 Attachment Sequence No. 07		
Name(s) shown on Form 1040		▶ Attach to Form 1040.		Your social security number		
CHRISTOPHER & TERRIE THOMAS				001-00-4863		
<b>Caution:</b> Do not include expenses reimbursed or paid by others.						
<b>Medical and Dental Expenses</b>	<b>1</b> Medical and dental expenses (see instructions)	<b>1</b>				
	<b>2</b> Enter amount from Form 1040, line 38	<b>2</b>				
	<b>3</b> Multiply line 2 by 10% (0.10). But if either you or your spouse was born before January 2, 1952, multiply line 2 by 7.5% (0.075) instead	<b>3</b>				
	<b>4</b> Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	<b>4</b>				
<b>Taxes You Paid</b>	<b>5 State and local (check only one box):</b>					
	a <input checked="" type="checkbox"/> Income taxes, or	<b>5</b>	628			
	b <input type="checkbox"/> General sales taxes					
	<b>6</b> Real estate taxes (see instructions)	<b>6</b>	1550			
	<b>7</b> Personal property taxes	<b>7</b>	180			
	<b>8</b> Other taxes. List type and amount ▶	<b>8</b>				
	<b>9</b> Add lines 5 through 8	<b>9</b>			2358	
	<b>Interest You Paid</b>	<b>10</b> Home mortgage interest and points reported to you on Form 1098				
<b>11</b> Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶						
<b>12</b> Points not reported to you on Form 1098. See instructions for special rules.						
<b>13</b> Mortgage insurance premiums (see instructions)						
<b>14</b> Investment interest. Attach Form 4952 if required. (See instructions.)						
<b>15</b> Add lines 10 through 14						
<b>16</b> Gifts by cash or check. If you made any gift of \$250 or more, see instructions.						
<b>17</b> Other than by cash or check. If any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500						
<b>18</b> Carryover from prior year						
<b>19</b> Add lines 16 through 18						
<b>Gifts to Charity</b>	<b>20</b> Casualty or theft loss(es). Attach Form 4684. (See instructions.)					
	<b>21</b> Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶					
<b>Job Expenses and Certain Miscellaneous Deductions</b>	<b>22</b> Tax preparation fees					
	<b>23</b> Other expenses—investment, safe deposit box, etc. List type and amount ▶					
	<b>24</b> Add lines 21 through 23					
	<b>25</b> Enter amount from Form 1040, line 38					
	<b>26</b> Multiply line 25 by 2% (0.02)					
<b>Other Miscellaneous Deductions</b>	<b>27</b> Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-					
	<b>28</b> Other—from list in instructions. List type and amount ▶					
<b>Total Itemized Deductions</b>	<b>29</b> Is Form 1040, line 38, over \$155,650?					
	<input checked="" type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.				29	14863
	<input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.					
<b>30</b> If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>						

For Paperwork Reduction Act Notice, see Form 1040 instructions. QNA

Schedule A (Form 1040) 2016

## Form 540 Problem 2 Data Sheet

Form 1040 is completed for the following client. You must now complete a Form 540. Below is information needed to complete the state tax return.

### Client Information

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Name:	Sandra Short – 000-00-0000
Birth Date:	09/28/1987
Address:	452 Shoo Fly Lane Fillmore, CA 93015
Phone #:	000.000.0000
Filing Status:	Head of Household
Dependents:	Shelly Short
Birth Date:	05/12/2011

### Additional Information

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1. Sandra worked part time in 2015. She takes the standard deduction.
2. Shelly is Sandra's daughter and lives with her all year.
3. Sandra's brother, Sam, lives with Sandra all year but she is not sure if she can claim him as a dependent. Sam is 25, attends community college, and does not work. Sam's dad gives him \$100.00 per month to help with expenses until he graduates. Sam's SSN: 000-00-0000. Sam's birth date: 02/15/1990.
4. Sandra pays \$1,800.00 per year childcare for Shelly. Her daycare provider is Susie Smith, 000-00-0000, located at 555 Shoo Fly Lane, Fillmore, CA 93015. All care was provided at 555 Shoo Fly Lane. Her telephone number is 831.000.0000.
5. Sandra thinks she qualifies for the renter's credit. Everyone in the household is all year covered under Sandra's insurance plan through her employer.
6. Sandra has rented the same house for the entire year. The rental property is not exempt from property tax. Sandra pays rent to Firestone Properties, 379 Fernbridge Way Fillmore, CA 93015 831.111.1111.

## Form 540, Problem 2 W-2 Information for Sandra Short

**Form W-2 Wage and Tax Statement**

2016

Department of the Treasury—Internal Revenue Service

		<b>a</b> Employee's social security number	OMB No. 1545-0008 This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
<b>b</b> Employer identification number (EIN) 95-1144332		<b>1</b> Wages, tips, other compensation 5000		<b>2</b> Federal income tax withheld		
<b>c</b> Employer's name, address, and ZIP code STACKERS SUPPLY 865 FREEMONT AVE FILLMORE CA 93015		<b>3</b> Social security wages 5000		<b>4</b> Social security tax withheld 310		
		<b>5</b> Medicare wages and tips 5000		<b>6</b> Medicare tax withheld 73		
		<b>7</b> Social security tips		<b>8</b> Allocated tips		
<b>d</b> Control number		<b>9</b>		<b>10</b> Dependent care benefits		
<b>e</b> Employee's first name and initial SANDRA  452 SHOO FLY LN FILLMORE CA 93015		<b>11</b> Nonqualified plans		<b>12a</b> See instructions for box 12 DD   1856		
				<b>12b</b>		
		<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		<b>12c</b>		
		<b>14</b> Other		<b>12d</b>		
<b>f</b> Employee's address and ZIP code						
<b>15</b> State	Employer's state ID number	<b>16</b> State wages, tips, etc.	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name
CA	8405344	5000		5000	250	SDI

Form **1040A** Department of the Treasury – Internal Revenue Service **U.S. Individual Income Tax Return (99)** **2016** IRS Usa Only – Do not write or staple in this space.

Your first name and initial: **SANDRA** Last name: **SHORT** OMB No. 1545-0074  
**Your social security number**  
**002-00-4863**

If a joint return, spouse's first name and initial: Last name: Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions: **452 SHOO FLY LN** Apt. no. **▲ Make sure the SSN(s) above and on line 6c are correct.**

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). **FILMORE CA 93015** **Presidential Election Campaign**  
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.  You  Spouse

Foreign country name: Foreign province/state/county: Foreign postal code:

**Filing status** Check only one box:  
 1  Single  
 2  Married filing jointly (even if only one had income)  
 3  Married filing separately. Enter spouse's SSN above and full name here. ▶  
 4  Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶  
 5  Qualifying widow(er) with dependent child (see instructions)

**Exemptions**  
 6a  Yourself. If someone can claim you as a dependent, **do not check** box 6a. **Boxes checked on 6a and 6b**  
 b  Spouse **No. of children on 6c who:**  
 c **Dependents:** (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  If child under age 17 qualifying for child tax credit (see instructions)

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If child under age 17 qualifying for child tax credit (see instructions)	
SHELLEY	SHORT	002-02-4863	DAUGHTER	<input checked="" type="checkbox"/>	2
SAM	SHORT	002-03-4863	BROTHER	<input type="checkbox"/>	0
				<input type="checkbox"/>	0
				<input type="checkbox"/>	0
				<input type="checkbox"/>	0
				<input type="checkbox"/>	0

**Dependents on 6c not entered above** 0  
**Add numbers on lines above** **3**

d Total number of exemptions claimed. **3**

**Income**

7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 5000

8a Taxable interest. Attach Schedule B if required. 8a 15  
 b Tax-exempt interest. Do not include on line 8a. 8b

9a Ordinary dividends. Attach Schedule B if required. 9a  
 b Qualified dividends (see instructions). 9b

10 Capital gain distributions (see instructions). 10

11a IRA distributions. 11a 11b Taxable amount (see instructions). 11b  
 12a Pensions and annuities. 12a 12b Taxable amount (see instructions). 12b

13 Unemployment compensation and Alaska Permanent Fund dividends. 13  
 14a Social security benefits. 14a 14b Taxable amount (see instructions). 14b

15 Add lines 7 through 14b (far right column). This is your **total income.** ▶ 15 5015

**Adjusted gross income**

16 Educator expenses (see instructions). 16  
 17 IRA deduction (see instructions). 17  
 18 Student loan interest deduction (see instructions). 18

19 Tuition and fees. Attach Form 8917. 19  
 20 Add lines 16 through 19. These are your **total adjustments.** 20

21 Subtract line 20 from line 15. This is your **adjusted gross income.** ▶ 21 5015

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040A** (2016)

QNA



### Form 540 Problem 3 Data Sheet

Form 1040 is completed for the following client. Complete a Form 540. Below is information needed to complete the state tax return.

#### Client Information

---

Name:	Randall Rivers 000-00-0000
Birth Date:	10/31/1961
	Rose Rivers 000-00-0000
	12/25/1965
	Rita Rivers 000-00-0000
	05/11/2010
Address:	1234 Pretty Picture Lane Sacramento, CA 95814
Telephone:	916.000.0000
Filing Status:	Married Filing Joint

#### Additional Information

---

1. Randall and Rose would like to file married filing joint.
2. Rose has healthcare coverage through a plan with her employer that covers Randall and Rita all year.
3. During 2016, Randall and Rose rented the same duplex for the entire year. The property is not exempt from property tax. They paid rent to:
 

Apex Property Management  
2000 Service Blvd  
Golden, Colorado 80401  
Phone: 303 555-8642
4. Randall and Rose do not itemize deductions.
5. Randall received \$8,000.00 unemployment benefits during 2016.

Their daughter and grandson lived with them all year but they cannot claim them as dependents. They have one dependent granddaughter.

## Form 540, Problem 3 W-2 Information for Rose Rivers

**Form W-2 Wage and Tax Statement**

2016

Department of the Treasury—Internal Revenue Service

		<b>a</b> Employee's social security number	<small>This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.</small>			
<b>b</b> Employer identification number (EIN) 95-6790989		<b>1</b> Wages, tips, other compensation 5000		<b>2</b> Federal income tax withheld 250		
<b>c</b> Employer's name, address, and ZIP code LUCKY CASINO P O BOX 12 SACRAMENTO CA 95827		<b>3</b> Social security wages 5000		<b>4</b> Social security tax withheld 310		
		<b>5</b> Medicare wages and tips 5000		<b>6</b> Medicare tax withheld 73		
		<b>7</b> Social security tips		<b>8</b> Allocated tips		
<b>d</b> Control number		<b>9</b>		<b>10</b> Dependent care benefits		
<b>e</b> Employee's first name and initial Last name ROSE RIVERS  1234 PRETTY PICTURE LN SACRAMENTO CA 95814		<b>11</b> Nonqualified plans Suff.		<b>12a</b> See instructions for box 12 D 20		
				<b>12b</b>		
				<b>12c</b>		
				<b>12d</b>		
<b>f</b> Employee's address and ZIP code		<b>13</b> Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		<b>14</b> Other		
<b>15</b> State	Employer's state ID number	<b>16</b> State wages, tips, etc.	<b>17</b> State income tax	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax	<b>20</b> Locality name
CA	999999	5000	25	5000	4	SDI

Form **1040A** Department of the Treasury – Internal Revenue Service **U.S. Individual Income Tax Return (99)** **2016** IRS Usa Only – Do not write or staple in this space.

Your first name and initial: **RANDAL** Last name: **RIVERS** OMB No. 1545-0074  
 Your social security number: **003-00-4863**  
 If a joint return, spouse's first name and initial: **ROSE** Last name: **RIVERS** Spouse's social security number: **003-02-4863**  
 Home address (number and street). If you have a P.O. box, see instructions: **1234 PRETTY PICTURE LN** Apt. no.:  
 City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions): **SACRAMENTO CA 95814**  
 Foreign country name: Foreign province/state/county: Foreign postal code:  
**Filing status** 1  Single 4  Head of household (with qualifying person). (See instructions.)  
 2  Married filing jointly (even if only one had income) If the qualifying person is a child but not your dependent,  
 3  Married filing separately. Enter spouse's SSN above and enter this child's name here. **5**  Qualifying widow(er) with dependent child (see instructions)  
 Check only one box.  
**Exemptions** 6a  Yourself. If someone can claim you as a dependent, do not check box 6a. } Boxes checked on 6a and 6b: **2**  
 b  Spouse } No. of children on 6c who:  
 c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4)  If child under age 17 qualifying for child tax credit (see instructions) }  
 If more than six dependents, see instructions. 

ETA RIVERS-	003-03-4863	GRANDCHILD	<input checked="" type="checkbox"/>	<b>1</b>
			<input type="checkbox"/>	<b>0</b>
			<input type="checkbox"/>	<b>0</b>
			<input type="checkbox"/>	<b>0</b>
			<input type="checkbox"/>	<b>0</b>

 } Dependents on 6c not entered above: **0**  
 Add numbers on lines above: **3**  
 d Total number of exemptions claimed. **3**  
**Income**  
 7 Wages, salaries, tips, etc. Attach Form(s) W-2. **7** **5000**  
 Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see instructions.  
 8a Taxable interest. Attach Schedule B if required. **8a**  
 b Tax-exempt interest. Do not include on line 8a. **8b**  
 9a Ordinary dividends. Attach Schedule B if required. **9a**  
 b Qualified dividends (see instructions). **9b**  
 10 Capital gain distributions (see instructions). **10**  
 11a IRA distributions. **11a** 11b Taxable amount (see instructions). **11b**  
 12a Pensions and annuities. **12a** 12b Taxable amount (see instructions). **12b**  
 13 Unemployment compensation and Alaska Permanent Fund dividends. **13** **8000**  
 14a Social security benefits. **14a** 14b Taxable amount (see instructions). **14b**  
 15 Add lines 7 through 14b (far right column). This is your total income. **15** **13000**  
**Adjusted gross income**  
 16 Educator expenses (see instructions). **16**  
 17 IRA deduction (see instructions). **17**  
 18 Student loan interest deduction (see instructions). **18**  
 19 Tuition and fees. Attach Form 8917. **19**  
 20 Add lines 16 through 19. These are your total adjustments. **20**  
 21 Subtract line 20 from line 15. This is your adjusted gross income. **21** **13000**  
 For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Form **1040A** (2016)

QNA

RIVERS  
Form 1040A (2016) 003-00-4863  
Page 2

<b>Tax, credits, and payments</b>	22	Enter the amount from line 21 (adjusted gross income).	22	13000
	23a	Check <input type="checkbox"/> You were born before January 2, 1952, <input type="checkbox"/> Blind } Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1952, <input type="checkbox"/> Blind } checked ▶ 23a <input type="checkbox"/>		
	b	If you are married filing separately and your spouse itemizes deductions, check here ▶ 23b <input type="checkbox"/>		
	24	Enter your <b>standard deduction</b> .	24	12600
	25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.	25	400
	26	<b>Exemptions.</b> Multiply \$4,050 by the number on line 6d.	26	12150
	27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your <b>taxable income</b> .	▶ 27	0
	28	<b>Tax</b> , including any alternative minimum tax (see instructions).	28	
	29	Excess advance premium tax credit repayment. Attach Form 8962.	29	
	30	Add lines 28 and 29.	30	
	31	Credit for child and dependent care expenses. Attach Form 2441.	31	
	32	Credit for the elderly or the disabled. Attach Schedule R.	32	
	33	Education credits from Form 8863, line 19.	33	
	34	Retirement savings contributions credit. Attach Form 8880.	34	
	35	Child tax credit. Attach Schedule 8812, if required.	35	
	36	Add lines 31 through 35. These are your <b>total credits</b> .	36	
	37	Subtract line 36 from line 30. If line 36 is more than line 30, enter -0-.	37	
	38	Health care: individual responsibility (see instructions). Full-year coverage <input checked="" type="checkbox"/>	38	
	39	Add line 37 and line 38. This is your <b>total tax</b> .	39	0
	40	Federal income tax withheld from Forms W-2 and 1099.	40	250
	41	2016 estimated tax payments and amount applied from 2015 return.	41	
	42a	<b>Earned income credit (EIC).</b>	42a	1709
	b	Nontaxable combat pay election. 42b		
	43	Additional child tax credit. Attach Schedule 8812.	43	300
	44	American opportunity credit from Form 8863, line 8.	44	
	45	Net premium tax credit. Attach Form 8962.	45	
	46	Add lines 40, 41, 42a, 43, 44, and 45. These are your <b>total payments</b> .	▶ 46	2259
	47	If line 46 is more than line 39, subtract line 39 from line 46. This is the amount you <b>overpaid</b> .	47	2259
	48a	Amount of line 47 you want <b>refunded to you</b> . If Form 8888 is attached, check here ▶ <input type="checkbox"/>	48a	2259
	b	Routing number <input type="text" value="121058782"/> ▶ c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d	Account number <input type="text" value="000180155"/>		
	49	Amount of line 47 you want <b>applied to your 2017 estimated tax</b> .	49	
	50	<b>Amount you owe.</b> Subtract line 46 from line 39. For details on how to pay, see instructions.	▶ 50	
	51	Estimated tax penalty (see instructions).	51	

**Standard Deduction for –**  
 • People who check any box on line 23a or 23b or who can be claimed as a dependent, see instructions.  
 • All others:  
 Single or Married filing separately, \$6,300  
 Married filing jointly or Qualifying widow(er), \$12,600  
 Head of household, \$9,300

If you have a qualifying child, attach Schedule EIC.

**Refund**

Direct deposit? See instructions and fill in 48b, 48c, and 48d or Form 8888.

**Amount you owe**

Do you want to allow another person to discuss this return with the IRS (see instructions)?  Yes. Complete the following.  No

Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

**Sign here**

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

Your signature:	Date:	Your occupation:	Daytime phone number:
	11/21/2016		916-845-7052
Spouse's signature. If a joint return, both must sign.	Date:	Spouse's occupation:	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	11/21/2016		<input type="text"/>

**Paid preparer use only**

Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
IRS PREPARER		11/21/2016		S01718014
Firm's name ▶ PRACTICE LAB				Firm's EIN ▶
Firm's address ▶ 15 PRACTICE LAB WAY WASHINGTON DC 20005				Phone no. 202-202-2022

Form 1040A (2016)

**2016 California Volunteer  
Reference Manual**

**Contribution  
Section**



### **Code 400**

#### **California Seniors Special Fund**

If your client and/or their spouse/RDP are 65 years or older and claim the Senior Exemption Credit on line 9, they may make a combined total contribution of up to \$218 or \$109 per spouse/RDP. Contributions entered for this fund will be distributed to the Area Agency on Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation. If your client's 65th birthday is on January 1, 2017, they are considered age 65 on December 31, 2016.

### **Code 401**

#### **Alzheimer's Disease/Related Disorders Fund**

Contributions will provide grants to California scientists who study Alzheimer's disease and related disorders. This research includes basic science, diagnosis, treatment, prevention, behavioral problems, and care giving. With over 600,000 Californians living with the disease and another 2 million providing care to a loved one with Alzheimer's, our state is in the early stages of a major public health crisis. Your contribution will ensure that Alzheimer's disease receives the attention, research, and resources it deserves. For more information, go to [cdph.ca.gov](http://cdph.ca.gov) and search for **Alzheimer**.

### **Code 403**

#### **Rare and Endangered Species Preservation Program**

Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for your enjoyment and benefit to you and future generations of Californians.

### **Code 405**

#### **California Breast Cancer Research Fund**

Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctor's up-to-date on research progress. For more about the research your contributions support, go to [cbcrp.org](http://cbcrp.org). Your contribution can help make breast cancer a disease of the past.

**Code 406**

**California Firefighters' Memorial Fund**

Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses/RDPs and children of fallen firefighters.

**Code 407**

**Emergency Food for Families Fund**

Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.

**Code 408**

**California Peace Officer Memorial Foundation Fund**

Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officer's Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers, and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.

**Code 410**

**California Sea Otter Fund**

The California Coastal Conservancy and the Department of Fish and Game will each be allocated 50 percent of the contributions. Contributions allocated to the California Coastal Conservancy will be used for research, science, protection, projects, or programs related to the Federal Sea Otter Recovery Plan or improving the near-shore ecosystem, including program activities to reduce sea otter mortality. Contributions allocated to the Department of Fish and Game will be used to establish a sea otter fund within the department's index coding system for increased investigation, prevention, and enforcement action.

**Code 413**

**California Cancer Research Fund**

Contributions will be used to conduct research relating to the causes, detection, and prevention of cancer and to expand community-based education on cancer, and to provide prevention and awareness activities for communities that are disproportionately at risk or afflicted by cancer.

**Code 419**

**Child Victims of Human Trafficking Fund**

Contributions will be used to fund, through grants, eligible community based organizations that agree to provide services to minors who are victims of human trafficking.

**Code 422**

**School Supplies for Homeless Children Fund**

Contributions will be used to provide school supplies and health-related products to homeless children.

**Code 423**

**State Parks Protection Fund/Parks Pass Purchase**

Contributions will be used for the protection and preservation of California's state parks and for the cost of a Vehicle Day Use Annual Pass valid at most park units where day use fees are collected. The pass is not valid at off-highway vehicle units, or for camping, oversized vehicle, extra vehicle, per-person, or supplemental fees. If a taxpayer's contribution equals or exceeds \$195 the taxpayer will receive a single Vehicle Day Use Annual Pass. Amounts contributed in excess of the parks pass cost may be deducted as a charitable contribution for the year in which the voluntary contribution is made. Any contribution less than \$195 will be treated as a voluntary contribution and may be deducted as a charitable contribution. For more information, go to [parks.ca.gov/annualpass](http://parks.ca.gov/annualpass) or email [info@parks.ca.gov](mailto:info@parks.ca.gov).

**Code 424**

**Protect Our Coast and Oceans Fund**

Contributions will be used for grants to community organizations working to protect, restore, and enhance the California coast and ocean. Contributions will support shoreline cleanups, habitat restoration, coastal access improvements and ocean education programs.

**Code 425**

**Keep Arts in Schools Fund**

Contributions will be used by the Arts Council for the allocation of grants to individuals or organizations administering arts programs for children in preschool through 12th grade.

**Code 430**

**State Children’s Trust Fund for the Prevention of Child Abuse**

Contributions will be used to support child abuse prevention programs with demonstrated success, public education efforts to change adult behaviors and educate parents, innovative research to identify best practices, and the replication of those practices to prevent child abuse and neglect.

**Code 431**

**Prevention of Animal Homelessness & Cruelty Fund**

Contributions will be used to provide funding to research that explores novel approaches to preventing and eliminating pet homelessness and the prevention, investigations, and prosecution of animal cruelty and neglect.

**Code 432**

**Revive the Salton Sea Fund** – Contributions will be used for the restoration and maintenance of the Salton Sea and to develop a mechanism to provide ongoing public awareness.

**Code 433**

**California Domestic Violence Victims Fund** – Contributions will be used for the distribution of funds to active grant recipients under the Comprehensive Statewide Domestic Violence Program within the Office of Emergency Services.

**Code 434**

**Special Olympics Fund** – Contributions will be used for disbursement to the Special Olympics Northern California and the Special Olympics Southern California for the purpose of funding activities of the Special Olympics in support of children and adults with intellectual disabilities.

**Code 435**

**Type 1 Diabetes Research Fund** – Contributions will be used for the University of California for distribution of grants to authorized diabetes research organizations.

**2016 California Volunteer  
Reference Manual**

**Volunteer  
Procedures**



## **Responsibility of the Volunteer**

As a volunteer tax assistant, be careful to:

- Use the correct forms
- Provide your clients accurate information
- Follow the procedures and instructions in this manual
- Complete a volunteer information sheet each tax season

Volunteers help their client's complete tax returns. You are not a professional preparer. You do not have any legal responsibility regarding the accuracy of the tax returns you complete. Make sure your clients know that they assume legal responsibility for their tax return.

## **Confidentiality of Information**

All tax return information is **confidential**. As a volunteer, under no circumstances, discuss information about any of the tax returns you prepare. Do not retain tax information from an individual's tax return. Do not jeopardize the credibility of the VITA/TCE program by disclosure of information to unauthorized individuals. To enhance the privacy of clients who come to a site, arrange the assistance area so that others cannot see or overhear information exchanged between the volunteer and the client.

## **Privacy Act Information**

If a person requests information about the Federal Privacy Act or the California Information Practices Act of 1977, refer them to Franchise Tax Board's web site: **ftb.ca.gov** and search for **privacy notice**.

## **Acceptance of Payment**

Under no circumstances, accept any form of payment either for your services or on behalf of Franchise Tax Board.

## **Questions or Assistance Unrelated to Personal Income Tax Law**

VITA/TCE trains volunteers to assist in the preparation of personal income tax returns. If a person requests help on personal income tax laws other than those within the program scope, refer the person to Franchise Tax Board's public assistance number. If a person requests help on matters other than personal income tax, suggest that they seek help elsewhere.

## **Site Number/SIDN**

The IRS assigns every volunteer site a site number (SIDN). Include this number and your initials on all tax returns for identification purposes, including e-filed tax returns.

## **Replenishing Your Supply of Forms**

To replenish your supply of state forms and publications, complete Form 2333V-CA and return it to Volunteer Income Tax Assistance Team. You may also call the Volunteer Hotline, **800.522.5665**, to order forms, or email an order to **volunteercoordinator@ftb.ca.gov**.

The volunteer hotline assists with tracking forms order shipments, as well as tax preparation and volunteer program advice and assistance. Reach the Volunteer Hotline program staff, 8 a.m. to 4 p.m., weekdays, except state holidays, at **800.522.5665**. There is a voicemail option after hours.

## **Change in Service Hours or Location**

An effective volunteer program is open and staffed during publicized hours. If you plan to be absent, arrange in advance for another volunteer to provide assistance during your assigned time.

If you change the hours or location of your volunteer site:

1. Call the Volunteer Hotline and inform them of the following:
  - That you volunteer for the VITA/TCE program
  - The present location of your site (including county and ZIP code)
  - The change in hours or location
2. Notify the organizations, media, and other persons whom you previously contacted regarding publicity.
3. Correct or remove the posters distributed throughout the community so the public does not go to the old location or to a closed volunteer site.

## **Site List**

We provide links to volunteer site lists provided by the IRS and AARP. Your timely updates are important. Any change in service hours, location, or contact numbers should be updated with the IRS as soon as possible.

## **Publicizing Your Program**

To a great extent, volunteer program success depends on how many people know about the service you provide. As a member of your local community, you know the activities, organization, and individuals that help get information out to the public. If you take it upon yourself to get the word out about the program, it helps guarantee the success of your individual volunteer site.

One of the most effective ways for you to publicize VITA/TCE is through “word of mouth.” If you tell five people about the program and they each tell five people, you effectively advertise the program. Remember, you provide a valuable service, so talk to as many people as possible.

A close second to “word of mouth” publicity is referral from local leaders and community agency personnel. Talk to your pastor, prominent citizens, local government officials, and representatives of local clubs. Ask them to spread the information about your program and to refer interested people.

If you belong to a club or organization, or plan to attend a luncheon, ask for a few minutes to speak about the program. If you know of a church bulletin, church newsletter, senior citizen paper, or local throwaway (a free paper usually passed out at grocery stores), ask the publishers to print your volunteer site location, dates, and times as a community service. They might even print a small story about the program.

FTB sends volunteer program posters to your sponsor and coordinator. Put the posters where you think they get the best exposure (i.e., a bulletin board, store window, library, church, bank, senior citizen home, etc.).

Remember, anyone visiting your volunteer site is a possible information source. If you provide good service, this person recommends your service to someone else.



**2016 California Volunteer  
Reference Manual**

**Tax Tables  
Form 540**



# 2016 California Tax Table

**To Find Your Tax:**

- Read down the column labeled "If Your Taxable Income Is ..." to find the range that includes your taxable income from Form 540, line 19
- Read across the columns labeled "The Tax For Filing Status" until you find the tax that applies for your taxable income and filing status.

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)			2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))			4 (Head of Household)								
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status		
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is
\$1	\$50	\$0	\$0	\$0	6,451	6,550	65	65	65	12,951	13,050	180	130	130
51	150	1	1	1	6,551	6,650	66	66	66	13,051	13,150	182	131	131
151	250	2	2	2	6,651	6,750	67	67	67	13,151	13,250	184	132	132
251	350	3	3	3	6,751	6,850	68	68	68	13,251	13,350	186	133	133
351	450	4	4	4	6,851	6,950	69	69	69	13,351	13,450	188	134	134
451	550	5	5	5	6,951	7,050	70	70	70	13,451	13,550	190	135	135
551	650	6	6	6	7,051	7,150	71	71	71	13,551	13,650	192	136	136
651	750	7	7	7	7,151	7,250	72	72	72	13,651	13,750	194	137	137
751	850	8	8	8	7,251	7,350	73	73	73	13,751	13,850	196	138	138
851	950	9	9	9	7,351	7,450	74	74	74	13,851	13,950	198	139	139
951	1,050	10	10	10	7,451	7,550	75	75	75	13,951	14,050	200	140	140
1,051	1,150	11	11	11	7,551	7,650	76	76	76	14,051	14,150	202	141	141
1,151	1,250	12	12	12	7,651	7,750	77	77	77	14,151	14,250	204	142	142
1,251	1,350	13	13	13	7,751	7,850	78	78	78	14,251	14,350	206	143	143
1,351	1,450	14	14	14	7,851	7,950	79	79	79	14,351	14,450	208	144	144
1,451	1,550	15	15	15	7,951	8,050	80	80	80	14,451	14,550	210	145	145
1,551	1,650	16	16	16	8,051	8,150	81	81	81	14,551	14,650	212	146	146
1,651	1,750	17	17	17	8,151	8,250	82	82	82	14,651	14,750	214	147	147
1,751	1,850	18	18	18	8,251	8,350	83	83	83	14,751	14,850	216	148	148
1,851	1,950	19	19	19	8,351	8,450	84	84	84	14,851	14,950	218	149	149
1,951	2,050	20	20	20	8,451	8,550	85	85	85	14,951	15,050	220	150	150
2,051	2,150	21	21	21	8,551	8,650	86	86	86	15,051	15,150	222	151	151
2,151	2,250	22	22	22	8,651	8,750	87	87	87	15,151	15,250	224	152	152
2,251	2,350	23	23	23	8,751	8,850	88	88	88	15,251	15,350	226	153	153
2,351	2,450	24	24	24	8,851	8,950	89	89	89	15,351	15,450	228	154	154
2,451	2,550	25	25	25	8,951	9,050	90	90	90	15,451	15,550	230	155	155
2,551	2,650	26	26	26	9,051	9,150	91	91	91	15,551	15,650	232	156	156
2,651	2,750	27	27	27	9,151	9,250	92	92	92	15,651	15,750	234	157	157
2,751	2,850	28	28	28	9,251	9,350	93	93	93	15,751	15,850	236	158	158
2,851	2,950	29	29	29	9,351	9,450	94	94	94	15,851	15,950	238	159	159
2,951	3,050	30	30	30	9,451	9,550	95	95	95	15,951	16,050	240	160	160
3,051	3,150	31	31	31	9,551	9,650	96	96	96	16,051	16,150	242	161	161
3,151	3,250	32	32	32	9,651	9,750	97	97	97	16,151	16,250	244	162	162
3,251	3,350	33	33	33	9,751	9,850	98	98	98	16,251	16,350	246	163	163
3,351	3,450	34	34	34	9,851	9,950	99	99	99	16,351	16,450	248	164	164
3,451	3,550	35	35	35	9,951	10,050	100	100	100	16,451	16,550	250	165	165
3,551	3,650	36	36	36	10,051	10,150	101	101	101	16,551	16,650	252	166	166
3,651	3,750	37	37	37	10,151	10,250	102	102	102	16,651	16,750	254	167	167
3,751	3,850	38	38	38	10,251	10,350	103	103	103	16,751	16,850	256	168	168
3,851	3,950	39	39	39	10,351	10,450	104	104	104	16,851	16,950	258	169	169
3,951	4,050	40	40	40	10,451	10,550	105	105	105	16,951	17,050	260	170	170
4,051	4,150	41	41	41	10,551	10,650	106	106	106	17,051	17,150	262	171	171
4,151	4,250	42	42	42	10,651	10,750	107	107	107	17,151	17,250	264	172	172
4,251	4,350	43	43	43	10,751	10,850	108	108	108	17,251	17,350	266	173	173
4,351	4,450	44	44	44	10,851	10,950	109	109	109	17,351	17,450	268	174	174
4,451	4,550	45	45	45	10,951	11,050	110	110	110	17,451	17,550	270	175	175
4,551	4,650	46	46	46	11,051	11,150	111	111	111	17,551	17,650	272	176	176
4,651	4,750	47	47	47	11,151	11,250	112	112	112	17,651	17,750	274	177	177
4,751	4,850	48	48	48	11,251	11,350	113	113	113	17,751	17,850	276	178	178
4,851	4,950	49	49	49	11,351	11,450	114	114	114	17,851	17,950	278	179	179
4,951	5,050	50	50	50	11,451	11,550	115	115	115	17,951	18,050	280	180	180
5,051	5,150	51	51	51	11,551	11,650	116	116	116	18,051	18,150	282	181	181
5,151	5,250	52	52	52	11,651	11,750	117	117	117	18,151	18,250	284	182	182
5,251	5,350	53	53	53	11,751	11,850	118	118	118	18,251	18,350	286	183	183
5,351	5,450	54	54	54	11,851	11,950	119	119	119	18,351	18,450	288	184	184
5,451	5,550	55	55	55	11,951	12,050	120	120	120	18,451	18,550	290	185	185
5,551	5,650	56	56	56	12,051	12,150	121	121	121	18,551	18,650	292	186	186
5,651	5,750	57	57	57	12,151	12,250	122	122	122	18,651	18,750	294	187	187
5,751	5,850	58	58	58	12,251	12,350	123	123	123	18,751	18,850	296	188	188
5,851	5,950	59	59	59	12,351	12,450	124	124	124	18,851	18,950	298	189	189
5,951	6,050	60	60	60	12,451	12,550	125	125	125	18,951	19,050	300	190	190
6,051	6,150	61	61	61	12,551	12,650	126	126	126	19,051	19,150	304	191	191
6,151	6,250	62	62	62	12,651	12,750	127	127	127	19,151	19,250	308	192	192
6,251	6,350	63	63	63	12,751	12,850	128	128	128	19,251	19,350	312	193	193
6,351	6,450	64	64	64	12,851	12,950	129	129	129	19,351	19,450	316	194	194

Continued on next page.

## 2016 California Tax Table - Continued

Filing status: 1 or 3 (Single, Married/RDP Filing Separately)						2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))						4 (Head of Household)				
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status				
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is		
19,451	19,550	320	230	230	26,451	26,550	800	370	370	33,451	33,550	950	510	510		
19,551	19,650	324	232	232	26,551	26,650	604	372	372	33,551	33,650	956	512	512		
19,651	19,750	328	234	234	26,651	26,750	608	374	374	33,651	33,750	962	514	514		
19,751	19,850	332	236	236	26,751	26,850	612	376	376	33,751	33,850	968	516	516		
19,851	19,950	336	238	238	26,851	26,950	616	378	378	33,851	33,950	974	518	518		
19,951	20,050	340	240	240	26,951	27,050	620	380	380	33,951	34,050	980	520	520		
20,051	20,150	344	242	242	27,051	27,150	624	382	382	34,051	34,150	986	522	522		
20,151	20,250	348	244	244	27,151	27,250	628	384	384	34,151	34,250	992	524	524		
20,251	20,350	352	246	246	27,251	27,350	632	386	386	34,251	34,350	998	526	526		
20,351	20,450	356	248	248	27,351	27,450	636	388	388	34,351	34,450	1,004	528	528		
20,451	20,550	360	250	250	27,451	27,550	640	390	390	34,451	34,550	1,010	530	530		
20,551	20,650	364	252	252	27,551	27,650	644	392	392	34,551	34,650	1,016	532	532		
20,651	20,750	368	254	254	27,651	27,750	648	394	394	34,651	34,750	1,022	534	534		
20,751	20,850	372	256	256	27,751	27,850	652	396	396	34,751	34,850	1,028	536	536		
20,851	20,950	376	258	258	27,851	27,950	656	398	398	34,851	34,950	1,034	538	538		
20,951	21,050	380	260	260	27,951	28,050	660	400	400	34,951	35,050	1,040	540	540		
21,051	21,150	384	262	262	28,051	28,150	664	402	402	35,051	35,150	1,046	542	542		
21,151	21,250	388	264	264	28,151	28,250	668	404	404	35,151	35,250	1,052	544	544		
21,251	21,350	392	266	266	28,251	28,350	672	406	406	35,251	35,350	1,058	546	546		
21,351	21,450	396	268	268	28,351	28,450	676	408	408	35,351	35,450	1,064	548	548		
21,451	21,550	400	270	270	28,451	28,550	680	410	410	35,451	35,550	1,070	550	550		
21,551	21,650	404	272	272	28,551	28,650	684	412	412	35,551	35,650	1,076	552	552		
21,651	21,750	408	274	274	28,651	28,750	688	414	414	35,651	35,750	1,082	554	554		
21,751	21,850	412	276	276	28,751	28,850	692	416	416	35,751	35,850	1,088	556	556		
21,851	21,950	416	278	278	28,851	28,950	696	418	418	35,851	35,950	1,094	558	558		
21,951	22,050	420	280	280	28,951	29,050	700	420	420	35,951	36,050	1,100	560	560		
22,051	22,150	424	282	282	29,051	29,150	704	422	422	36,051	36,150	1,106	562	562		
22,151	22,250	428	284	284	29,151	29,250	708	424	424	36,151	36,250	1,112	564	564		
22,251	22,350	432	286	286	29,251	29,350	712	426	426	36,251	36,350	1,118	566	566		
22,351	22,450	436	288	288	29,351	29,450	716	428	428	36,351	36,450	1,124	568	568		
22,451	22,550	440	290	290	29,451	29,550	720	430	430	36,451	36,550	1,130	570	570		
22,551	22,650	444	292	292	29,551	29,650	724	432	432	36,551	36,650	1,136	572	572		
22,651	22,750	448	294	294	29,651	29,750	728	434	434	36,651	36,750	1,142	574	574		
22,751	22,850	452	296	296	29,751	29,850	732	436	436	36,751	36,850	1,148	576	576		
22,851	22,950	456	298	298	29,851	29,950	736	438	438	36,851	36,950	1,154	578	578		
22,951	23,050	460	300	300	29,951	30,050	740	440	440	36,951	37,050	1,160	580	580		
23,051	23,150	464	302	302	30,051	30,150	744	442	442	37,051	37,150	1,166	582	582		
23,151	23,250	468	304	304	30,151	30,250	748	444	444	37,151	37,250	1,172	584	584		
23,251	23,350	472	306	306	30,251	30,350	752	446	446	37,251	37,350	1,178	586	586		
23,351	23,450	476	308	308	30,351	30,450	756	448	448	37,351	37,450	1,184	588	588		
23,451	23,550	480	310	310	30,451	30,550	760	450	450	37,451	37,550	1,190	590	590		
23,551	23,650	484	312	312	30,551	30,650	764	452	452	37,551	37,650	1,196	592	592		
23,651	23,750	488	314	314	30,651	30,750	768	454	454	37,651	37,750	1,202	594	594		
23,751	23,850	492	316	316	30,751	30,850	772	456	456	37,751	37,850	1,208	596	596		
23,851	23,950	496	318	318	30,851	30,950	776	458	458	37,851	37,950	1,214	598	598		
23,951	24,050	500	320	320	30,951	31,050	780	460	460	37,951	38,050	1,220	600	600		
24,051	24,150	504	322	322	31,051	31,150	784	462	462	38,051	38,150	1,226	604	604		
24,151	24,250	508	324	324	31,151	31,250	788	464	464	38,151	38,250	1,232	608	608		
24,251	24,350	512	326	326	31,251	31,350	792	466	466	38,251	38,350	1,238	612	612		
24,351	24,450	516	328	328	31,351	31,450	796	468	468	38,351	38,450	1,244	616	616		
24,451	24,550	520	330	330	31,451	31,550	800	470	470	38,451	38,550	1,250	620	620		
24,551	24,650	524	332	332	31,551	31,650	804	472	472	38,551	38,650	1,256	624	624		
24,651	24,750	528	334	334	31,651	31,750	808	474	474	38,651	38,750	1,262	628	628		
24,751	24,850	532	336	336	31,751	31,850	812	476	476	38,751	38,850	1,268	632	632		
24,851	24,950	536	338	338	31,851	31,950	816	478	478	38,851	38,950	1,274	636	636		
24,951	25,050	540	340	340	31,951	32,050	820	480	480	38,951	39,050	1,280	640	640		
25,051	25,150	544	342	342	32,051	32,150	824	482	482	39,051	39,150	1,286	644	644		
25,151	25,250	548	344	344	32,151	32,250	828	484	484	39,151	39,250	1,292	648	648		
25,251	25,350	552	346	346	32,251	32,350	832	486	486	39,251	39,350	1,298	652	652		
25,351	25,450	556	348	348	32,351	32,450	836	488	488	39,351	39,450	1,304	656	656		
25,451	25,550	560	350	350	32,451	32,550	840	490	490	39,451	39,550	1,310	660	660		
25,551	25,650	564	352	352	32,551	32,650	844	492	492	39,551	39,650	1,316	664	664		
25,651	25,750	568	354	354	32,651	32,750	848	494	494	39,651	39,750	1,322	668	668		
25,751	25,850	572	356	356	32,751	32,850	852	496	496	39,751	39,850	1,328	672	672		
25,851	25,950	576	358	358	32,851	32,950	856	498	498	39,851	39,950	1,334	676	676		
25,951	26,050	580	360	360	32,951	33,050	860	500	500	39,951	40,050	1,340	680	680		
26,051	26,150	584	362	362	33,051	33,150	864	502	502	40,051	40,150	1,346	684	684		
26,151	26,250	588	364	364	33,151	33,250	868	504	504	40,151	40,250	1,352	688	688		
26,251	26,350	592	366	366	33,251	33,350	872	506	506	40,251	40,350	1,358	692	692		
26,351	26,450	596	368	368	33,351	33,450	876	508	508	40,351	40,450	1,364	696	696		

Continued on next page.

## 2016 California Tax Table - Continued

Filing status: 1 or 3 (Single, Married/RDP Filing Separately)		The Tax For Filing Status			Filing status: 2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))		The Tax For Filing Status			Filing status: 4 (Head of Household)		The Tax For Filing Status				
If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status			If Your Taxable Income Is ...		The Tax For Filing Status				
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is		
40,451	40,550	1,370	700	700	47,451	47,550	1,907	980	980	54,451	54,550	2,492	1,260	1,370		
40,551	40,650	1,376	704	704	47,551	47,650	1,915	984	984	54,551	54,650	2,501	1,264	1,376		
40,651	40,750	1,382	708	708	47,651	47,750	1,923	988	988	54,651	54,750	2,511	1,268	1,382		
40,751	40,850	1,388	712	712	47,751	47,850	1,931	992	992	54,751	54,850	2,520	1,272	1,388		
40,851	40,950	1,394	716	716	47,851	47,950	1,939	996	996	54,851	54,950	2,529	1,276	1,394		
40,951	41,050	1,400	720	720	47,951	48,050	1,947	1,000	1,000	54,951	55,050	2,539	1,280	1,400		
41,051	41,150	1,406	724	724	48,051	48,150	1,955	1,004	1,004	55,051	55,150	2,548	1,284	1,406		
41,151	41,250	1,412	728	728	48,151	48,250	1,963	1,008	1,008	55,151	55,250	2,557	1,288	1,412		
41,251	41,350	1,418	732	732	48,251	48,350	1,971	1,012	1,012	55,251	55,350	2,566	1,292	1,418		
41,351	41,450	1,424	736	736	48,351	48,450	1,979	1,016	1,016	55,351	55,450	2,576	1,296	1,424		
41,451	41,550	1,430	740	740	48,451	48,550	1,987	1,020	1,020	55,451	55,550	2,585	1,300	1,430		
41,551	41,650	1,436	744	744	48,551	48,650	1,995	1,024	1,024	55,551	55,650	2,594	1,304	1,436		
41,651	41,750	1,443	748	748	48,651	48,750	2,003	1,028	1,028	55,651	55,750	2,604	1,308	1,442		
41,751	41,850	1,451	752	752	48,751	48,850	2,011	1,032	1,032	55,751	55,850	2,613	1,312	1,448		
41,851	41,950	1,459	756	756	48,851	48,950	2,019	1,036	1,036	55,851	55,950	2,622	1,316	1,454		
42,051	42,150	1,467	760	760	48,951	49,050	2,027	1,040	1,040	55,951	56,050	2,632	1,320	1,460		
42,151	42,250	1,475	764	764	49,051	49,150	2,035	1,044	1,044	56,051	56,150	2,641	1,324	1,466		
42,251	42,350	1,483	768	768	49,151	49,250	2,043	1,048	1,048	56,151	56,250	2,650	1,328	1,472		
42,351	42,450	1,491	772	772	49,251	49,350	2,051	1,052	1,052	56,251	56,350	2,659	1,332	1,478		
42,451	42,550	1,499	776	776	49,351	49,450	2,059	1,056	1,056	56,351	56,450	2,669	1,336	1,484		
42,551	42,650	1,507	780	780	49,451	49,550	2,067	1,060	1,070	56,451	56,550	2,678	1,340	1,490		
42,651	42,750	1,515	784	784	49,551	49,650	2,075	1,064	1,076	56,551	56,650	2,687	1,344	1,496		
42,751	42,850	1,523	788	788	49,651	49,750	2,083	1,068	1,082	56,651	56,750	2,697	1,348	1,502		
42,851	42,950	1,531	792	792	49,751	49,850	2,091	1,072	1,089	56,751	56,850	2,706	1,352	1,508		
42,951	43,050	1,539	796	796	49,851	49,950	2,099	1,076	1,094	56,851	56,950	2,715	1,356	1,514		
43,051	43,150	1,547	800	800	49,951	50,050	2,107	1,080	1,100	56,951	57,050	2,725	1,360	1,520		
43,151	43,250	1,555	804	804	50,051	50,150	2,115	1,084	1,106	57,051	57,150	2,734	1,364	1,526		
43,251	43,350	1,563	808	808	50,151	50,250	2,123	1,088	1,112	57,151	57,250	2,743	1,368	1,532		
43,351	43,450	1,571	812	812	50,251	50,350	2,131	1,092	1,118	57,251	57,350	2,752	1,372	1,538		
43,451	43,550	1,579	816	816	50,351	50,450	2,139	1,096	1,124	57,351	57,450	2,762	1,376	1,544		
43,551	43,650	1,587	820	820	50,451	50,550	2,147	1,100	1,130	57,451	57,550	2,771	1,380	1,550		
43,651	43,750	1,595	824	824	50,551	50,650	2,155	1,104	1,136	57,551	57,650	2,780	1,384	1,556		
43,751	43,850	1,603	828	828	50,651	50,750	2,163	1,108	1,142	57,651	57,750	2,790	1,388	1,562		
43,851	43,950	1,611	832	832	50,751	50,850	2,171	1,112	1,148	57,751	57,850	2,799	1,392	1,568		
43,951	44,050	1,619	836	836	50,851	50,950	2,179	1,116	1,154	57,851	57,950	2,808	1,396	1,574		
44,051	44,150	1,627	840	840	50,951	51,050	2,187	1,120	1,160	57,951	58,050	2,818	1,400	1,580		
44,151	44,250	1,635	844	844	51,051	51,150	2,195	1,124	1,166	58,051	58,150	2,827	1,404	1,586		
44,251	44,350	1,643	848	848	51,151	51,250	2,203	1,128	1,172	58,151	58,250	2,836	1,408	1,592		
44,351	44,450	1,651	852	852	51,251	51,350	2,211	1,132	1,178	58,251	58,350	2,845	1,412	1,598		
44,451	44,550	1,659	856	856	51,351	51,450	2,219	1,136	1,184	58,351	58,450	2,855	1,416	1,604		
44,551	44,650	1,667	860	860	51,451	51,550	2,227	1,140	1,190	58,451	58,550	2,864	1,420	1,610		
44,651	44,750	1,675	864	864	51,551	51,650	2,235	1,144	1,196	58,551	58,650	2,873	1,424	1,616		
44,751	44,850	1,683	868	868	51,651	51,750	2,243	1,148	1,202	58,651	58,750	2,883	1,428	1,622		
44,851	44,950	1,691	872	872	51,751	51,850	2,251	1,152	1,208	58,751	58,850	2,892	1,432	1,628		
44,951	45,050	1,699	876	876	51,851	51,950	2,259	1,156	1,214	58,851	58,950	2,901	1,436	1,634		
45,051	45,150	1,707	880	880	51,951	52,050	2,267	1,160	1,220	58,951	59,050	2,911	1,440	1,640		
45,151	45,250	1,715	884	884	52,051	52,150	2,275	1,164	1,226	59,051	59,150	2,920	1,444	1,646		
45,251	45,350	1,723	888	888	52,151	52,250	2,283	1,168	1,232	59,151	59,250	2,929	1,448	1,652		
45,351	45,450	1,731	892	892	52,251	52,350	2,291	1,172	1,238	59,251	59,350	2,938	1,452	1,658		
45,451	45,550	1,739	896	896	52,351	52,450	2,299	1,176	1,244	59,351	59,450	2,948	1,456	1,664		
45,551	45,650	1,747	900	900	52,451	52,550	2,307	1,180	1,250	59,451	59,550	2,957	1,460	1,670		
45,651	45,750	1,755	904	904	52,551	52,650	2,315	1,184	1,256	59,551	59,650	2,966	1,464	1,676		
45,751	45,850	1,763	908	908	52,651	52,750	2,323	1,188	1,262	59,651	59,750	2,976	1,468	1,682		
45,851	45,950	1,771	912	912	52,751	52,850	2,331	1,192	1,268	59,751	59,850	2,985	1,472	1,688		
45,951	46,050	1,779	916	916	52,851	52,950	2,339	1,196	1,274	59,851	59,950	2,994	1,476	1,694		
46,051	46,150	1,787	920	920	52,951	53,050	2,353	1,200	1,280	59,951	60,050	3,004	1,480	1,700		
46,151	46,250	1,795	924	924	53,051	53,150	2,362	1,204	1,286	60,051	60,150	3,013	1,484	1,706		
46,251	46,350	1,803	928	928	53,151	53,250	2,371	1,208	1,292	60,151	60,250	3,022	1,488	1,712		
46,351	46,450	1,811	932	932	53,251	53,350	2,380	1,212	1,298	60,251	60,350	3,031	1,492	1,718		
46,451	46,550	1,819	936	936	53,351	53,450	2,390	1,216	1,304	60,351	60,450	3,041	1,496	1,724		
46,551	46,650	1,827	940	940	53,451	53,550	2,399	1,220	1,310	60,451	60,550	3,050	1,500	1,730		
46,651	46,750	1,835	944	944	53,551	53,650	2,408	1,224	1,316	60,551	60,650	3,059	1,504	1,736		
46,751	46,850	1,843	948	948	53,651	53,750	2,418	1,228	1,322	60,651	60,750	3,069	1,508	1,742		
46,851	46,950	1,851	952	952	53,751	53,850	2,427	1,232	1,328	60,751	60,850	3,078	1,512	1,748		
46,951	47,050	1,859	956	956	53,851	53,950	2,436	1,236	1,334	60,851	60,950	3,087	1,516	1,754		
47,051	47,150	1,867	960	960	53,951	54,050	2,446	1,240	1,340	60,951	61,050	3,097	1,520	1,760		
47,151	47,250	1,875	964	964	54,051	54,150	2,455	1,244	1,346	61,051	61,150	3,106	1,524	1,766		
47,251	47,350	1,883	968	968	54,151	54,250	2,464	1,248	1,352	61,151	61,250	3,115	1,528	1,772		
47,351	47,450	1,891	972	972	54,251	54,350	2,473	1,252	1,358	61,251	61,350	3,124	1,532	1,778		
47,451	47,550	1,899	976	976	54,351	54,450	2,483	1,256	1,364	61,351	61,450	3,134	1,536	1,784		

Continued on next page.

## 2016 California Tax Table - Continued

Filing status: 1 or 3 (Single, Married/RDP Filing Separately)						2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))						4 (Head of Household)					
If Your Taxable Income Is ...		The Tax For Filing Status				If Your Taxable Income Is ...		The Tax For Filing Status				If Your Taxable Income Is ...		The Tax For Filing Status			
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is			
61,451	61,550	3,143	1,570	1,807	68,451	68,550	3,794	1,990	2,367	75,451	75,550	4,445	2,410	2,978			
61,551	61,650	3,152	1,576	1,815	68,551	68,650	3,803	1,996	2,375	75,551	75,650	4,454	2,416	2,987			
61,651	61,750	3,162	1,582	1,823	68,651	68,750	3,813	2,002	2,383	75,651	75,750	4,464	2,422	2,996			
61,751	61,850	3,171	1,588	1,831	68,751	68,850	3,822	2,008	2,391	75,751	75,850	4,473	2,428	3,006			
61,851	61,950	3,180	1,594	1,839	68,851	68,950	3,831	2,014	2,399	75,851	75,950	4,482	2,434	3,016			
61,951	62,050	3,190	1,600	1,847	68,951	69,050	3,841	2,020	2,407	75,951	76,050	4,492	2,440	3,024			
62,051	62,150	3,199	1,606	1,855	69,051	69,150	3,850	2,026	2,415	76,051	76,150	4,501	2,446	3,033			
62,151	62,250	3,208	1,612	1,863	69,151	69,250	3,859	2,032	2,423	76,151	76,250	4,510	2,452	3,043			
62,251	62,350	3,217	1,618	1,871	69,251	69,350	3,868	2,038	2,431	76,251	76,350	4,519	2,458	3,052			
62,351	62,450	3,227	1,624	1,879	69,351	69,450	3,878	2,044	2,439	76,351	76,450	4,529	2,464	3,061			
62,451	62,550	3,236	1,630	1,887	69,451	69,550	3,887	2,050	2,447	76,451	76,550	4,538	2,470	3,071			
62,551	62,650	3,245	1,636	1,895	69,551	69,650	3,896	2,056	2,455	76,551	76,650	4,547	2,476	3,080			
62,651	62,750	3,255	1,642	1,903	69,651	69,750	3,906	2,062	2,463	76,651	76,750	4,557	2,482	3,089			
62,751	62,850	3,264	1,648	1,911	69,751	69,850	3,915	2,068	2,471	76,751	76,850	4,566	2,488	3,099			
62,851	62,950	3,273	1,654	1,919	69,851	69,950	3,924	2,074	2,479	76,851	76,950	4,575	2,494	3,108			
62,951	63,050	3,283	1,660	1,927	69,951	70,050	3,934	2,080	2,487	76,951	77,050	4,585	2,500	3,117			
63,051	63,150	3,292	1,666	1,935	70,051	70,150	3,943	2,086	2,495	77,051	77,150	4,594	2,506	3,126			
63,151	63,250	3,301	1,672	1,943	70,151	70,250	3,952	2,092	2,503	77,151	77,250	4,603	2,512	3,136			
63,251	63,350	3,310	1,678	1,951	70,251	70,350	3,961	2,098	2,511	77,251	77,350	4,612	2,518	3,145			
63,351	63,450	3,320	1,684	1,959	70,351	70,450	3,971	2,104	2,519	77,351	77,450	4,622	2,524	3,154			
63,451	63,550	3,329	1,690	1,967	70,451	70,550	3,980	2,110	2,527	77,451	77,550	4,631	2,530	3,164			
63,551	63,650	3,338	1,696	1,975	70,551	70,650	3,989	2,116	2,535	77,551	77,650	4,640	2,536	3,173			
63,651	63,750	3,348	1,702	1,983	70,651	70,750	3,999	2,122	2,543	77,651	77,750	4,650	2,542	3,182			
63,751	63,850	3,357	1,708	1,991	70,751	70,850	4,008	2,128	2,551	77,751	77,850	4,659	2,548	3,192			
63,851	63,950	3,366	1,714	1,999	70,851	70,950	4,017	2,134	2,559	77,851	77,950	4,668	2,554	3,201			
63,951	64,050	3,376	1,720	2,007	70,951	71,050	4,027	2,140	2,567	77,951	78,050	4,678	2,560	3,210			
64,051	64,150	3,385	1,726	2,015	71,051	71,150	4,036	2,146	2,575	78,051	78,150	4,687	2,566	3,219			
64,151	64,250	3,394	1,732	2,023	71,151	71,250	4,045	2,152	2,583	78,151	78,250	4,697	2,572	3,229			
64,251	64,350	3,403	1,738	2,031	71,251	71,350	4,054	2,158	2,591	78,251	78,350	4,707	2,578	3,238			
64,351	64,450	3,413	1,744	2,039	71,351	71,450	4,064	2,164	2,599	78,351	78,450	4,715	2,584	3,247			
64,451	64,550	3,422	1,750	2,047	71,451	71,550	4,073	2,170	2,607	78,451	78,550	4,724	2,590	3,257			
64,551	64,650	3,431	1,756	2,055	71,551	71,650	4,082	2,176	2,615	78,551	78,650	4,733	2,596	3,266			
64,651	64,750	3,441	1,762	2,063	71,651	71,750	4,092	2,182	2,624	78,651	78,750	4,743	2,602	3,275			
64,751	64,850	3,450	1,768	2,071	71,751	71,850	4,101	2,188	2,634	78,751	78,850	4,752	2,608	3,285			
64,851	64,950	3,459	1,774	2,079	71,851	71,950	4,110	2,194	2,643	78,851	78,950	4,761	2,614	3,294			
64,951	65,050	3,469	1,780	2,087	71,951	72,050	4,120	2,200	2,652	78,951	79,050	4,771	2,620	3,303			
65,051	65,150	3,478	1,786	2,095	72,051	72,150	4,129	2,206	2,661	79,051	79,150	4,780	2,626	3,312			
65,151	65,250	3,487	1,792	2,103	72,151	72,250	4,138	2,212	2,671	79,151	79,250	4,789	2,632	3,322			
65,251	65,350	3,496	1,798	2,111	72,251	72,350	4,147	2,218	2,680	79,251	79,350	4,798	2,638	3,331			
65,351	65,450	3,506	1,804	2,119	72,351	72,450	4,157	2,224	2,689	79,351	79,450	4,808	2,644	3,340			
65,451	65,550	3,515	1,810	2,127	72,451	72,550	4,166	2,230	2,699	79,451	79,550	4,817	2,650	3,350			
65,551	65,650	3,524	1,816	2,135	72,551	72,650	4,175	2,236	2,708	79,551	79,650	4,826	2,656	3,359			
65,651	65,750	3,534	1,822	2,143	72,651	72,750	4,185	2,242	2,717	79,651	79,750	4,836	2,662	3,368			
65,751	65,850	3,543	1,828	2,151	72,751	72,850	4,194	2,248	2,727	79,751	79,850	4,845	2,668	3,378			
65,851	65,950	3,552	1,834	2,159	72,851	72,950	4,203	2,254	2,736	79,851	79,950	4,854	2,674	3,387			
65,951	66,050	3,562	1,840	2,167	72,951	73,050	4,213	2,260	2,745	79,951	80,050	4,864	2,680	3,396			
66,051	66,150	3,571	1,846	2,175	73,051	73,150	4,222	2,266	2,754	80,051	80,150	4,873	2,686	3,405			
66,151	66,250	3,580	1,852	2,183	73,151	73,250	4,231	2,272	2,764	80,151	80,250	4,882	2,692	3,415			
66,251	66,350	3,589	1,858	2,191	73,251	73,350	4,240	2,278	2,773	80,251	80,350	4,891	2,698	3,424			
66,351	66,450	3,599	1,864	2,199	73,351	73,450	4,250	2,284	2,782	80,351	80,450	4,901	2,704	3,433			
66,451	66,550	3,608	1,870	2,207	73,451	73,550	4,259	2,290	2,792	80,451	80,550	4,910	2,710	3,443			
66,551	66,650	3,617	1,876	2,215	73,551	73,650	4,268	2,296	2,801	80,551	80,650	4,919	2,716	3,452			
66,651	66,750	3,627	1,882	2,223	73,651	73,750	4,278	2,302	2,810	80,651	80,750	4,929	2,722	3,461			
66,751	66,850	3,636	1,888	2,231	73,751	73,850	4,287	2,308	2,820	80,751	80,850	4,938	2,728	3,471			
66,851	66,950	3,645	1,894	2,239	73,851	73,950	4,296	2,314	2,829	80,851	80,950	4,947	2,734	3,480			
66,951	67,050	3,655	1,900	2,247	73,951	74,050	4,306	2,320	2,838	80,951	81,050	4,957	2,740	3,489			
67,051	67,150	3,664	1,906	2,255	74,051	74,150	4,315	2,326	2,847	81,051	81,150	4,966	2,746	3,498			
67,151	67,250	3,673	1,912	2,263	74,151	74,250	4,324	2,332	2,857	81,151	81,250	4,975	2,752	3,508			
67,251	67,350	3,682	1,918	2,271	74,251	74,350	4,333	2,338	2,866	81,251	81,350	4,984	2,758	3,517			
67,351	67,450	3,692	1,924	2,279	74,351	74,450	4,343	2,344	2,875	81,351	81,450	4,994	2,764	3,526			
67,451	67,550	3,701	1,930	2,287	74,451	74,550	4,352	2,350	2,885	81,451	81,550	5,003	2,770	3,536			
67,551	67,650	3,710	1,936	2,295	74,551	74,650	4,361	2,356	2,894	81,551	81,650	5,012	2,776	3,545			
67,651	67,750	3,720	1,942	2,303	74,651	74,750	4,371	2,362	2,903	81,651	81,750	5,022	2,782	3,554			
67,751	67,850	3,729	1,948	2,311	74,751	74,850	4,380	2,368	2,913	81,751	81,850	5,031	2,788	3,564			
67,851	67,950	3,738	1,954	2,319	74,851	74,950	4,389	2,374	2,922	81,851	81,950	5,040	2,794	3,573			
67,951	68,050	3,748	1,960	2,327	74,951	75,050	4,399	2,380	2,931	81,951	82,050	5,050	2,800	3,582			
68,051	68,150	3,757	1,966	2,335	75,051	75,150	4,408	2,386	2,940	82,051	82,150	5,059	2,806	3,591			
68,151	68,250	3,766	1,972	2,343	75,151	75,250	4,417	2,392	2,950	82,151	82,250	5,068	2,812	3,601			
68,251	68,350	3,775	1,978	2,351	75,251	75,350	4,426	2,398	2,959	82,251	82,350	5,077	2,818	3,610			
68,351	68,450	3,785	1,984	2,359	75,351	75,450	4,436	2,404	2,968	82,351	82,450	5,087	2,824	3,619			

Continued on next page.

## 2016 California Tax Table - Continued

Filing status: 1 or 3 (Single; Married/RDP Filing Separately)						2 or 5 (Married/RDP Filing Jointly; Qualifying Widow(er))						4 (Head of Household)					
If Your Taxable Income Is ...		The Tax For Filing Status				If Your Taxable Income Is ...		The Tax For Filing Status				If Your Taxable Income Is ...		The Tax For Filing Status			
At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is	At Least	But Not Over	1 Or 3 Is	2 Or 5 Is	4 Is			
82,451	82,550	5,096	2,830	3,629	88,951	89,050	5,701	3,335	4,233	95,451	95,550	6,305	3,855	4,838			
82,551	82,650	5,105	2,836	3,638	89,051	89,150	5,710	3,343	4,242	95,551	95,650	6,314	3,863	4,847			
82,651	82,750	5,115	2,842	3,647	89,151	89,250	5,719	3,351	4,252	95,651	95,750	6,324	3,871	4,856			
82,751	82,850	5,124	2,848	3,657	89,251	89,350	5,728	3,359	4,261	95,751	95,850	6,333	3,879	4,866			
82,851	82,950	5,133	2,854	3,666	89,351	89,450	5,738	3,367	4,270	95,851	95,950	6,342	3,887	4,875			
82,951	83,050	5,143	2,860	3,675	89,451	89,550	5,747	3,375	4,280	95,951	96,050	6,352	3,895	4,884			
83,051	83,150	5,152	2,866	3,684	89,551	89,650	5,756	3,383	4,289	96,051	96,150	6,361	3,903	4,893			
83,151	83,250	5,161	2,872	3,694	89,651	89,750	5,766	3,391	4,298	96,151	96,250	6,370	3,911	4,903			
83,251	83,350	5,170	2,879	3,703	89,751	89,850	5,775	3,399	4,308	96,251	96,350	6,379	3,919	4,912			
83,351	83,450	5,180	2,887	3,712	89,851	89,950	5,784	3,407	4,317	96,351	96,450	6,389	3,927	4,921			
83,451	83,550	5,189	2,895	3,722	89,951	90,050	5,794	3,415	4,326	96,451	96,550	6,398	3,935	4,931			
83,551	83,650	5,198	2,903	3,731	90,051	90,150	5,803	3,423	4,335	96,551	96,650	6,407	3,943	4,940			
83,651	83,750	5,208	2,911	3,740	90,151	90,250	5,812	3,431	4,345	96,651	96,750	6,417	3,951	4,949			
83,751	83,850	5,217	2,919	3,750	90,251	90,350	5,821	3,439	4,354	96,751	96,850	6,426	3,959	4,959			
83,851	83,950	5,226	2,927	3,759	90,351	90,450	5,831	3,447	4,363	96,851	96,950	6,435	3,967	4,968			
83,951	84,050	5,236	2,935	3,768	90,451	90,550	5,840	3,455	4,373	96,951	97,050	6,445	3,975	4,977			
84,051	84,150	5,245	2,943	3,777	90,551	90,650	5,849	3,463	4,382	97,051	97,150	6,454	3,983	4,986			
84,151	84,250	5,254	2,951	3,787	90,651	90,750	5,859	3,471	4,391	97,151	97,250	6,463	3,991	4,996			
84,251	84,350	5,263	2,959	3,796	90,751	90,850	5,868	3,479	4,401	97,251	97,350	6,472	3,999	5,005			
84,351	84,450	5,273	2,967	3,805	90,851	90,950	5,877	3,487	4,410	97,351	97,450	6,482	4,007	5,014			
84,451	84,550	5,282	2,975	3,815	90,951	91,050	5,887	3,495	4,419	97,451	97,550	6,491	4,015	5,024			
84,551	84,650	5,291	2,983	3,824	91,051	91,150	5,896	3,503	4,428	97,551	97,650	6,500	4,023	5,033			
84,651	84,750	5,301	2,991	3,833	91,151	91,250	5,905	3,511	4,438	97,651	97,750	6,510	4,031	5,042			
84,751	84,850	5,310	2,999	3,843	91,251	91,350	5,914	3,519	4,447	97,751	97,850	6,519	4,039	5,052			
84,851	84,950	5,319	3,007	3,852	91,351	91,450	5,924	3,527	4,456	97,851	97,950	6,528	4,047	5,061			
84,951	85,050	5,329	3,015	3,861	91,451	91,550	5,933	3,535	4,466	97,951	98,050	6,538	4,055	5,070			
85,051	85,150	5,338	3,023	3,870	91,551	91,650	5,942	3,543	4,475	98,051	98,150	6,547	4,063	5,079			
85,151	85,250	5,347	3,031	3,880	91,651	91,750	5,952	3,551	4,484	98,151	98,250	6,556	4,071	5,089			
85,251	85,350	5,356	3,039	3,889	91,751	91,850	5,961	3,559	4,494	98,251	98,350	6,565	4,079	5,098			
85,351	85,450	5,366	3,047	3,898	91,851	91,950	5,970	3,567	4,503	98,351	98,450	6,575	4,087	5,107			
85,451	85,550	5,375	3,055	3,908	91,951	92,050	5,980	3,575	4,512	98,451	98,550	6,584	4,095	5,117			
85,551	85,650	5,384	3,063	3,917	92,051	92,150	5,989	3,583	4,521	98,551	98,650	6,593	4,103	5,126			
85,651	85,750	5,394	3,071	3,926	92,151	92,250	5,998	3,591	4,531	98,651	98,750	6,603	4,111	5,135			
85,751	85,850	5,403	3,079	3,936	92,251	92,350	6,007	3,599	4,540	98,751	98,850	6,612	4,119	5,145			
85,851	85,950	5,412	3,087	3,945	92,351	92,450	6,017	3,607	4,549	98,851	98,950	6,621	4,127	5,154			
85,951	86,050	5,422	3,095	3,954	92,451	92,550	6,026	3,615	4,559	98,951	99,050	6,631	4,135	5,163			
86,051	86,150	5,431	3,103	3,963	92,551	92,650	6,035	3,623	4,568	99,051	99,150	6,640	4,143	5,172			
86,151	86,250	5,440	3,111	3,973	92,651	92,750	6,045	3,631	4,577	99,151	99,250	6,649	4,151	5,182			
86,251	86,350	5,449	3,119	3,982	92,751	92,850	6,054	3,639	4,587	99,251	99,350	6,658	4,159	5,191			
86,351	86,450	5,459	3,127	3,991	92,851	92,950	6,063	3,647	4,596	99,351	99,450	6,668	4,167	5,200			
86,451	86,550	5,468	3,135	4,001	92,951	93,050	6,073	3,655	4,605	99,451	99,550	6,677	4,175	5,210			
86,551	86,650	5,477	3,143	4,010	93,051	93,150	6,082	3,663	4,614	99,551	99,650	6,686	4,183	5,219			
86,651	86,750	5,487	3,151	4,019	93,151	93,250	6,091	3,671	4,624	99,651	99,750	6,695	4,191	5,228			
86,751	86,850	5,496	3,159	4,029	93,251	93,350	6,100	3,679	4,633	99,751	99,850	6,705	4,199	5,238			
86,851	86,950	5,505	3,167	4,038	93,351	93,450	6,110	3,687	4,642	99,851	99,950	6,714	4,207	5,247			
86,951	87,050	5,515	3,175	4,047	93,451	93,550	6,119	3,695	4,652	99,951	100,000	6,721	4,213	5,254			
87,051	87,150	5,524	3,183	4,056	93,551	93,650	6,128	3,703	4,661	OVER \$100,000 YOU MUST COMPUTE YOUR TAX USING THE TAX RATE SCHEDULES.							
87,151	87,250	5,533	3,191	4,066	93,651	93,750	6,138	3,711	4,670								
87,251	87,350	5,542	3,199	4,075	93,751	93,850	6,147	3,719	4,680								
87,351	87,450	5,552	3,207	4,084	93,851	93,950	6,156	3,727	4,689								
87,451	87,550	5,561	3,215	4,094	93,951	94,050	6,166	3,735	4,698								
87,551	87,650	5,570	3,223	4,103	94,051	94,150	6,175	3,743	4,707								
87,651	87,750	5,580	3,231	4,112	94,151	94,250	6,184	3,751	4,717								
87,751	87,850	5,589	3,239	4,122	94,251	94,350	6,193	3,759	4,726								
87,851	87,950	5,598	3,247	4,131	94,351	94,450	6,203	3,767	4,735								
87,951	88,050	5,608	3,255	4,140	94,451	94,550	6,212	3,775	4,745								
88,051	88,150	5,617	3,263	4,149	94,551	94,650	6,221	3,783	4,754								
88,151	88,250	5,626	3,271	4,159	94,651	94,750	6,231	3,791	4,763								
88,251	88,350	5,635	3,279	4,168	94,751	94,850	6,240	3,799	4,773								
88,351	88,450	5,645	3,287	4,177	94,851	94,950	6,249	3,807	4,782								
88,451	88,550	5,654	3,295	4,187	94,951	95,050	6,259	3,815	4,791								
88,551	88,650	5,663	3,303	4,196	95,051	95,150	6,268	3,823	4,800								
88,651	88,750	5,673	3,311	4,205	95,151	95,250	6,277	3,831	4,810								
88,751	88,850	5,682	3,319	4,215	95,251	95,350	6,286	3,839	4,819								
88,851	88,950	5,691	3,327	4,224	95,351	95,450	6,296	3,847	4,828								



**2016 California Volunteer  
Reference Manual**

**Software Tips**

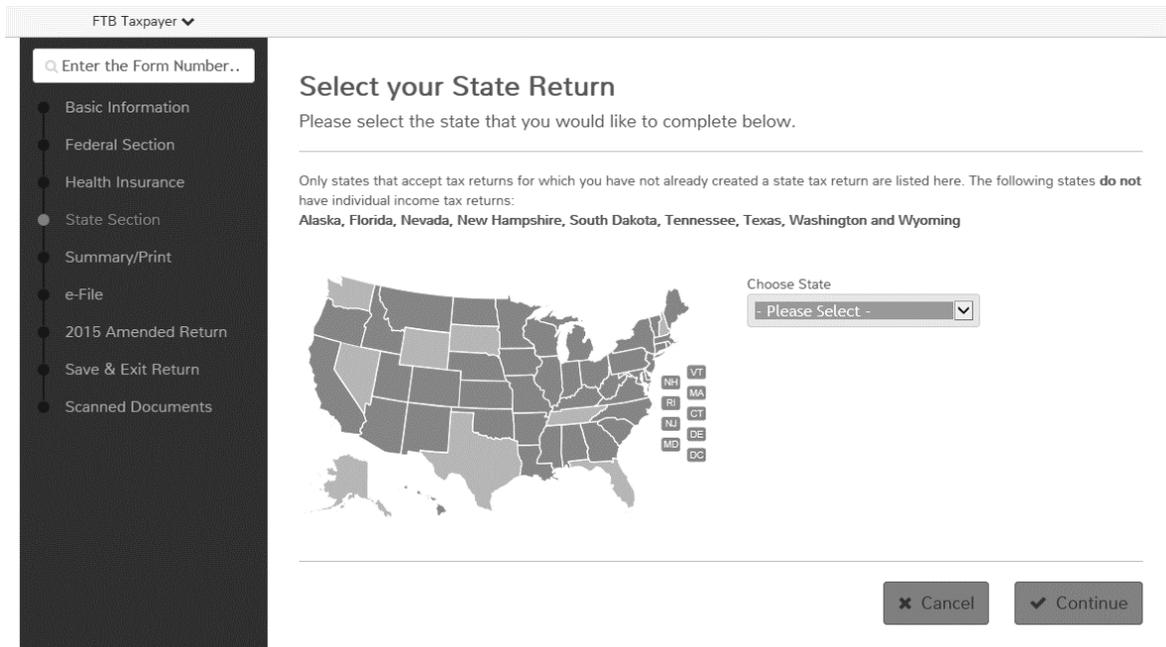
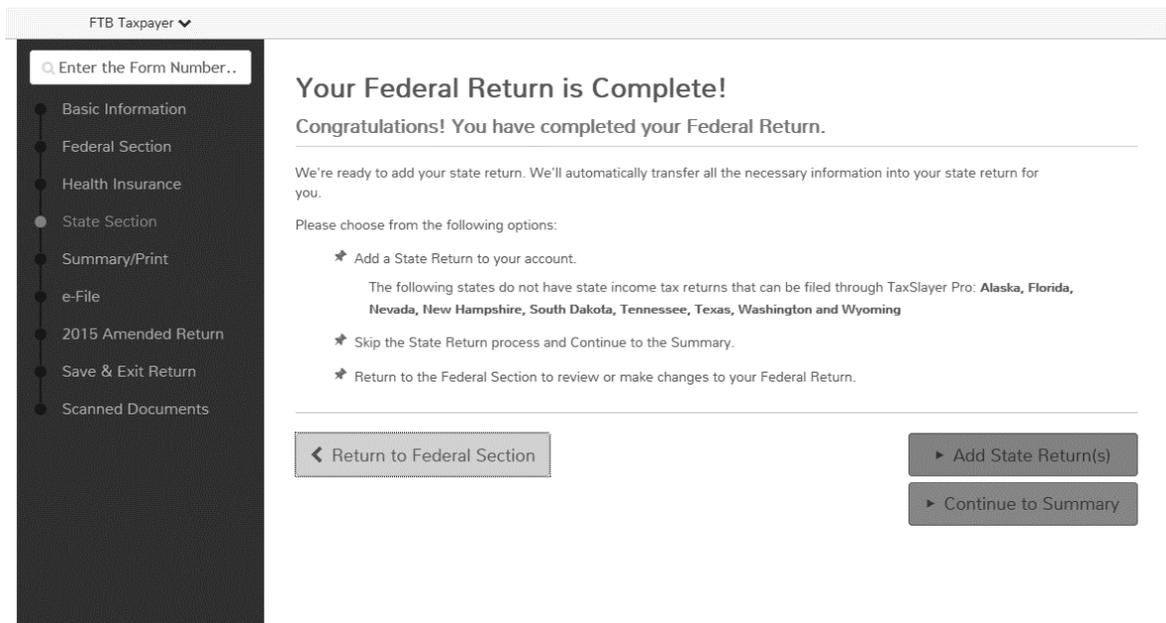


**Note:** Software screen shots used in this section are from the practice lab. The actual software used for return preparation may look and operate differently than what is shown in this section.

### Before You Begin

Check with your site coordinator regarding site procedures for obtaining software.

**California residency is selected after the federal return is complete.**



## Start the State Tax Return

You must complete your client's federal tax return before you start the California tax return. Use information from W-2s, 1099s, and federal returns to complete the state tax return. Make sure to complete the following forms before beginning the Form 540:

- Main Information Screen.
- Form W2.
- Forms 1099.
- Federal Tax Forms.
- Federal Schedules.
- Any income supporting worksheets and schedules.

California requires that the state ID box on Forms W2, W2-G and 1099R include the employer's state ID number. If any of the forms above have a blank state ID, enter six **0s** or six **9s** digits in this field. How you complete the income statement determines how the software applies the information based on California tax law.

**The tax software requires that all Forms W2, W2G, and 1099R are complete prior to beginning the state tax form.**

**California Information** Clear

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15 State Name California <input type="checkbox"/>	State EIN 999999 	16 St Wages \$ 5000	17 St Tax Paid \$ 25
	18 Local Wages \$ 5000	19 Local Tax Paid \$ 4	20 Local Name SDI

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## State Disability Insurance

State Disability Insurance (SDI) is an itemized deduction on the federal tax return, but you subtract it from the state itemized deduction amount on Schedule CA (540). By following the instructions below, the software reports SDI correctly for both federal and state purposes.

Many employers enter CA SDI in box 14 of the Form W-2. You can input this information in box 14 of your screen. Select the arrow at the right of the code box and select CA SDI (see example screen). For additional information on SDI and to calculate excess SDI, please see the General Information Section.

### Wages

1 Wages, Tips	<input type="text" value="\$5000"/>	2 Federal Tax Withheld	<input type="text" value="\$250"/>
3 SS Wages	<input type="text" value="\$5000"/>	4 Soc. Sec. Tax Withheld	<input type="text" value="\$310"/>
5 Medicare Wages	<input type="text" value="\$5000"/>	6 Medicare Tax	<input type="text" value="\$73"/>
7 SS Tips	<input type="text" value="\$"/>	8 Allocated Tips	<input type="text" value="\$"/>
9	<input type="text" value="RESERVED"/>	10 Dependent Care	<input type="text" value="\$"/>
		11 NonQual Plan	<input type="text" value="\$"/>
Unreported Tips	<input type="text" value="\$"/>		

12		13		14
Code	Amount	<input type="checkbox"/> Statutory Employee	Code	Amount
a <input type="text" value="DD"/> <input type="button" value="v"/>	<input type="text" value="\$20"/>	<input type="checkbox"/> Retirement Plan	<input type="text" value="CA SDI - CA"/> <input type="button" value="v"/>	<input type="text" value="\$4"/>
b <input type="text" value=""/> <input type="button" value="v"/>	<input type="text" value="\$"/>	<input type="checkbox"/> Third Party Pay	<input type="button" value="+ add another row"/>	
<input type="button" value="+ add another row"/>				

### California Information

15 State Name	State EIN	16 St Wages	17 St Tax Paid
<input type="text" value="California"/> <input type="button" value="v"/>	<input type="text" value="8405344"/>	<input type="text" value="\$5000"/>	<input type="text" value="\$25"/>
	18 Local Wages	19 Local Tax Paid	20 Local Name
	<input type="text" value="\$"/>	<input type="text" value="\$"/>	<input type="text" value=""/>

**Important Note:** Double check software for accuracy of SDI deduction on federal Schedule A.

## W2G/California Lottery and Gambling Losses

To exclude California lottery winnings from the state tax return, enter winnings in this part of the software. When completed correctly, the software deducts this income on the CA Schedule CA 540, line 21a.

### California State Return

#### California Lottery Winnings

*California excludes California Lottery Winnings from taxable income. Enter only California Lottery Winnings included in your Federal Taxable Income below.*

Enter the amount of California Lottery Winnings included on your Federal return.

Note: CA Schedule CA 540, Line 21a, Columns A (federal amounts) and B (California subtractions). Example of how a correctly completed W2G creates the CA lottery income adjustment on the California return.

<p>21 Other income.</p> <ul style="list-style-type: none"> <li>a California lottery winnings</li> <li>b Disaster loss deduction from FTB 3805V</li> <li>c Federal NOL (Form 1040, line 21)</li> <li>d NOL deduction from FTB 3805V</li> </ul>	<p>e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809</p> <p>f Other (describe):</p> <p style="margin-left: 20px;"><input checked="" type="radio"/> TOTAL PENSION</p>	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: right;">21</td> <td style="width: 5%; text-align: center;">●</td> <td style="width: 60%; border-bottom: 1px solid black; text-align: right;">2750</td> <td style="width: 5%; text-align: right;">}</td> <td style="width: 5%; text-align: center;">a</td> <td style="width: 5%; text-align: center;">●</td> <td style="width: 15%; text-align: right;">2750</td> <td style="width: 5%; text-align: center;">a</td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 5%; text-align: center;">b</td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 5%; text-align: center;">c</td> <td style="width: 5%; text-align: center;">●</td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 5%; text-align: center;">d</td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 5%; text-align: center;">e</td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 5%; text-align: center;">f</td> <td style="width: 5%; text-align: center;">●</td> <td style="width: 5%; text-align: center;"> </td> <td style="width: 5%; text-align: center;">1000</td> <td style="width: 5%; text-align: center;">f</td> <td style="width: 5%; text-align: center;">●</td> </tr> </table>	21	●	2750	}	a	●	2750	a		b		c	●		d		e		f	●		1000	f	●
21	●	2750	}	a	●	2750	a		b		c	●		d		e		f	●		1000	f	●			

The software automatically subtracts California lottery losses claimed as a gambling loss on federal Schedule A when the amount of the loss is entered here in federal part of the software.

### Schedule A - Miscellaneous Deductions

Amortizable premium on taxable bonds

Federal estate tax on income in respect to a decedent

Gambling losses to the extent of gambling winnings

<p>Other Miscellaneous Deductions</p>	28	<p>Other—from list in instructions. List type and amount ►</p> <p style="margin-left: 20px;"><b>GAMBLING LOSSES TO AMOUNT WON</b> 2750</p>	28	2750
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See CA Schedule CA 540, Page 2, line 41, and double check this automatic adjustment. Non-California lottery gambling losses are allowed as an itemized deduction up to the amount of gambling winnings.

**Note:** California lottery losses are **not** deductible because California lottery winnings are **not** taxable.

### 1099R Pension and Railroad Retirement Income

Generally, federal and state treat pension income the same. Find additional and more detailed information in the General Information section and FTB 1001, *Supplemental Guidelines to California Adjustments*.

If your client receives a 1099R with tier 1 or tier 2 railroad retirement income, complete the RRB-1099R. The taxable income from this 1099R qualifies for subtraction on the CA Schedule CA and the software makes the adjustment for you.

### IRA/Pension Distributions

Add or Edit a 1099-R	BEGIN
RRB-1099-R	BEGIN 
Social Security Benefits/RRB-1099	BEGIN
Nontaxable Distributions	BEGIN

Note the placement of the taxable portion of railroad retirement benefits located in Column B of the CA Schedule CA 540, line 16.

TAXABLE YEAR		SCHEDULE		
California Adjustments – Residents		CA (540)		
<b>Important:</b> Attach this schedule behind Form 540, Side 5 as a supporting California schedule.				
Name(s) as shown on tax return		SSN or ITIN		
FTB & IRS TAXPAYER				
Part I Income Adjustment Schedule		A	B	C
Section A – Income		Federal Amounts (taxable amounts from your federal tax return)	Subtractions See instructions	Additions See instructions
7	Wages, salaries, tips, etc. See instructions before making an entry in column B or C . . . . . 7	97115		
8	Taxable interest (b) . . . . . 8(a)			
9	Ordinary dividends. See instructions. (b) . . . . . 9(a)			
10	Taxable refunds, credits, offsets of state and local income taxes . . . . . 10			
11	Alimony received . . . . . 11			
12	Business income or (loss) . . . . . 12			
13	Capital gain or (loss). See instructions . . . . . 13			
14	Other gains or (losses) . . . . . 14			
15	IRA distributions. See instructions. (a) . . . . . 15(b)			
16	Pensions and annuities. See instructions. (a) 15500 . . . . . 16(b)	15500	15500	
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. . . . . 17			
18	Farm income or (loss) . . . . . 18			

## Form 540, Page 1

Once the federal return is complete and correct, double click on CA 540 Page 1. The software automatically enters most line amounts on Page 1 of the 540. Even without a red error, double check all entries on this page.

### Name, SSN, and Address

The software completes this step in the federal information section. Double check the taxpayer's name and address for state purposes.

#### Address and Phone Number

---

Check here if Stateside Military address.

Check here if foreign address

Address (Number and Street)  Apartment 

9646 BUTTERFIELD WY 217

Zip Code

95827 -

City, Town, or Post Office

Sacramento

State Resident State as of 12/31/{0}

California  California

Daytime Telephone Number

( 800 ) 522 - 5665

Secondary Telephone Number

(  )  -

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### Filing Status

The software completes this step. State filing status must be the same as the filing status on the federal tax return. See the General Information section for exceptions. Call the FTB Volunteer Hotline, **800.522.5665**, for information on Registered Domestic Partners or nonresident spouse.

**Important Note: State filing status and exemption credits must be the same as used on the federal return.**

## Form 540, Page 2

### Exemptions

The software completes this step. The number of state exemption credits must be the same as the number of exemption credits on the federal return.

Federal and state treat exemption credits differently. The software automatically calculates exemption credits from information entered on the Interview Worksheet, Main Info screen, and federal Form 1040. **State exemption credits decrease actual tax. Federal exemption credits decrease taxable income.**

California gives additional credits to individuals over the age of 65 or blind. If both spouses on a tax return are over age 65 or blind they receive two additional exemption credits. When a client claims the blindness exemption for the first time, attach a physician’s statement to the back of the paper tax return and e-file clients keep the physician’s statement with their records. FTB may send a letter requesting the statement. See the General Information section for more detail and the definition of visual impairment.

The definition of a dependent for California purposes is the same as federal.

Example: Two personal exemptions, one senior exemption, one blind exemption, and one dependent exemption, total of five exemptions. Notice that the software carries over all exemption and dependent information, including name, from the Main Information Screen.

► For line 7, line 8, line 9, and line 10: Multiply the amount you enter in the box by the pre-printed dollar amount for that line. **Whole dollars only**

**7 Personal:** If you checked box 1, 3, or 4 above, enter 1 in the box. If you checked box 2 or 5, enter 2, in the box. If you checked the box on line 6, see instructions. ● 7  X \$109 = ● \$

**8 Blind:** If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2 ..... ● 8  X \$109 = ● \$

**9 Senior:** If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2 ..... ● 9  X \$109 = ● \$

**10 Dependents: Do not include yourself or your spouse/RDP.**

	Dependent 1	Dependent 2	Dependent 3
First Name	<input type="text" value="RITA"/>	<input type="text"/>	<input type="text"/>
Last Name	<input type="text" value="RIVERS"/>	<input type="text"/>	<input type="text"/>
SSN	<input type="text"/>	<input type="text"/>	<input type="text"/>
Dependent's relationship to you	<input type="text" value="GRANDCHILD"/>	<input type="text"/>	<input type="text"/>

Total dependent exemptions ..... ● 10  X \$337 = ● \$

**11 Exemption amount:** Add line 7 through line 10. Transfer this amount to line 32 ..... ● 11 \$

### Taxable Income

The software completes most of this step. It is vitally important that you review each line to make sure the information transfers correctly from the federal tax return.

If the tax return shows a California adjustment for line 14 or line 16, double check CA Schedule CA 540 for accuracy.

**When you see an amount on line 14 or line 16 of the Form 540, Page 2, always open the CA Schedule CA 540 and double-check the adjustments.**

Taxable Income		
12	State wages from Forms W-2, box 16	45000
13	Federal adjusted gross income	57500
14	California adjustments - subtractions	12500
15	Subtract line 14 from line 13	45000
16	California adjustments - additions	0
17	California adjusted gross income	45000
18	Larger of California standard deduction or California itemized deductions	7812
19	Taxable income. If less than zero, enter zero	37188

### CA Schedule CA 540 Adjustments

California does not tax certain types of income that may be taxable on the federal return. You must complete a CA Schedule CA 540 when there are differences in income taxability between federal and state. Even though the software automatically figures most of these adjustments for you, it is still very important that you check to make sure all adjustments are correct. Find differences between federal and state tax law in the Introduction and General Information section of this manual and in FTB 1001, *Supplemental Guidelines to California Adjustments*.

Form 540, Page 2, line 14 includes all income taxable on the federal return and not taxable by California. Line 14 is always the same as the figure calculated on line 37, column B, on the CA Schedule CA 540. Line 14 decreases taxable income.

California does not tax:

- State income tax refunds from any state
- Unemployment compensation/paid Family Medical Leave
- Social security benefits
- Tier 1 and tier 2 railroad retirement benefits
- California Lottery
- Interest earned from U.S. Savings bonds, U.S. Treasury Bills, or any other bonds of the U.S. and U.S. territories

Line 16 includes all income that is nontaxable on the federal tax return but is taxable by California. The amount on line 16, Form 540, Page 2 is always the same as the amount on CA Schedule CA 540, line 37, column C. Line 16 increases taxable income.

California does tax:

- Foreign earned income or foreign social security
- Interest income from bonds issued by a state other than California
- Interest income from municipal bonds issued by a county, city, town, or other local government unit in a state other than California
- Interest income from obligations of the District of Columbia issued after December 27, 1973

### **Line 7 Wages, Salaries, Tips, Etc.**

Generally, do not make any adjustments on this line. Some exceptions include employer HSA contributions and certain American Indian tribal income. For additional information, see the Form 540 Booklet and FTB 1001, *Supplemental Guidelines to California Adjustments*. Directly enter allowable exceptions on line 7.

### **Line 8 Taxable Interest Income**

The most common type of interest you calculate is simple interest from a taxpayer's checking or savings account. For example, to adjust savings bond interest, the software automatically makes this adjustment when you enter the correct information.

## Interest Income

Type of transaction: Interest Income

Payer's Name:

Taxpayer, Spouse, or Joint? Taxpayer ▾

Interest Income (Box 1)

Early Withdrawal Penalty (Box 2)

Interest on U.S. Savings Bonds and Treasury obligations (Box 3)  
(Note: Enter Taxable amount only)

Federal Tax Withheld (Box 4)

Foreign Tax Withheld (Box 6)

Amount of Interest on U.S. Savings Bonds and Treasury Obligations that you want subtracted from your state return

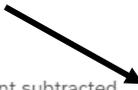
Nominee Interest

OID Adjustment

Accrued Interest

ABP Adjustment

Accrued Market Discount



Open the interest income question. Designate interest income entries on federal Schedule B interest statement, State Adjust Amount line. The software automatically transfers this subtraction amount to the CA Schedule CA 540, line 8, in the appropriate state adjustment column. Column B entries identify income nontaxable to California but taxable to federal. Column C entries identify income taxable to California but nontaxable to federal.

### Line 9 Ordinary Dividends

Enter dividend income on the federal Schedule B, Part II – Ordinary Dividends. If your client has California adjustments for dividend income, the software automatically makes this adjustment from information entered on the Dividend Income Worksheet.

### Enter your Dividend Income (Form 1099-DIV)

Type of transaction: **Dividend Income**

Payer's Name:

Taxpayer, Spouse, or Joint? **Taxpayer** ▼

Ordinary Dividends (Box 1a)

Qualified Dividends (amount of ordinary dividends that are considered qualified) (Box 1b)

Capital Gain to Schedule D (Box 2a)

Unrecaptured Section 1250 Gain (Box 2b)

Section 1202 Gain (Box 2c)

Collectibles (28%) Gain (Box 2d)

Nondividend Distributions (Box 3)

Federal Income Tax Withheld (Box 4)

Foreign Tax Withheld (Box 6)

Nominee Dividend

Amount of Interest on U.S. Savings Bonds and Treasury obligations that you want subtracted from your state return  

Please select your state: **- Please Select -** ▼

Use the same procedure on the Ordinary Dividends section as you do for the Interest Statement.

The software transfers this addition or subtraction amount on the CA Schedule CA 540, line 9, in the appropriate state adjustment column. Find more information about dividends in the General Information section.

The software correctly calculates the dividend income amount taxable to California when the "Dividend Income Statement" is complete. For exempt interest dividends from mutual funds, please see the General Information section.

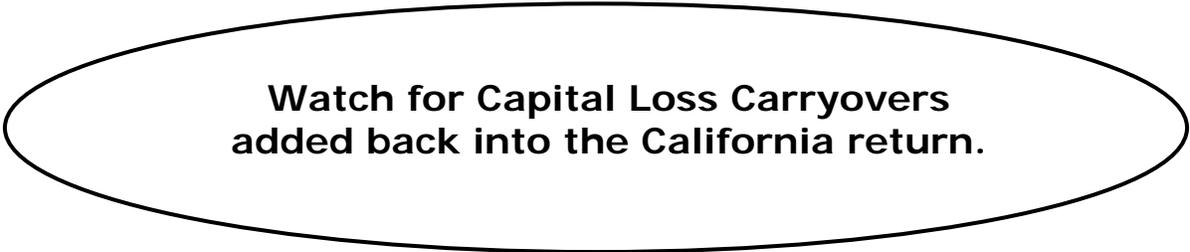
**Line 10 State Tax Refund**

The software automatically transfers any state tax refund amount to CA Schedule CA 540, line 10, column B, from information entered on the State Tax Refund Worksheet. You need the amount of the refund, the amount of itemized deductions from the prior year, and the prior year AGI.

Double-check CA Schedule CA 540, line 13, for capital gain and loss accuracy. In some instances, the software requires a CA Schedule D to correctly calculate taxability of dividend income and capital losses found on the federal tax return.

**Line 13 Capital Gain (or Loss)**

If your client reports a Capital Loss Carryover on the federal tax return, the software automatically loads the value on Column A line 13. There should be no addition in Column C.



**Watch for Capital Loss Carryovers  
added back into the California return.**

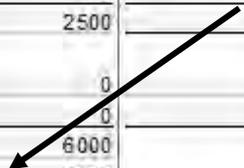
### Line 16 Total Pensions and Annuities

California and federal law generally treat pension and annuity income the same. If your client receives a 1099R with railroad tier 1 or tier 2 income, check the General Information section, FTB 1005, *Pension and Annuity Guidelines*, and the example 1099R in this section for additional information.

California treats railroad retirement, tier 1 and tier 2, income similarly to social security income. Any federally taxable tier 2 income listed on Schedule CA, line 16, column A, also needs to be entered on line 16, column B. Tier 1 railroad retirement income is entered in the income, social security section of the software.

Section A: Income			
	Federal amounts	Subtractions	Additions
7 Wages, salaries, tips, etc	45000	0	0
8a Taxable interest income	0	0	0
b Tax-exempt interest	0		
9a Ordinary dividends	0	0	0
b Qualified dividends	0		
10 Taxable refunds, credits, offsets of state and local income taxes	0		
11 Alimony received	0		
12 Business income or loss	0		
13 Capital gain or loss	-3000		
14 Other gains or losses	0		
15 Total IRA distributions	0		
16 Total pension and annuities	2500	2500	0
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc	0	0	0
18 Farm income or loss	0	0	0
19 Unemployment compensation	6000	6000	
20 Social security benefits	11000	9350	
21 Other income	5000		
a California lottery winnings		5000	
b Disaster loss carryover from FTB 3805V		0	
c Federal NOL from Form 1040, line 21			0
d NOL carryover from FTB 3805V		0	
e NOL from FTB 3805D, 3805Z, 3806, 3807, or 3809		0	
f Other: _____		0	0
Total other		0	0
22 Total	64850	22850	0

Both Social Security and Tier 1 Railroad Retirement Income is reported in columns A and B, line 20.



### **Line 20 Social Security Benefits**

The software automatically deducts the federally taxable social security income amount listed on Form 1040, line 20(b) in column B, CA Schedule CA 540.

### **Line 21 Other Income California Lottery**

The software deducts California lottery winnings on the CA Schedule CA 540, column B. Reference the Software example and instructions for W2G provided in this section.

### **Nonqualified HSA Distributions**

Distributions from an HSA not used for qualified medical expenses, and included in federal income, are not taxable for California purposes. On CA Schedule CA 540, direct enter on line 21f, a description of the income type (ex: Nonqual HSA) and in column B, the amount of federally taxable distribution.

For additional information on line 21f income, reference the 540 Instruction Booklet, FTB 1001, *Supplemental Guidelines to California Adjustments*, and the 540 section of this manual.

### **CA Schedule CA 540 – Part II**

California itemized deductions differ from federal itemized deductions. California disallows any deduction of state or foreign taxes, sales tax, or SDI.

### **Form 540 Page 1 Tax Section**

The software completes this step. The software calculates this figure using information entered on the federal tax return, the Form(s) W2, and 1099, and income worksheets completed by the preparer.

### **Form 540 Page 2 Special Credits and Nonrefundable Renter's Credit**

This step contains several lines that will not carry over from the federal tax return. For more information on California credits reference the General Information and 540 sections in this manual and the 540 Instruction Booklet.

### Line 43 and Line 44 Credits

To claim the Joint Custody Head of Household Credit:

1. Open the state return information section of the software.
2. Select Credits
3. Select other Credits. Select the arrow to get the drop down list. Locate Joint Custody Head of Household credit.
4. Manually enter amount of credit from worksheet in 540 Section of this manual.
5. The software transfers the credit name and amount from CA Sch P to line 43.

### Line 46 Nonrefundable Renter’s Credit

The Nonrefundable Renter’s Credit is calculated automatically for those who qualify and answer the question “yes” in the software. You must remember to ask your client if they qualify.

### Renter’s Credit Qualifications

- Income less than \$39,062 if single or married/RDP filing separately.
- Income less than \$78,125 or less if married/filing RDP filing jointly, head of household, or qualifying widow(er).
- Pay rent on a principal residence in California for 6 months or more during 2016.
- The county assesses property tax on the residence.

The software automatically enters the correct amount of credit according to your client’s filing status and tax amount.

**CA 540** **Page 3**

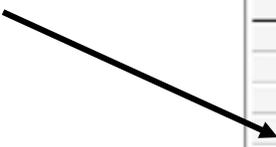
---

Name:  SSN:

---

**Special Credits**

40	Nonrefundable Child and Dependent Care Expenses Credit - Attach Form 3506		0
41	New jobs credit, amount generated	<input type="text" value="0"/>	
42	New jobs credit, amount claimed		0
43	Credit name <input type="text"/>	code no <input type="text" value="0"/>	amount <input type="text"/>
44	Credit name <input type="text"/>	code no <input type="text" value="0"/>	amount <input type="text"/>
45	Other credits, if more than two claimed		0
46	Nonrefundable renter's credit		79
47	Total credits		79
48	Subtract line 47 from line 35. If less than zero, enter zero		0



### Other Taxes

The software completes this step based on code information from the 1099R. Line 63, Other Taxes, shows the amount of additional tax California assesses on retirement plan income issued to a client prior to age 59½.

### Payments

The software completes this step. If no withholding is shown on line 71, or you disagree with the amount, the employer makes the correction for Form W2, 1099, and other supporting forms. If the taxpayer made 2016 CA estimated tax payments, complete the worksheet F/S Tax Pd.

Enter estimate payments made, as well as payments made on balance due returns in a prior year, on this worksheet. The software calculates tax, and tax deductions, using information you enter here.

### Payments - State Estimated Payments

Amount Applied from Prior Year Refund	\$
Estimated State Tax Paid on(4/15/2015)	\$
Estimated State Tax Paid on(6/15/2015)	\$
Estimated State Tax Paid on(9/15/2015)	\$
Estimated State Tax Paid ON or BEFORE(12/31/2015)	\$
Estimated State Tax Paid AFTER(12/31/2015)	\$
State Name	California

### Form 3506 Child and Dependent Care Expenses Credit

The software CA 3506 comes pre-filled with information transferred from the federal child and dependent care form. California requires completion of Part I. A provider telephone number is mandatory to claim the credit.

**CA 3506** **Child and Dependent Care Expenses Credit**

---

Name: SANDRA SHORT SSN: \_\_\_\_\_

---

Only care provided in California qualifies for the credit. If any part of the care is not provided in California, you must manually remove or alter the care provider information and qualifying person information to reflect only the amounts paid for care in California.

Was all care provided in California?  Yes  No

If the Federal adjusted gross income is more than \$100,000, you do not qualify for this credit.

**Part I: Unearned Income and Other Funds Received**

Source of income /funds	Amount	Source of income /funds	Amount
STOCK SALE	10000		0
	0		0
	0		0

**Part II: Persons or Organizations Who Provided the Care in California**

1	Provider 1
<p><b>a</b> Name Individual Business</p> <p><b>b</b> Address</p> <p><b>c</b> Telephone</p> <p><b>d</b> Person or organization</p> <p><b>e</b> SSN EIN or Tax Exempt</p> <p><b>f</b> Address where care was provided City, state and ZIP code</p> <p><b>g</b> Amount paid</p>	<p>SUSIE SMITH _____ SUSIE _____ SMITH _____</p> <p>555 SHOO FLY LANE _____ FILLMORE CA 93015- _____ 831-111-1111 _____</p> <p><input checked="" type="radio"/> Person <input type="radio"/> Organization</p> <p>SSN: 123584863 _____ EIN: _____ TE: _____</p> <p>379 FERNBRIDGE WAY _____ 93015- _____ FILLMORE CA _____ 1800 _____</p>

**Part III: Credit for Child and Dependent Care Expenses**

2 Information about your qualifying persons.							
Qualifying person's name		Social security number	Died this year	Date of birth	Dis-abled	Percent of physical custody	Qualified expenses paid
First name	Last name						
SHELLY	SHORT	123-56-4863	<input type="checkbox"/>	05/12/2007	<input type="checkbox"/>	0.00	1800
			<input type="checkbox"/>		<input type="checkbox"/>	0.00	0
			<input type="checkbox"/>		<input type="checkbox"/>	0.00	0
3 Total qualified expenses but not more than \$3,000 for one qualifying person or \$6,000 for two or more qualifying persons. If you completed Part V, amount from line 34							1800
4 Your earned income							45000
Nonresident and part-year resident earned income - F8 to change						0	
5 If married or an RDP filing a joint return, your spouse's /RDP's earned income; all others, amount from line 4							45000
Nonresident and part-year resident earned income - F8 to change						0	
6 Smallest of line 3, line 4, or line 5							1800
7 Decimal amount shown in the chart in the instructions for line 7							0.20
8 Multiply line 6 by the decimal amount on line 7							360
9 Decimal amount listed in the chart in the instructions for line 9							0.43
10 Multiply the amount on line 8 by the decimal on line 9							155
11 Credit for prior year expenses paid . See the worksheet on page 2							0
12 Add line 10 and line 11							155

California also requires the client to state the address where child care was provided and the client's percentage of physical custody for the child or dependent. Input this information and the provider telephone number in FTB 3506, *Child and Dependent Care Expenses Credit*, Part II. Never submit a volunteer prepared tax return without this important information.

**Overpaid Tax or Tax Due**

The software completes this step.

**Contributions**

Enter the amount of charitable contributions your client wants to deduct from the refund, if any.

**Refund or Amount You Owe**

The software figures the amount of refund or balance due. Line down to check all calculations.

**Interest and Penalties**

The software figures the amounts of interest and penalties.

## Do You Want to File This Form Electronically?

If electronically filing, you must select how you would like to file the return in the E-File section of the return software. The preferred method is “direct deposit.” This will send the return electronically and direct deposit a refund or allow a check to be mailed in if there is a tax liability.

E-File ← Back  Save

Return Type ▶

Tax Preparation and E-File Information ▶

State Return(s) ▼

Choose how you would like to file your state returns:

State	Refund/Due
CA	Refund: \$ 1413.00

Not Selected  
 Paper Return  
 Electronic Mailed  
 Paper Return with Direct Deposit  
 Direct Deposit

## Electronic Signature

Taxpayer Signature

Tax Payer

Sign Above

The software allows the taxpayer to use the mouse or a finger on a touchscreen computer to electronically sign their return.

## E-file Signature Authorization Form CA 8879

Complete form CA 8879 when your client electronically signs the state tax return by using the Practitioner PIN method. Generally, this is faster and easier than using the self-select PIN method.

- The software will use the same PIN for the federal and state signature. This may be set as a default by your site coordinator. Form 8879 is now complete!
- Complete refund or balance due information in the E-File section of the return.

### **Required Defaults**

Make sure the following fields are set as tax form defaults.

- The “authorize” box on Form 8879 is checked for both taxpayer and spouse/RDP.
- Firm name, EFIN, ERO Pin, and SIDN fields entered on the Main Info Screen and federal Form 8879, and transferred in yellow to Form 540, Page 3, and Form CA 8879.

**Hint:** The client’s ZIP code is an easy PIN to use. The client will not need to remember the PIN. It is most important that the client retain the signed 8879.

### **Head of Household**

Submit a Head of Household Schedule (Form CA 3532) with every return claiming the head of household filing status. Form CA 3532 is available in the CA 540 instruction booklet for taxpayers filing paper tax returns.

**Always help the taxpayer complete the HOH Questionnaire. This is in their best interest.**

TAXABLE YEAR

CALIFORNIA FORM

# 2016 Head of Household Filing Status Schedule

3532

Attach to your California Form 540, Long or Short Form 540NR, or Form 540 2EZ.

Name(s) as shown on tax return  SSN or ITIN

## Part I – Marital Status

1 Check one box below to identify your marital status. See instructions

- a Not legally married/RDP during 2016  1a
- b Widow/widower (my spouse/RDP died before 01/01/2016)  1b
- c Marriage/RDP was annulled.  1c
- d Received final decree of divorce, legal separation, dissolution, or termination of marriage/RDP by 12/31/2016.  1d
- e Legally married/RDP and did not live with spouse/RDP during 2016.  1e
- f Legally married/RDP and lived with spouse/RDP during 2016. List the beginning and ending dates for each period when you lived together.  1f

From:  To:  From:  To:

## Part II – Qualifying Person

2 Check one box below to identify the relationship of the person that qualifies you for the head of household filing status. See instructions.

- a Son, daughter, stepson, or stepdaughter  2a
- b Grandchild, brother, sister, half brother, half sister, stepbrother, stepsister, nephew, or niece  2b
- c Eligible foster child.  2c
- d Father, mother, stepfather, or stepmother  2d
- e Grandfather, grandmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, uncle, or aunt  2e

## Part III – Qualifying Person Information

3 Information about your qualifying person. See instructions.

First Name

Last Name

SSN

DOB (MM/DD/YYYY)

Check one box below to identify the status of your qualifying child who is age 19 or older in 2016. See instructions.

- a Full time student under age 24.  3a
- b Permanently and totally disabled.  3b

4 Enter qualifying person's gross income in 2016. See instructions.

5 Number of days your qualifying person lived with you during 2016. See instructions.

When calculating the total number of days your qualifying person lived with you, you may include any days your qualifying person was temporarily absent from your home. For example, illness, education, business, vacation, military service, and, (in some circumstances), incarceration.

Complete all the required fields on this form.

1. Check the box that fits your client’s situation. If the taxpayer lived with their spouse some time during the tax year but not all year, add the appropriate dates in the boxes at the bottom of the section.
2. Check the box to show the client’s relationship with the individual that qualifies them for head of household filing status.
3. Provide the name, social security number, date of birth, gross income, and the number of days lived with the individual that qualifies your client for head of household filing status.

### Refund Direct Deposit

To direct deposit refunds, choose the direct deposit option for the drop down menu under the state return section of E-File.

The screenshot shows the 'E-File' software interface. At the top right, there are 'Back' and 'Save' buttons. Below the header, there are three expandable sections: 'Return Type', 'Tax Preparation and E-File Information', and 'State Return(s)'. The 'State Return(s)' section is expanded, showing the instruction 'Choose how you would like to file your state returns:'. Below this, there is a table with two columns: 'State' and 'Refund/Due'. The first row shows 'CA' and 'Refund: \$ 3575.00'. To the right of the table, a dropdown menu is open, listing five options: 'Not Selected', 'Paper Return', 'Electronic Mailed', 'Paper Return with Direct Deposit', and 'Direct Deposit'. The 'Direct Deposit' option is highlighted, and an arrow points to it. At the bottom left of the form, there is a 'Next' button.

State	Refund/Due
CA	Refund: \$ 3575.00

Choose how you would like to file your state returns:

- Not Selected
- Paper Return
- Electronic Mailed
- Paper Return with Direct Deposit
- Direct Deposit

Next

In the section directly below the state return section, add the banking information where the taxpayer would like their refund to deposit.

**E-File** ← Back  Save

Return Type

Tax Preparation and E-File Information

State Return(s)

Taxpayer Bank Account Information

Note: This bank information MUST be accurate for your return to process correctly.

Name of Bank	<input type="text" value="GUILFORD NATIONAL BANK"/>
Type of Account	<input type="text" value="Checking"/>
Routing Transit Number	<input type="text" value="322070239"/>
<b>Confirm</b> Routing Transit Number	<input type="text" value="322070239"/>
Bank Account Number	<input type="text" value="0020204523456"/>
<b>Confirm</b> Bank Account Number	<input type="text" value="0020204523456"/>

**Important Note:** The banking information may not appear on the printed Form 540 but should appear on the software version of Form 540 and the printed federal form. The correct information is transmitted through the e-file process.

## Deceased Taxpayers

The California tax return requires several steps when filing for a decedent. Executor, PIN, and 8879 fields need review and revision. Under the Basic Information for the California return, click on the option for deceased taxpayer. Select the type of representative for the deceased and add the Guardian/Executor name. Enter the representative or spouses information to complete the worksheet.

## California State Return

Complete if the Taxpayer or Spouse listed on the return is deceased

Select your Representative Type to the Deceased person.

Enter the Guardian\Executor Name

--Select--  
 Administrator  
 Beneficiary  
 Executor  
 Spouse  
 Trustee

**Descendant Representative Information (This may be the same as the taxpayer's name)**

Enter the representative name for the deceased person. For example, if the deceased person is listed as a spouse on this return, and the taxpayer is the representative, enter the taxpayer's name in the spouse section below.

Representative First Name	
Taxpayer	<input type="text"/>
Spouse	<input type="text"/>
Representative Middle Initial	
Taxpayer	<input type="text"/>
Spouse	<input type="text"/>
Representative Last Name	
Taxpayer	<input type="text"/>
Spouse	<input type="text"/>

The deceased taxpayer field must also list a Practitioner PIN on the California tax return and complete the ERO declaration on the California 8879.

## Estimate Penalty

Always inform the taxpayer that FTB sends a bill for estimate penalties owed. The volunteer program does not calculate penalty amounts.

### State Estimate Payments Sent

Use the State Estimated Payments Worksheet and enter, under the appropriate date paid, each estimate payment sent to the Franchise Tax Board. The software automatically calculates the total and enters the total on line 72 of Form 540, Page 2.

### Payments - State Estimated Payments

Amount Applied from Prior Year Refund	\$
Estimated State Tax Paid on(4/15/2015)	\$
Estimated State Tax Paid on(6/15/2015)	\$
Estimated State Tax Paid on(9/15/2015)	\$
Estimated State Tax Paid ON or BEFORE(12/31/2015)	\$
Estimated State Tax Paid AFTER(12/31/2015)	\$
State Name	California

✕ Cancel

✓ Continue

## Calculate State Estimate Payments

Follow the instructions for estimated payment vouchers.

### California State Return

#### Estimated Payment Vouchers, Form 540ES

To avoid an Underpayment of Estimated Tax penalty, you may be required to file Estimated Tax Payments.

To create your Estimated Payment Vouchers, select YES and enter the amounts you would like to print on your estimated vouchers below.

Payment Voucher 1, Due April 15, 2016

Payment Voucher 2, Due June 15, 2016

Payment Voucher 3, Due September 15, 2016

Payment Voucher 4, Due January 17, 2017

✓ Continue

### Important Information

When using the debit option for a balance due, e-filing a tax return, manually enter the banking information twice. The FTB website allows the taxpayer to pay by credit card. There is also an option for the taxpayer to mail the payment and e-file payment voucher (FTB 3582) directly to the Franchise Tax Board.

Taxpayers may go to [ftb.ca.gov](http://ftb.ca.gov), search online services, then Web Pay, for options to direct debit tax return balances, estimate payments, or an extension payment. This service requires the taxpayer's social security number, last name on the tax return, and the aforementioned information much match FTB records.

### Volunteer Procedures

As a volunteer tax assistant, always provide your clients accurate information, follow the procedures in the Volunteer Reference Manual, and protect confidential taxpayer information.

Refer questions regarding state tax law to the Franchise Tax Board Volunteer Hotline, **800.522.5665**. Also, order forms, reference manuals, and posters using this toll-free number, and locate additional VITA/TCE sites statewide. This number is for volunteer use only. **Please do not give this number to the taxpayer.**

If a taxpayer needs to contact the Franchise Tax Board, please ask them to call **800.852.5711** for customer service or **800.338.0505** for automated telephone service.

Call the volunteer hotline or your local volunteer program coordinator to obtain a *Volunteer Reference Manual*.

All tax return information is confidential. Volunteers discuss information about tax returns prepared when seeking tax or procedural help from their local volunteer program coordinator or the volunteer hotlines only. The VITA program destroys all taxpayer information once the e-file process completes. Credibility of the VITA/TCE program is lost when unauthorized disclosure of information occurs. Examine your site location for maximum privacy for volunteers and clients.

Under no circumstances accept any form of payment either for your services or on behalf of the Franchise Tax Board. For more information, please see the Volunteer Procedure section in this manual.



**Hope you enjoy tax software training. For more options,  
check out FTB's volunteer online training program at  
[ftb.ca.gov](http://ftb.ca.gov).**



# INDEX

- 1**  
**1099R Pension and Railroad Retirement Income, 122**
- C**  
**Calculate State Estimate Payments, 139**  
**California Adjustments, 51**  
**California Distributions, 22**  
**California Nontaxable Interest or Dividend Income Adjust, 20**  
**Can Clients Pay FTB Online?, 43**  
**Capital Gain (or Loss), 125**  
**Child and Dependent Care Expense Credit Form 3506, 34**  
**Credit for Joint Custody Head of Household Code 170, 65**
- D**  
**Deceased Taxpayers, 137**  
**Dependents, 19**  
**Direct Deposit, 43**
- E**  
**Earned Income Credit, 41**  
**E-file Signature Authorization Form CA 8879, 73, 132**  
**Electronic Signature, 132**  
**Excess SDI or VPDJ Withheld, 33**  
**Exempt-interest dividends from mutual funds:, 21**  
**Exemptions, 18, 50**
- F**  
**Filing Requirements for Most Clients, 10**  
**Filing Status, 17**  
**Form 540 Problem 1 Data Sheet, 74**  
**Form 540 Problem 2 Data Sheet, 79**  
**Form 540 Problem 3 Data Sheet, 83**
- H**  
**Head of Household, 133**
- I**  
**Important Due Dates, 6**  
**Income Adjustments, 20**  
**Interest and Penalties, 73**  
**Itemized Deductions, 7, 26, 27**
- N**  
**Nonqualified HSA Distributions, 127**  
**Nonrefundable Renter's Credit, 32**
- O**  
**Ordinary Dividends, 124**  
**Other Taxes, 70**
- Q**  
**Quality Review Checklist, 45**
- R**  
**Renter's Credit, 32**  
**Refund Direct Deposit, 136**  
**Responsibility of the Volunteer, 95**
- S**  
**Scope of VITA/TCE, 4**  
**Site List, 96**  
**Social Security Benefits, Tier 1 and Tier 2 Railroad Retirement, 20**  
**Standard and Itemized Deductions, 7, 26, 27**  
**State and Federal Differences, 7**

# INDEX

## T

Tax and Credits, 27  
Taxable Income, 121  
Taxable Interest Income, 122

## U

Unemployment Compensation  
Adjustment, 20

## W

W2G/California Lottery and  
Gambling Losses, 117  
What's New for 2016, 5







## Training Evaluation

Trainer: \_\_\_\_\_ Class Location: \_\_\_\_\_

1. This year will be my \_\_\_\_\_ year as a Volunteer Program assistant.
2. Was the training suited to your level of experience?  
 Too Basic    Just Right    Too Complex  
 What information will be most useful? \_\_\_\_\_  
 What information will be least useful? \_\_\_\_\_
3. Were class objectives stated clearly at the beginning of the class?  
 Yes    No  
 Comments: \_\_\_\_\_
4. Did the class time allow for adequate coverage of each objective?  
 Yes    No  
 Comments: \_\_\_\_\_
5. Did the California volunteer manual contain accurate and comprehensive information for the stated objectives?  
 Yes    No  
 Comments: \_\_\_\_\_
6. Based upon the desired objectives, what is your overall rating of the state training?  
 Excellent    Good    Fair    Needs Improvement  
 Comments: \_\_\_\_\_
7. How would you rate the performance of the instructor?  
 Excellent    Good    Fair    Needs Improvement  
 Comments: \_\_\_\_\_

Include additional comments about the program presentation and/or the instructor below:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Email or fax your request to: [Volunteercoordinator@ftb.ca.gov](mailto:Volunteercoordinator@ftb.ca.gov) or 916.845.9004.

**California Volunteers Make The Difference**

Thank You!





**INTRODUCTION SECTION**

**GENERAL INFORMATION SECTION**

**540**

**CONTRIBUTION SECTION**

**VOLUNTEER PROCEDURES SECTION**

**TAX TABLES**

**SOFTWARE TIPS**