

# Tax Practitioner Guidelines for Computer-Prepared Returns

## Introduction

The Franchise Tax Board (FTB) has established these guidelines for tax practitioners who use personal computers to computer-prepare the following personal income tax returns, tax vouchers, and business entity tax vouchers filed on paper:

- Form 100-ES, Corporation Estimated Tax;
- Form 540, California Resident Income Tax Return;
- Form 540-ES, Estimated Tax for Individuals;
- Form 540 2EZ, California Resident Income Tax Return;
- Form 540NR, California Nonresident or Part-Year Resident Income Tax Return (Long and Short);
- Form 540-V, Payment Voucher for 540 Returns
- Form 540X, Amended Individual Income Tax Return;
- Form 541-ES, Estimated Tax for Fiduciaries;
- Form FTB 3519, Payment for Automatic Extension for Individuals;
- Form FTB 3522, LLC Tax Voucher,
- Form FTB 3536, Estimated Fees for LLCs,
- Form FTB 3537, Payment for Automatic Extension for LLCs;
- Form FTB 3538, Payment for Automatic Extension for LPs, LLPs, and REMICs;
- Form FTB 3539, Payment for Automatic Extension for Corps and Exempt Orgs;
- Form FTB 3563, Payment for Automatic Extension for Fiduciaries;
- Form FTB 3582, Payment Voucher for Individual e-filed Returns;
- Form FTB 3586, Payment Voucher for Corp e-filed Returns;
- Form FTB 3587 – Payment Voucher for LP, LLP, and REMIC e-filed Returns; and
- Form FTB 3588 – Payment Voucher for LLC e-filed Return.

This publication also provides information on:

- California's e-file Program. See page 9.
- Filing Business Entity returns, including paperless Schedules K-1 (565 or 568). See page 10.

If you prepare your clients' tax returns by hand, you must use the official forms as printed and distributed by the FTB or an FTB-approved substitute version.

By following these guidelines, you help accelerate processing and get your clients' refunds to them faster.

As a tax practitioner, you do not need approval from us to computer-prepare your clients' tax returns. However, make sure that the tax software you use produces FTB-approved forms. Ask your software provider for a copy of its FTB-approval letter for the form(s) you want to prepare.

If you use electronic software that allows you the ability to create tax forms that your clients will file with the FTB, they may need our approval first. Get FTB Pub. 1098, Annual Requirements and Specifications for the Development and Use of Substitute, Scannable, and Reproduced Tax Forms, and form FTB 1096, Agreement to Comply with FTB Pub. 1098, Annual Requirements and Specifications, for more information.

To ensure you receive software updates and other information necessary to produce FTB-approved forms, register with your software provider, as necessary, upon receiving the product.

## What's New for 2008

**Third party designee added to all tax returns.** For taxable years beginning on or after January 1, 2008, taxpayers can designate a third party to discuss their tax return with the Franchise Tax Board (FTB). If a taxpayer wants to allow a friend, family member, or any other person they choose to discuss their 2008 tax return with the FTB, they check the "Yes" box in the signature area of their return. They must also print the designee's name and telephone number.

If the taxpayer wants to allow the paid preparer who signed their return to discuss it with the FTB, they need to enter "Preparer" in the space for the designee's name.

If the taxpayer checks the "Yes" box, they, and their spouse/ RDP if filing a joint tax return, are authorizing the FTB to call the designee to answer any questions that may arise during the processing of their tax return. They are also authorizing the designee to:

- Give the FTB any information that is missing from their tax return.
- Call the FTB for information about the processing of their tax return or the status of their refund or payments.
- Respond to certain FTB notices about math errors, offsets, and tax return preparation.

Taxpayers are not authorizing the designee to receive any refund check, bind them to anything (including any additional tax liability), or otherwise represent them before the FTB. If the taxpayer wants to expand the designee's authorization, they should get form FTB 3520, Power of Attorney Declaration for the Franchise Tax Board.

The authorization will automatically end no later than the due date (without regard to extensions) for filing the taxpayer's 2009 tax return. This is April 15, 2010, for most people. If the taxpayer wishes to revoke the authorization before it ends, they should get form FTB 3520.

## Titles Changed

The following **2008** forms have name/title changes:

- Form 3586 – Payment Voucher for **Corporation** e-filed Returns
- Form 3805Z (side 2), Schedule Z – Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax
- Form 3805Z (side 2), Schedule Z – Limitation of Credits for Corporations, Individuals, Estates, and Trusts

The following **2009** forms have name/title changes:

- Form 592 – Quarterly **Resident and** Nonresident Withholding Statement
- Form 592-B – **Resident and** Nonresident Withholding Tax Statement
- Form 592-V – Payment Voucher for **Resident and** Nonresident Withholding Electronic Submission

## Legislative Updates

**AB 1452**, (1) Business credits are limited to 50% of tax liability for taxable years 2008 and 2009, with an exception for small businesses. (2) The Net Operating Loss (NOL) deduction is suspended for taxable years 2008 and 2009, with an exception for taxpayers with net business income of less than \$500,000 for the taxable year. For taxable years beginning on or after 1/1/08, NOLs may be carried forward for 20 years; NOLs may be carried back for two years for losses generated in taxable years beginning on or after 1/1/2011. This does not apply to disaster losses. (3) For taxable years beginning on or after 7/1/08, affiliated corporations may share credits. The due date of the

limited liability company (LLC) fee has changed from the 15th day of the 4th month following the close of the taxable year to the 15th day of the 6th month of the current taxable year. (4) The LLC fee is based on an estimate of the LLC fee from the preceding taxable year. If the LLC fee is underpaid, the amount of the under payment is subject to a 10% penalty.

**AB 3078**, (1) Allow the Franchise Tax Board to include entities with less than two electing nonresident individuals, and electing individuals with more than a specified amount of CA taxable income, in a group nonresident return. (2) Require the buyer to withhold on each installment sale payment if the sale of CA real property is structured as an installment sale. (3) The dividend elimination is allowed regardless of whether the payor/payee are taxpayer members of the CA combined unitary group return, or whether the payor/payee had previously filed CA tax returns, as long as the payor/payee filed as members of a comparable unitary business outside of this state when the earnings & profits from which the dividends were paid arose. Dividend elimination is allowed for dividends paid from a member of a combined unitary group to a newly formed member of the combined unitary if the recipient corporation has been a member of the combined unitary group from its formation to its receipt of the dividends.

## New Forms

Form 540-V – Payment Voucher for 540 Returns  
Form 592-V – Payment Voucher for Nonresident Withholding Electronic Submission\*  
Form FTB 3536 – Estimated Fee for LLC  
FTB Pub. 776 – Tax Information for Same-Sex Married Couples  
Form 593-B and Form 593 were combined to create the new 2008 Form 593

## Obsolete Forms

The Package X, Tax Forms Catalogue is obsolete.

## Support of the Scannable Format in Forms and Payment Forms

FTB supports the use of the following forms and payment forms in a scannable format:

Scannable Form 540	Scannable voucher FTB 3537
Scannable voucher Form 100-ES	Scannable voucher FTB 3538
Scannable voucher Form 540-ES	Scannable voucher FTB 3569
Scannable voucher Form 540-V	Scannable voucher FTB 3563
Scannable voucher FTB 541-ES	Scannable voucher FTB 3582
Scannable voucher FTB 3519	Scannable voucher FTB 3586
Scannable voucher FTB 3522	Scannable voucher FTB 3587
Scannable voucher FTB 3536	Scannable voucher FTB 3588

In an effort to expedite processing, reduce costs, and minimize manual intervention, we request that software companies no longer produce or support these forms in a format other than scannable.

## Format Changes

### Voluntary Contribution Funds (VCF) (PIT returns)

- Keying symbols changed from solid circles to a solid right-facing carrot (►)
- Renumbered all VCFs from 2-digit line number to 3-digit code (sequential, beginning with code # 400). All VCFs will have the same code number on all forms and the numbering will not change during the life of the fund.

### Form 100 and 100W

- Keying symbols were added to side 2, Question R, side 4, Schedule V, line 4a and 4b
- New lines were added to side 5, Schedule M-1, lines 5d, 5e, 7b, 7c, 8c, and 8d

### Form 109

- 34 keying symbols added, 3 questions added, and 8 lines deleted

### Form 199

- 60 keying symbols added, 8 questions added, and 4 lines deleted

### Form 541-B

- 3 pages added and 40 lines added

### Form 565

- New keying symbols added to side 2, Question N, side 2, Question P, side 2, Question S, side 2, New Question AB, and side 2, New Question AC
- Schedule K – Breakout of lines 8 and 9 into 8a, 8b, 9a, and 9b with keying symbols added to each line. Removed keying symbol for line 11a
- Schedule K-1 – Breakout of lines 8 and 9 into 8a, 8b, 9a, and 9b with keying symbols added to each line

### Form 568

- New keying symbols added to side 2, Question Q, side 2, New Question R, side 2, Question S, side 2, New Question AA, side 2, New Question AB, Side 2, New Question AC, Schedule B, line 17c
- Schedule K – Breakout of lines 8 and 9 into 8a, 8b, 9a, and 9b with keying symbols added to each line. Removed keying symbol for line 11a
- Schedule K-1 – Breakout of lines 8 and 9 into 8a, 8b, 9a, and 9b with keying symbols added to each line, and added keying symbol to Question J(d)
- Schedule M-2 – New line 2a (replaces previous line 2); keep existing keying symbol. Add new line 2b and add keying symbol
- Schedule O – Remove keying symbols for “Type of entity” and “Entity ID number(s)”

### Form 588

- 1 page added for additional vendor/payee information

### Form 3500

- One line added to form

### Form FTB 3725

- Form FTB 3725 changed from a two column format to a three column format.

### Form FTB 3726

- Deleted lines 1 through 5, and renumbered Part III, lines 3, 4, 5 to lines 1, 2, and 3.

### Schedule R and R-7

- Added new Part I, Section B

## Voluntary Contributions

The following 4 new funds have been added to the 2008 PIT returns:

- AB 1935 – CA Ovarian Cancer Research Fund
- AB 2291 – Municipal Shelter Spay-Neuter Fund
- AB 2518 – CA Cancer Research Fund
- SB 1502 – ALS/Lou Gehrig’s Disease Research Fund

Please note the following information regarding the voluntary contributions:

**No voluntary contribution funds from the 2007 taxable year have been removed for 2008 – all funds met their minimum contribution threshold.**

**No funds are repealed, none expired.**

California Firefighters’ Memorial Fund and California Peace Officer Memorial Foundation Fund are extended to 1/1/2014. (AB 1812)

- Voluntary Contributions will have new 3-digit codes starting with #400. All VCFs will have the same code number on all forms and the numbering will not change during the life of the fund.

Voluntary Contribution Funds Name	Code
California Seniors Special Fund	400
Alzheimer's Disease/Related Disorders Fund	401
California Fund for Senior Citizens	402
Rare and Endangered Species Preservation Program	403
State Children's Trust Fund for the Prevention of Child Abuse	404
California Breast Cancer Research Fund	405
California Firefighters' Memorial Fund	406
Emergency Food for Families Fund	407
California Peace Officer Memorial Foundation Fund	408
California Military Family Relief Fund	409
California Sea Otter Fund	410
California Ovarian Cancer Research Fund	411
Municipal Shelter Spay-Neuter Fund	412
California Cancer Research Fund	413
ALS/Lou Gehrig's Disease Research Fund	414

#### Voluntary Contribution Name Change:

From Emergency Food Assistance Program Fund to **Emergency Food For Families Fund** – Fund is extended to 1/1/2014

### Important Reminders

- The PACARRP “RP” Area is configured differently and, when applicable, based on your input, the software you use will print these codes to designate special processing:

U = Military

9 = Disaster

D = Taxpayer diseased

C = Spouse/RDP diseased

See the special instructions for “Disaster and Military Designations on Scannable 540” on this page.

- To save space on all official forms, the FTB removed the separate box for Private Mail Box (PMB). Taxpayers will enter their PMB, when applicable, in the address field (e.g., 1200 Hollow Way, PMB 123). Scannable forms and payment vouchers are not affected by this change.
- Taxpayers may request Direct Deposit of their refund to two separate bank accounts on all personal income tax returns.
- Due dates on scannable estimate payment forms (Forms 540-ES and 541-ES) prints above the form number and below the “DETACH HERE” line.
- Scannable Form 100-ES installment number will print above the form number and below the “DETACH HERE” line. (e.g., Installment 1)
- FTB assigned new generic numbers to identify all forms processed through our automated system. The generic number prints in the bottom margin between the brackets. (e.g., “3101086” represents scannable Form 540, Side 1)

### “Amount of Payment” – Exception for all Estimate Payment Forms

To better meet taxpayers' expectations and enable us to optimize efficient processing of scannable estimate payment forms (Forms 100-ES, 540-ES, and 541-ES), we will allow software programs to leave the taxpayer's “Amount of payment” dollar amount blank. This provides a solution for your clients who determine their estimate payment amount at a later date allowing them to enter the payment amount by hand.

To help ensure accurate processing of your clients' payments, use the current year's payment forms when paying current year tax liabilities.

### California Secretary of State (SOS) File No.

- The SOS file no. is **always** numeric and **must** begin with a “19” or “20.” (The “19” and “20” represents the first two digits of the year the file number was assigned to the taxpayer by the Secretary of State.) (e.g., “2004123456789”)
- The SOS file no. should be 12 digits long. However, if your client has a 10 digit number, the software you use will precede it with zeros. (e.g., “001234567890”)
- If the SOS file no. is not available to you, the software you use will zero fill the SOS File No. field (e.g., 000000000000)

### Use of Hyphens in Street Address Field

Hyphens can only be used in the street address field for all personal income tax, business income tax forms, payment forms, and vouchers (scannable and substitute versions).

### Disaster and Military Designations on Scannable Form 540 and Substitute Computer-Generated Forms 540 2EZ, Long and Short 540NR, and 540X

We continue to enlist the support from preparers to identify their clients with a disaster or military special processing requirement. In addition to instructions to “write the disaster or military special circumstance, in red ink, in the top margin on Side 1,” of scannable Form 540, and substitute computer-generated Forms 540 2EZ, Long and Short 540NR, and, if applicable, 540X, the tax software you use will print code “9” (Disaster) and code “U” (Military) in the PACARRP area's “RP” box.

#### Disasters

Taxpayers affected by certain disasters are legislatively granted additional time to file returns and make tax payments, including estimated tax payments (IRC 7508A / R&TC 18572). We **do** abate interest and any late filing or late payment penalties during the extension period.

Please ensure the following information is written in red ink in the top margin of your clients' California tax return:

- Disaster – enter the specific name of the disaster (e.g., 2008 California Wildfires.)

Although the disaster code in the PACARRP area's “RP” box will tell us the taxpayer was affected by some disaster, we also need the **specific disaster identified in red ink** in the top margin of the return. With this specific information, we can process the return quickly with the correct extension, if an extension was granted, and adjust interest and penalties as needed.

For more details about how to claim a state tax disaster loss deduction for your clients, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

#### Military – Combat Zone/Overseas

**Combat Zone** – Servicemembers of the Armed Forces (including National Guard and reservists called to active duty) and civilians acting under the direction of the Armed Forces in support of those forces, are allowed an extension of 180 days after leaving a combat zone or qualified hazardous duty area (QHDA) for filing returns and paying taxes without interest or penalties. In addition to the 180 days, they are allowed an additional extension of up to 107 days (the number of days they were in a combat zone or QHDA during the filing season).

We need the following information **written in red ink** in the top margin of the return:

- Combat Zone
- Location or area served: \_\_\_\_\_
- Dates of deployment: From □□/□□/□□ To □□/□□/□□

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

**Military Overseas** – Servicemembers of the Armed Forces (including National Guard and reservists called to active duty) and Merchant Marines working beyond the boundaries of the United States, are allowed an extension of 180 days after returning from overseas for filing returns and paying tax without interest or penalties.

We need the following information **written in red ink** in the top margin of the return:

- Military Overseas
- Dates of deployment: From / /  To / /

With this information, we can allow the correct extended due date, adjust interest and penalties as needed, and prevent premature billings from being mailed.

For more information, get FTB Pub. 1032, Tax Information for Military Personnel on our website at [ftb.ca.gov](http://ftb.ca.gov).

## The FTB Conforms with IRS Notices 2004-54 and 2007-79

We will accept the same alternative forms of signature as described in IRS Notices 2004-54 and 2007-79. Specifically, it permits income tax return preparers to sign original returns, as well as e-file authorizations such as forms FTB 8453, FTB 8454, and FTB 8879, by rubber stamp, mechanical device, or computer software program. These alternative methods of signing must include either a facsimile of the individual preparer's signature or the individual preparer's printed name.

Income tax return preparers who use alternative methods of signing must provide all of the other preparer information that is required on returns and extensions, such as the name, address, relevant employer identification number, the preparer's individual identification number (social security number or preparer tax identification number), and phone number.

## To Verify Personal Income Tax Estimate Payments

A significant number of personal income tax returns fall out during processing because taxpayers claim the wrong amount of estimate payment. Confirming personal income tax estimate payments first will resolve many issues where your clients claim amounts or payments that we don't have on record. This could reduce the number of notices your clients receive in connection with claiming the wrong amount of payments.

How can you help? Go to our website at [ftb.ca.gov](http://ftb.ca.gov) under Online services and select MyFTB Account to view:

- Estimated tax payments
- Recent payments applied to a balance due
- The total current balance due
- A summary of each balance due tax year on the account
- Amnesty balance after applying for amnesty
- FTB-issued 1099G and 1099-INT information
- Wage and withholding information

You or your clients will need the following information to complete one of the requests listed above:

- Social security number
- 2008 Customer Service Number (CSN) (see Power of Attorney Program, page 11)

## A Note about Customer Service Numbers (CSN)

We issue a new CSN to every taxpayer each calendar year. The number is only valid during the year for which it is assigned. Your clients can get their current year CSN online at [ftb.ca.gov](http://ftb.ca.gov).

To ensure the security of taxpayer information, **be sure to use the log off button to exit** the "My FTB Account." For information about your client's federal income tax account, please contact the IRS at 800.829.1040.

## Envelope Guidelines

Please use these guidelines if you provide pre-printed envelopes or labels to customers for delivery to the FTB. Doing so will expedite processing and reduce processing problems.

- Use white envelopes only – **no colored envelopes**, please. (Tax practitioners may use their current supply of colored envelopes as long as they have the correct ZIP +4 on them, before changing over to white envelopes.)
- Use sans serif fonts.
- Ensure envelopes you use contain the correct address and ZIP +4 extension.

Check with your envelope supplier to make sure your supply of envelopes uses sans serif fonts and contains current year FTB returned mail addresses, or go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **contact us**.

## What is Needed to Computer-Prepare California Tax Forms

Tax practitioners must produce computer-prepared forms using:

- Software that produces FTB-approved forms
- Personal computer hardware required by the software to produce FTB-approved forms (i.e., printer fonts, etc.)
- Good quality, white, standard, stock machine paper (8 1/2 x 11 at minimum 20 lb. weight)
- Black ink
- Software user manuals that include instructions for correctly producing FTB-approved forms

In addition, reading your software provider's user manual (and ALL "**Read Me's**," etc.) will help ensure you have the necessary hardware and printer fonts to correctly produce FTB-approved forms. **Note:** "**Read Me's**" are a great resource tool to learn about enhancements or revisions made to the software you use.

### All printing must be:

- Laser or ink jet
- Courier 12-point, or standard print font (no bold font)
- Alpha characters must be in upper case
- Original printed output (no corrections or photocopies accepted)
- On one side of the paper (scannable forms only)

## General Information About Scannable Form 540

(A graphic of this form is shown on page 13.)

We use an automated processing system to capture information from scannable Form 540, rather than having the information entered manually by key data operators (KDOs).

Scannable Form 540 **must** have a scannable band (scanband) area that contains the taxpayer's tax data. The scanband directly follows the taxpayer's Entity area (Name and Address) on Side 1. The two-digit field numbers in the scanband correspond to the line numbers, direct deposit, and practitioner areas found on sides 1 and 2. Even though the tax data will print in the scanband and the conventional area of the form, only the tax data in the scanband will be "captured." Monetary amounts in the scanband **must** be whole dollars only, without decimal points or other punctuation. The rest of scannable Form 540 is like the official form.

To ensure the integrity of the scanband data, if **any** corrections are made, you must reprint the entire scannable Form 540 return before your client (or you) mail it to the FTB.

We will capture the tax practitioner's identification number, i.e., federal employer identification number (FEIN), and the preparer's tax identification number (PTIN), or social security number (SSN) from all personal and business entity (corporation, partnership, limited liability company) income tax returns.

## Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Personal Income Tax Returns (scannable Form 540 and substitute Forms 540 2EZ, Long and Short 540NR, and 540X)

Taxpayer entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information such as:

- Spouse/RDP name
- Executor/guardian name
- Apartment number and/or letter
- Private mailbox (for the "PMB" to print) and PMB number (or letter)
- Deceased date of taxpayer or taxpayer's spouse/RDP, if any
- Prior name, if any

It is critical that you enter the taxpayer entity information correctly. This will help us to accurately process your clients' tax returns, and help ensure that your clients' refund checks print with the correct name(s) and address. Your clients' entity information should print like the examples shown under "Taxpayer Entity Information Examples" shown on page 6.

### Two Asterisks (\*\*) in the Entity – THIS IS CRITICAL

Two asterisks (\*\*) in the taxpayer entity area indicates to us that certain taxpayer information is **UNCHANGED** from last year. Print two asterisks **ONLY** if the taxpayer (and taxpayer's spouse/RDP, if any):

- Filed a California Form 540, 540A, 540 2EZ, or Long or Short 540NR tax return last year
- Did **not** change the address shown on last year's tax return
- Has the same social security number (SSN) or ITIN, if applicable, as last year
- Has the same name (first, middle, and last) as last year
- Has the same filing status as last year
- Is not deceased

**Otherwise, do not print the asterisks.**

### Personal Income Taxpayer Name and Address Entry Instructions

Use these instructions when you enter your client's name and address information. It will help reduce processing time and help ensure that refund checks are mailed to the correct name(s) and address.

- Alpha characters **must** be in upper case, Courier, 12-point font.
- Other than the hyphen (–) and slash (/), use no punctuation or symbols in the Street Address field.

See *Taxpayer Entity Information Examples*: JORDAN A TAXPAYER and AUSTIN M TEXAN on page 6.

- Do not use commas or periods to separate address information.
- **Do not** space or use punctuation in the Name Control (first four letters of the taxpayer's last name) field.

**Example:**

McPeak	Enter: MCPE
O'Toole	Enter: OTOO
De Martino	Enter: DEMA
Lee	Enter: LEE
Lee-Smith	Enter: LEES

Form 541-ES and form FTB 3563: Name control is the first four letters of the estate's or trust's proper name and follows the estate's or trust's FEIN.

- **Do not** include titles or ranks such as DR, MD, ENSIGN, SGT, etc.
- Use Roman numerals (alpha characters) for numeric suffixes that follow the last name.
- Never space in name field(s). **Exception:** Use one space for JR, SR, II, etc. following the last name.

**Example:**

First Name: JoAnne	Enter: JOANNE
Last Name: Von Wodtke	Enter: VONWODTKE
Last Name: Lee-Smith	Enter: LEESMITH
Last Name: Rush, Sr.	Enter: RUSH SR

Enter last name of taxpayer and/or spouse/RDP, if different from the last name used on last year's return, in the Prior Name fields. (Example: Marriage or registered domestic partner in the current tax year changes spouse's/RDP's maiden name.)

See *Taxpayer Entity Information Example*: JORDAN A TAXPAYER and KAITLYNN G TAXPAYER on page 6.

- The taxpayer and spouse/RDP SSN must be 11 digits (includes "-"). Enter "000-00-0000" in the SSN field if an individual has applied for or does not have an SSN. See next bullet.
- Individual Taxpayer Identification Number (ITIN): If a taxpayer has a "ITIN," it should be entered in the SSN field.

Form 541-ES and form FTB 3563: The FEIN must be 10 digits (includes "-"). Enter "00-0000000" if the fiduciary has applied for or does not have a FEIN.

- Enter Principal Business Activity (PBA) code, if applicable, (scannable Form 540 and Long Form 540NR only). Otherwise, leave this field blank.

See *Taxpayer Entity Information Example*: SARAH E. LEE on page 6.

- Enter deceased date of death for taxpayer or spouse/RDP, if any, in appropriate field. Format is MM-DD-YY. No punctuation other than the "-".

See *Taxpayer Entity Information Example*: ROBERT J SMITH on page 6.

- Use standard abbreviations for the suffix of the street name. See "**Standard Abbreviations**" on page 6.
- **Do not** enter apartment and apartment number/letter in the Street Address field. Enter in the designated "Apartment" and "Apartment Number" fields. These fields are on the same line as the "Street Address" field. **Note:** Use these abbreviations in the "Apartment" field: APT, BLDG, SP, STE, RM, FL, or UN, as applicable.

See *Taxpayer Entity Information Example*: MICKEY J BEEHAPPY and LYNN S BEEHAPPY on page 6.

- Additional Address field is a supplemental field used only for: "in care of" name and additional address information. Other than slash(/) use no punctuation or symbols in this field.

See *Taxpayer Entity Information Example*: AUSTIN M TEXAN on page 6.

- Military "APO" or "FPO" addresses:
  - Enter "APO" or "FPO" in the first three positions of the City field.
  - **Do not** enter the name of the city for "APO" and "FPO" addresses.
  - Enter two-character alpha state code in the State field:
 

City field	State Code	ZIP Code Range
APO	AA	34000-34099
APO	AE	09000-09999
FPO	AP	96200-96699 and 98700

See *Taxpayer Entity Information Example*: ELIJAH M MISSION on this page.
- In the State field, use the standard two-digit abbreviation for the state or United States possession. See "**State or U.S. Possessions**" on this page.
- If using a foreign address, enter the country beginning in the City field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country name and, if applicable, the foreign country postal code.)
- The ZIP Code can be 10 digits (includes hyphen "-").
- Apply these guidelines, then truncate if the information exceeds the field length.

**Taxpayer Entity Information Examples:**

111-11-1111 LEE \*\* 08 PBA 123456  
SARAH E LEE

1234 STATE ST  
CROWN CA 12345

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111-11-1111 TAXP 222-22-2222 08  
JORDAN A TAXPAYER  
KAITLYNN G TAXPAYER SINGLENFREE

12345½ SHORT ST  
ANYPLACE CA 12345

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111-11-1111 TEXA \*\* 08  
AUSTIN M TEXAN

HOMESTYLE NURSING HOME  
1234 BEAUTIFUL DR-21  
WELCOME CA 54321

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111-11-1111 BEEH 222-22-2222 08  
MICKEY J BEEHAPPY  
LYNN S BEEHAPPY

9876 LONGNAME WY STE 141 PMB 263  
WALLACE CA 12345-6789

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111-11-1111 SMIT 08  
ROBERT J SMITH 03-12-08  
KIMBERLY SMITH

3452 BUSY DR UN 5

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BORDERTOWN CA 12345

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111-11-1111 MISS \*\* 08  
ELIJAH M MISSION

PO BOX 888  
APO AE 09876

If there is no spouse/RDP name, taxpayer or spouse/RDP prior last name, additional address, etc., the tax software you use will leave these areas blank.

**Standard Abbreviations**

AIR FORCE BASE AFB PARKWAY PKY

APARTMENT	APT	PLACE	PL
AVENUE	AV	PLAZA	PLZ
BOULEVARD	BL	POINT	PT
BUILDING	BLDG	POST OFFICE BOX	PO BX
CAUSEWAY	CSWY	ROAD	RD
CENTER	CTR	ROOM	RM
CIRCLE	CIR	SAN/SANTO	SN
COURT	CT	SOUTH *	S
CROSSING	XING	SOUTHEAST *	SE
DEPARTMENT	DEPT	SOUTHWEST *	SW
DRIVE	DR	SPACE	SP
EAST *	E	SQUARE	SQ
EXPRESSWAY	EXPY	STREET	ST
FLOOR	FL	SUITE	STE
FREEWAY	FWY	TERRACE	TER
HIGHWAY	HWY	TRACK	TRAK
LANE	LN	UNIT	UN
LOOP	LP	WALK	WK
NORTH *	N	WALKWAY	WKWY
NORTHEAST *	NE	WAY	WY
NORTHWEST *	NW	WEST *	W
NUMBER	NO		

**Never use mixed upper/lower case or # sign.**  
\*Abbreviate only when used as a direction.

**State and U.S. Possessions Abbreviations**

Alabama	AL	Montana	MT
Alaska	AK	Nebraska	NE
American Samoa	AS	Nevada	NV
Arizona	AZ	New Hampshire	NH
Arkansas	AR	New Jersey	NJ
California	CA	New Mexico	NM
Colorado	CO	New York	NY
Connecticut	CT	North Carolina	NC
Delaware	DE	North Dakota	ND
Dist Columbia	DC	Northern Mariana Islands	MP
Federated States of Micronesia	FM	Ohio	OH
Florida	FL	Oklahoma	OK
Georgia	GA	Oregon	OR
Guam	GU	Palau	PW
Hawaii	HI	Pennsylvania	PA
Idaho	ID	Puerto Rico	PR
Illinois	IL	Rhode Island	RI
Indiana	IN	South Carolina	SC
Iowa	IA	South Dakota	SD
Kansas	KS	Tennessee	TN
Kentucky	KY	Texas	TX
Louisiana	LA	Utah	UT
Maine	ME	Vermont	VT
Marshall Islands	MH	Virgin Islands	VI
Maryland	MD	Virginia	VA
Massachusetts	MA	Washington	WA
Michigan	MI	West Virginia	WV
Minnesota	MN	Wisconsin	WI
Mississippi	MS	Wyoming	WY
Missouri	MO		

**Miscellaneous Information**

**Tax Preparer Identification Number: SSN, PTIN, and FEIN**  
Tax preparers have the option of using either their SSN or PTIN in the "Paid preparer's SSN/PTIN" box in addition to their FEIN when signing tax returns for their clients.

**Direct Deposit of Refund (DDR)**  
DDR is available to your clients who file their personal income tax return electronically or on paper and to your business entity clients who file Forms 100, 100W, 100S, and 109. When your clients select this option, be sure to complete **ALL DDR fields** in the "Direct Deposit of Refund" area (Side 2 on personal income tax returns; Side 1 on business entity income tax returns).

**Payment Options**

- **Web Pay** – Your clients can enjoy the convenience of online bill payment with **Web Pay**. This secure service lets them pay the current amount owed and schedule future payments, such as estimated tax, up to one year in advance. They select the amount to pay and when to pay it. We deduct the payment from their bank account on the date selected. Your client's social security number or ITIN, bank account and routing number, and current year customer service number is needed to use this service. Go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **Web Pay**.
- **Credit Card** – Whether your clients e-file or file by mail, they may use their Discover/NOVUS, MasterCard, Visa, or American Express to pay their tax (tax return balance, extension payment, estimated tax payment, or tax due with bill notice). They can make payments online or by phone. For more information about fees, etc., call 800.272.9829, or visit the website [officialpayments.com](http://officialpayments.com).
- **Check** – Using the current year's form to make a current year payment, your clients should:
  1. Make a check or money order payable to the "Franchise Tax Board."
 

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.
  2. Write their SSN or ITIN, tax form, and tax year on the check or money order.
  3. Mail the payment to the correct address. Go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **contact us**.

**What are Keying Symbols?**

Keying symbols are important. Although we process most personal income tax returns through our automated imaging system, there are times when certain returns require manual intervention by us.

Keying symbols are shown on all computer-prepared tax returns, including the conventional areas on sides 1 and 2 of scannable Form 540. They will print to the left of specified tax data line numbers. They reduce time and guide KDOs to enter the correct tax return information.

Exact placement, shape, and size of keying symbols that will be present on the 2008 personal income tax returns is shown below in the snapshot of a 2008 Form 540.

Before you give your clients their returns to file, please verify that these symbols are present. If they are not present, please read your software company's user manual to make sure you have the minimum hardware and printer fonts necessary to print FTB-approved forms. If you cannot determine why the keying symbols do not print correctly, contact your software provider's technical support staff.

○ FTB 3803	● 20	00
63,187, see page 13	21	00
.....	22	00
.....	● 23	00
.....	24	00
..... ▶	25	00
..... ▶	26	00
..... ●	27	00
..... ●	28	00

**Fiscal Year Filers**

If any of your clients file their personal income tax return on a fiscal year basis, the tax software you use must accommodate their needs. Not all tax software products support the filing of

fiscal year personal income tax returns. As a result, you may need to complete the tax returns for your fiscal year clients by hand.

Always remember to enter the fiscal year date as the filing date for your fiscal year clients; otherwise, we will process the tax return as a calendar year tax return. When this happens, the tax return most likely will appear to be delinquent in some way. As a result, your fiscal year clients could receive a delinquent or late payment of tax penalty or an underpayment of estimated tax penalty and may be assessed interest.

Contact your software provider and confirm the tax software you use supports fiscal year filing for personal income tax filers.

**Prior Year and Amended Returns**

**Do not** use 2008 software to file a prior year tax return. File current year forms for current year tax liabilities. (e.g., Use the 2009 Form 540-ES to make 2009 estimate tax payments.)

Amend personal income tax Forms 540, 540 2EZ, and Long or Short 540NR by completing Form 540X, Amended Individual Income Tax Return. When amending Long or Short Form 540NR, you **must** also attach a revised Long or Short Form 540NR to Form 540X.

Amend corporate income tax Forms 100, 100S, and 100W by completing Form 100X, Amended Corporation Franchise or Income Tax Return.

Amend partnership and limited liability company (LLC) Forms 565 and 568 by completing a new Form 565 or 568. Check the box marked "Amended return" on side 1 of each form. For more information on how to file amended partnership and LLC returns get the Form 565 or Form 568 tax booklet.

**Payment Forms**

There are several types of scannable payment forms:

- Form 100-ES, Corporation Estimated Tax, is used by business entities to figure and pay the business entity's estimated tax.
- Form 540-ES, Estimated Tax for Individuals, is used by individual taxpayers to figure and pay their estimated tax.
- Form 540-V, Payment Voucher for 540 Returns, is used **only** if individual taxpayers file a computer-generated Form 540, California Resident Income Tax Return, and have a balance due. **If no balance due, do not complete or mail this form.**
- Form 541-ES, Estimated Tax for Fiduciaries, is used to figure and pay estimated tax for an estate or trust.
- Form FTB 3519, Payment for Automatic Extension for Individuals, is used **only** if individual taxpayers cannot file their 2008 tax return by April 15, 2009, and tax is due.
- Form FTB 3522, LLC Tax Voucher, is used to pay the annual LLC Tax of \$800 for 2009.
- Form FTB 3536, Estimated Fee for LLCs, is used by limited liability companies (LLCs) to estimate and pay the LLC fee by the 15th day of the 6th month **after the beginning** of the taxable year (beginning January 1, 2009).
- Form FTB 3537, Payment for Automatic Extension for LLCs, is used **only** if a limited liability company owes tax or fees for 2008 and is unable to file Form 568, Limited Liability Company Return of Income, by the original due date. Also see form FTB 3536 for more information.
- Form FTB 3538, Payment for Automatic Extension for LPs, LLPs, and REMICs, is used **only** if a partnership owes tax for 2008 and is unable to file Form 565, Partnership Return of Income, by the original due date, and tax is due.
- Form FTB 3539, Payment for Automatic Extension for Corporations and Exempt Organizations, is used **only** if a corporation or exempt organization owes tax for 2008 and is unable to file its return by the original due date, and tax is due.

- Form FTB 3563 (541), Payment for Automatic Extension for Fiduciaries, is used **only** if an estate or trust cannot file Form 541, California Fiduciary Income Tax Return, by the original due date, and tax is due.
- Form FTB 3582 (e-file), Payment Voucher for Individual e-filed Returns, is used **only** when a taxpayer electronically files their tax return and there is a balance due.
- Form FTB 3586 (e-file), Payment Voucher for Corporation e-filed Returns, is used **only** when a corporation electronically files its tax return, and there is a balance due.
- Form FTB 3587 – Payment Voucher for LP, LLP, and REMIC e-filed Returns, is used **only** when a partnership electronically files its Form 565 tax return and there is a balance due.
- Form FTB 3588 – Payment Voucher for LLC e-filed Returns, is used **only** when a limited liability company electronically files its Form 568 tax return and there is a balance due.

**Do not** use any of the forms shown above to make installment payments for your clients that owe tax. Only we can set up an installment agreement plan for your clients. Get form FTB 3567, Installment Agreement Request, for information on how to request an installment agreement plan for your clients. Go to our website at [ftb.ca.gov](http://ftb.ca.gov) (select "Installment Agreement Request") for more information or to download forms to request an installment agreement.

**Remind your clients NOT to mail any voucher, listed above to the FTB if the "Amount of payment" is zero (0).**

## FTB Taxpayer Signature and Authentication Policy

Our policy is to ensure proper authentication of the information provided to us by taxpayers. The level of authentication needed on specific documents depends on several factors, including how we use the information. To help you determine whether or not we will accept photocopies or facsimiles of a taxpayer's signature, we have categorized the level of signature authentication required into three groups. The category and its number (C1, C2, or C3) will print after the form number on each tax form. The three categories are:

- Category 1 (C1) Original authentication required; facsimiles acceptable only if original is subsequently provided.
- Category 2 (C2) Copy of signature is sufficient proof that original was signed; photocopy or facsimile is acceptable.
- Category 3 (C3) No authentication required.

## Additional Credit Names, Codes, and Acronym Names

The tax software you use should include the credit acronym and code number for each additional credit shown below. See "Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR)," on page 9.

<u>Credit Name</u>	<u>Code</u>	<u>Acronym</u>	<u>PIT*</u>	<u>CT*</u>
Child Adoption	197	CHILD ADOPT	X	
Child and Dependent Care Expenses	NONE	NONE	X	
Community Development Financial Institution Deposits	209	CDFI DEPOSIT	X	X
Dependent Parent	173	DEP PARENT	X	
Disabled Access for Eligible Small Businesses	205	DSABL ACCESS	X	X

Donated Agricultural Products Transportation	204	DONATE AGTRN	X	X
Employer Child Care Contribution	190	CHLDCARE CTR	X	X
Employer Child Care Program	189	CHLDCARE PRG	X	X
Enhanced Oil Recovery	203	ENHNC OILREC	X	X
Enterprise Zone Employee	169	E/Z EMPLE	X	
Enterprise Zone Hiring & Sales or Use Tax	176	E/Z HIRE/USE	X	X
Environmental Tax	218	ENVRNMNTL TAX	X	X
Farmworker Housing: New Construction/ Rehabilitation	207	F/W HS CONST		X
New Construction/ Rehabilitation Loans	208	F/W HS LOAN		X
Joint Custody Head of Household	170	JT CSTDY HOH	X	
Local Agency Military Base Recovery Area (LAMBRA) Hiring & Sales or Use Tax	198	LAMBRA HR/US	X	X
Low-Income Housing	172	LOW-INC HOUS	X	X
Manufacturing Enhancement Area (MEA) Hiring	211	MEA HIRE	X	X
<b>Credit Name</b>	<b>Code</b>	<b>Acronym</b>	<b>PIT*</b>	<b>CT*</b>
Natural Heritage Preservation Tax	213	HERITAGE	X	X
Nonrefundable Renter's Credit	NONE	NONE	X	
Other State Tax	187	OTHER STATE	X	
Prior Year Alternative Minimum Tax	188	PRIOR YR AMT	X	X
Prison Inmate Labor	162	INMATE LABOR	X	X
Research	183	RESEARCH	X	X
Senior Head of Household	163	SR HOH	X	
Targeted Tax Area (TTA) Hiring & Sales or Use Tax	210	TTA HIRE/USE	X	X
<b>Repealed Credits with Carryover Provisions</b>	<b>Code</b>	<b>Acronym</b>	<b>PIT*</b>	<b>CT*</b>
Agricultural Products	175	AGRI PRODUCT	X	X
Commercial Solar Electric System	196	COMSLR EL CO	X	X
Commercial Solar Energy	181	COM SLR NRG	X	X
Contribution of Computer Software	202	CTB COMPSOFT		X
Employee Ridesharing: Employee Vanpool Program	194	R/S EMPLE VN	X	
Employer Ridesharing: Large Employer Program	191	R/S LG EMPLR	X	X
Small Employer Program	192	R/S SM EMPL	X	X
Employer Subsidized Public Transit Passes	193	R/S TRANSIT	X	X
Energy Conservation	182	NRG CSRV CO	X	X
Joint Strike Fighter: Property Costs	216	JSFPROPERTY	X	X
Wages	215	JSFWAGES	X	X
Los Angeles Revitalization Zone Hiring & Sales or Use Tax	159	LARZ HRE/USE	X	X
Low-Emission Vehicles	160	LOW-EMS VHCL	X	X



Manufacturers' Investment	199	MFG INVSTMNT	X	X
Orphan Drug	185	ORPHN DRG CO	X	X
Political Contributions	184	POLTCL CTB	X	
Recycling Equipment	174	RCYCL EQUIP	X	X
Residential Rental & Farms Sales	186	RES RNT/FARM	X	
Rice Straw	206	RICE STRAW	X	X
Ridesharing	171	R/S CO	X	X
Salmon & Steelhead Trout Habitat Restoration	200	SALMON/TROUT	X	X
Solar Energy System	180	SLR NRG CO	X	X
Solar Pump	179	SLR PUMP CO	X	X
Solar or Wind Energy	217	SOLAR ENERGY	X	X
Technological Property Contribution	201	TECHPROP CTB		X
Water Conservation	178	WATRCRSV CO	X	
Young Infant	161	YNG INFNT CO	X	

detect any errors, what those errors are, and allow you time to make any corrections. This step reduces subsequent notices to your clients.

- **Accurate tax returns** – Because most errors can be resolved before we accept your tax return for processing, less than one percent of e-file tax returns require special handling.
- **Safe** – We use the latest technologies to ensure the security and privacy of all taxpayer information. We receive most tax returns via modem transmission. Our Internet filing portal uses 128-bit Secure Socket Layer encryption-the industry standard. We have never experienced a breach of security in our e-file system. We have successfully processed over 40 million e-filed tax returns since 1994.

## California e-file Program Enrollment Requirements (Individual and Business e-file)

Beginning August 2007, FTB no longer requires e-file providers to submit a separate enrollment application for authorization to electronically file individual or business tax returns.

Providers approved to participate in the IRS Electronic Filing (e-file) Program are now automatically enrolled in the California e-file Program. In addition, we will automatically receive any updates that you make to your IRS account.

### Requirements for e-file participation:

To be automatically enrolled in our e-file program, you must be an accepted participant in the IRS e-file Program. We receive confirmation from the IRS after they accept you into their program.

Use your IRS-assigned Electronic Filer Identification Number (EFIN) to e-file with the FTB. If you transmit returns, use your IRS-assigned Electronic Transmitter Identification Number (ETIN) with the FTB.

Comply with the guidelines in FTB Pub. 1345, e-file Handbook for Authorized e-file Providers, and FTB Pub. 1345B, Business e-file Handbook for Authorized e-file Providers of California Business Returns.

Once you receive your IRS EFIN, you can verify your enrollment with California by contacting our e-Programs Customer Service at 916.845.0353.

## Guidelines on How to Enter Taxpayer Entity Information on Computer-Prepared Business Entity (BE) Tax Payment Forms

### BE Entity ID Number, Name, and Address Entry Instructions

BE entity information is arranged in fixed positions with defined field lengths. Each field is dedicated to hold specific information. Use these instructions when you enter your client's entity ID number, name, and address information. It will help reduce processing time and help ensure refunds are mailed to the correct name and address.

- All taxpayer data must print in Courier 12-point font, not bold.
- Alpha characters **must** be upper case.
- Entity ID number is a corporation number, federal employer identification number (FEIN), or Secretary of State (SOS) file number. The number can be up to 12 digits - (the FEIN includes a hyphen.)
  - Entity ID Number field must be one of the following:
- **Form 100-ES, FTB 3539, and FTB 3586**
  - Corporation number – Numeric, 7 digits, no preceding alpha character or dashes, spaces, or punctuation; includes leading zeros (e.g., "1234567" or "0000000")

## Additional Credits

Field numbers 25 and 26 in the scanband on Form 540 are where your clients' additional credit amounts, if any, print. The appropriate three-digit numeric credit code number **must** precede the additional credit amount.

### Additional Credit Example

Dependent Parent Credit (code 173) of \$20 in field number 25. The scanband on Form 540 will look like this:

25                    17320

### Claiming Additional Credits on Personal and Business Entity Tax Returns (Forms 100, 100S, 100W, 540, and Long Form 540NR)

When your clients claim additional credits, the credit acronym, code number, and amount should print on the applicable lines of Forms 100, 100S, 100W, 540, and Long Form 540NR. (The credit acronym, code number, and amount of credit will print on the applicable line on side 2 of scannable Form 540.)

When a client claims credits on Schedule P (100, 100W, 540, or 540NR) and the credits are listed in more than one section, the tax software you use should total column (b) of the credits that have the same code numbers and bring the total forward to the applicable line of the tax return being filed.

If your client has any other credits to claim on Schedule P (100, 100W, 540, or 540NR), the tax software you use should add the amounts from column (b) for those credits and bring the total forward to the applicable line of the tax return being filed.

## California's e-file Program

California Revenue and Taxation Code Section 18621.9 requires practitioners who prepare more than 100 individual state income tax returns annually and who prepare one or more current year returns using tax preparation software to e-file. For more information about mandatory e-file, go to our website at [ftb.ca.gov](http://ftb.ca.gov) and search for **Mandatory e-file**.

The FTB and the IRS have approved over 42,000 tax practitioners to provide e-filing services to the more than seven million California taxpayers expected to e-file during the 2009 filing season. Participating in the California e-file Program has many benefits for you and your clients. Here are some highlights:

- **Faster refunds** – Refunds can be deposited directly into your client's bank account within five to seven banking days after the tax return is filed.
- **Proof of receipt** – We provide acknowledgement that we have accepted the tax return for processing.
- **Opportunity to correct errors** – Our system performs up-front edits on all incoming e-file tax returns. We let you know if we

- **Forms FTB 3538 and FTB 3587**
  - FEIN – Numeric, 10 digits, includes hyphen (–) (e.g., “12-3456789” or “00-0000000”)
- **Forms FTB 3522, FTB 3536, FTB 3537, and FTB 3588**
  - SOS File Number – Numeric, should be 12 digits (If SOS file number is 10 digits, the software you use will precede with zeros (e.g., “001234567891”). The SOS file number **must** begin with “19” or “20” (e.g., “200412345678”)
  - When the entity has applied for or does not have an Entity ID Number, enter the appropriate number of zeros in the Entity ID Number field. When entering zeros for the FEIN, include the hyphen (e.g., “00-0000000”)
- **Entity Name Control** field must contain the first 4 characters of the corporation, exempt organization, partnership, or LLC name **with these exceptions:**
  - Spell out ampersand (&) as “AND” if (&) is contained in the first 4 characters of the Entity’s name. (See *Business Entity Information Example 1* on this page.)
  - **Do not** space or use symbols or any punctuation, including hyphens (–) and slashes (/). (See *Business Entity Information Example 2* on this page.)
  - **Do not** use “The” when it is the first word in the Entity’s name. (See *Business Entity Information Example 4* on this page.)
  - **Do not** use punctuation, hyphens, or blanks in the name control.
    - Examples:** Entity name: The LTP LLC Enter: LTPL
    - Entity name: ABC Incorporated Enter: ABCI
    - Entity name: 012-015 Apts Enter: 0120
    - Entity name: 9 Twelve Enter: 9TWE
    - Entity name: BZX Enter: BZX
    - Entity name: 9-12 Enter: 912
- **Enter Form Type Indicator** as:
  - Forms 100, 100S, and 100W = 1
  - Form 109 = 2
  - Form 199 = 3
  - If more than one form, or no form indicated = 0
- **Enter Taxable Year Beginning (TYB) and Taxable Year Ending (TYE)**
  - TYB = “MM-DD-YY” (Enter “00-00-00” **only** if TYB is unknown.)
  - TYE = “MM-DD-YY” (Enter “00-00-00” **only** if TYE is unknown.)
  - **Enter Business Entity name** – Use business name, as is:
    - The corporation, partnership, or LLC name may contain embedded spaces, hyphens (–), slashes (/), and ampersands (&). (See *Business Entity Information Examples 1, 2, and 3* on this page.)
    - **Do not** use any other symbols or punctuation in the Business Entity Name field.
- **Street Address Information:**
  - Other than the hyphen (–) and slash (/), use no punctuation or symbols in the Street Address field.
  - **Do not** use commas or periods to separate address information.
  - Use standard abbreviations for the suffix of the street name. See “**Standard Abbreviations**” on page 6.
  - **Do not** enter suite and suite number/letter in the Street Address field. Enter in the designated “Suite” and “Suite Number” fields. These fields are on the same line as the “Street Address” field. Use these abbreviations in the “Suite” field: STE, RM, FL, BLDG, or UN, as applicable.
  - Enter Private Mailbox (PMB) and PMB number/letter in the “PMB” and “PMB number/letter” fields. These fields are on the same line as the “Street Address” field. “PMB” will print with a PMB number/letter. If no “PMB,” the software you use will leave both fields blank.
  - Use the Additional Information field for “Doing Business As” (DBA), “Owner/Representative/Attention” name, and other supplemental address information **only**. Other than the slash (/), use no punctuation or symbols in this field.
  - Military “APO” or “FPO” addresses:
    - Enter “APO” or “FPO” in the first three positions of the City field.
    - **Do not** enter the name of the city for “APO” and “FPO” addresses. Enter the two-digit state code in the State field:

City Field	State Field	ZIP Code Range
APO	AA	34000-34099
APO	AE	09000-09999
FPO	AP	96200-96699 and 98700
  - In the State field, use the standard two-character alpha abbreviation for the state or United States possession. See “**State or U.S. Possessions**” on page 6.
  - If using a foreign address, enter the country beginning in the State field. (The foreign address field overlays the State and ZIP Code fields, plus five additional positions. The overlay area is for the foreign country name and, if applicable, the foreign country’s postal code.)
  - The ZIP Code can be 10 digits (includes hyphen “–”).
  - Apply these guidelines, then truncate if the information exceeds the field length.

### Business Entity Information Examples:

#### Example 1 Corporation

```
0000823 LPAN 44-1234567 (123) 456-7890 08 FORM 1
TYB 01-01-08 TYE 12-31-08
LP & T CONSULTING SERVICES INCORPORATED
B GANGLER
9646 BUTTERFIELD WY
RANCHO CORDOVA CA 95670-3720
```

#### Example 2 Partnership

```
99-7654321 LZ 1999712345678 (123) 456-7890 08 FORM 0
TYB 01-01-08 TYE 12-31-08
L - Z
```

```
5800 SANTA ANITA AV STE 2
EL MONTE CA 92102-1230
```

#### Example 3 LLC:

```
200387654321 2011 95-8654321 (123) 456-7890 08 FORM 0
TYB 00-00-00 TYE 00-00-00
2011 - 2015 - 2017 - 2019 WHASSUP
```

```
4900 W CAMBRIDGE
ATLANTA GA 30303
```

#### Example 4 Exempt Organization:

```
7777888 LTPL 99-7777777 (123) 456-7890 08 FORM 0
TYB 01-01-08 TYE 12-31-08
THE LTP LLC
C VEGA
4545 BUTTERFLY LN PMB 15
SACRAMENTO CA 95823
```

## Filing Business Entity Returns

To ensure accurate and timely processing of your clients' business entity returns that require Schedules K-1 (100S, 541, 565, or 568), use software that produces the FTB-approved schedules. Make sure that the substitute forms you use meet our requirements. Schedules K-1 (565 and 568) filed with incomplete information may cause us to contact the partnership or limited liability company (LLC) for more information or return the Schedules K-1 to the partnership or LLC. Either circumstance may subject the partnership or LLC to penalties.

### Do not file

- K-1 data on microfiche
- Federal Schedule K-1 (1065)
- Database printout information
- Abbreviated schedules

### California Encourages Tax Preparers to File Paperless Schedules K-1 (565 or 568)

For the highest rate of accuracy and rapid processing of your clients' Schedules K-1 (565 or 568), file them on CD or diskette.

If you want to produce Schedules K-1 (565 or 568), use software that produces FTB-approved paperless formatting or contact a professional who can format them for you. For more information, go to our website at [ftb.ca.gov](http://ftb.ca.gov) and get FTB Pub. 1062, Guide for Filing Paperless Schedules K-1 (565 or 568) and K-1 (565 or 568), TestWare.

Mail Forms 565 and 568 to the FTB using the appropriate addresses. **Do not** attach paper Schedules K-1 (565 or 568).

### Compliance with Partnership and LLC Filing Requirements for Paperless Schedules K-1 (565 and 568)

Before you submit your clients' paperless Schedules K-1 (565 or 568), make sure you complete the procedures shown below. Doing so will further ensure error-free files and timely processing.

- Mail Forms 565 and 568 to the FTB using the appropriate addresses. **Do not** attach paper Schedules K-1 (565 or 568).
- Confirm Schedules K-1 (565 or 568) have been formatted and put on a CD or diskette for **each** person identified on Forms 565, Question K or 568, Question J.
- Confirm all fields on the Schedules K-1 (565 or 568) are formatted and completed as described in FTB Pub. 1062.
- Verify the paperless Schedules K-1 (565 or 568) that you format on a CD or diskette, reconcile to Forms 565 or 568, Schedule K-1 (565 or 568), and have been pre-tested with the K-1 (565 or 568) TestWare.
- Provide your clients with the information contained on their paperless Schedules K-1 (565 or 568) before April 15, or the applicable filing date. **Reminder:** The information you provide your clients does not have to print on a Schedule K-1 (565 or 568); it may be in a test format.

You can download and send multiple partnership and LLC Schedules K-1 (565 or 568) to us on the same CD or diskette. It is not necessary to provide a separate CD or diskette for each individual partnership or LLC. Use form FTB 3604, Transmittal of Paperless Schedules K-1 (565 or 568), on CD or diskette, to provide the name, FEIN, and number of Schedules K-1 (565 or 568) that are included for each partnership or LLC on the CD or diskette.

### K-1 (565 or 568) TestWare

We provide K-1 (565 or 568) TestWare as a tool to help you accurately prepare paperless Schedules K-1 (565 or 568). The program validates the K-1 (565 or 568) files and enables you to submit your clients' Schedules K-1 (565 or 568) error-free via CD or diskette. The TestWare can also expand your files from

a delimited format into the format required to process the K-1 information through our mainframe. **Reminder:** You can download a copy of the K-1 (565 or 568) TestWare from our website at [ftb.ca.gov](http://ftb.ca.gov) or you can call the e-file Help Desk at 916.845.0353.

### Substitute Schedules K-1 (565 or 568) Filing Requirements

If you choose to develop your clients' Schedules K-1 (565 or 568) (paperless or paper format), you must follow the same substitute forms review and approval requirements used by tax software developers, transfer agents, and others. You must complete and return to the FTB form FTB 1096. FTB Pub. 1098 includes the information you need to develop FTB-approved forms. To get a copy of form FTB 1096 or FTB Pub. 1098, go to our website at [ftb.ca.gov](http://ftb.ca.gov).

The paper format of Schedules K-1 (565 or 568) may be either a one-sided or two-sided format. The one-sided format includes only those tax data lines applicable to the partner or member. The two-sided format includes all tax data lines. Software companies choose the format to include in their tax products and both formats require approval from the FTB.

## Common Trusts and Investment Clubs

Common trust funds and investment clubs should use Form 565, Partnership Return of Income, to report their filing information. To help ensure accurate processing, common trust funds are required to use the principal business activity (PBA) code 525920. Investment clubs are required to use PBA code 523910. For more information, see the instructions for federal Form 1065, U.S. Partnership Return of Income.

## Power of Attorney (POA)

We have a centralized POA database where we store POA declaration information we receive from your customers and clients. Only authorized FTB employees can view the POA declaration information.

We can mail a copy of most FTB computer-generated notices (some computer-generated notices are not yet available for this service) to the primary representative.

For more information about Power of Attorney, get FTB Pub. 1144, Power of Attorney Frequently Asked Questions, on our website at [ftb.ca.gov](http://ftb.ca.gov).

**PLEASE NOTE:** When filing a Power of Attorney from any other state agency, the form used must clearly state that the taxpayer wishes to be represented for FTB matters by specifying the exact tax year and California form number in question (e.g., 2008 California Form 540).

### The Power of Attorney Form – Form FTB 3520, Power of Attorney:

To ensure accurate and timely processing of your client's POA declaration, be sure to provide the required information:

- Taxpayer's name and address.
- Taxpayer's SSN (or ITIN, if applicable) and/or business identification number.
- Name, address, telephone, and fax number of the individual(s) the taxpayer is authorizing to represent them.
- The specific years or periods involved.
- A clear expression of the authorities the taxpayer is granting the representative.
- Taxpayer's signature and date. If a joint authorization, both spouses/RDPs must sign.
- For fiduciary or corporate Power of Attorney a signature and title are required.

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## How to File a Power of Attorney with the FTB

Mail to:

POWER OF ATTORNEY  
FRANCHISE TAX BOARD  
PO BOX 2828  
RANCHO CORDOVA CA 95741-2828

For faster service, you may FAX form FTB 3520 to the FTB at: 916.845.0523.

## Where To Get Income Tax Forms and Publications By Internet

Go to our website at [ftb.ca.gov](http://ftb.ca.gov).

## Tax Professionals Services Available on the FTB Website

Visit the Tax Professionals area on our website at [ftb.ca.gov](http://ftb.ca.gov). You will find helpful information for CPAs, enrolled agents, and attorneys. Topics include:

- **e-file for tax professionals** – online services and other paperless options
- **Compliance initiatives**
- **Law, legislation, & form updates**
- **Practitioner services**
- **Procedures & practices**
- **Tax agencies and professional organizations**
- **Subscription services**

## FTB's Tax Practitioner Services

The Practitioners' Hotline is dedicated to helping CPAs, enrolled agents, attorneys, and other tax practitioners with questions on tax law, forms, California reporting requirements, and account resolution matters.

We encourage you to provide any of the acceptable Power Of Attorney forms to us. The information you provide on any of these forms allows you to receive confidential or sensitive taxpayer information. We will accept the following Power of Attorney forms:

- Forms FTB 3520, Power of Attorney, and FTB 3520C-1, Power of Attorney Declaration for Administration of Tax Matters,
- Board of Equalization (BOE) Form 392, Power of Attorney,
- Federal Form 8821, Tax Information Authorization,
- Federal Form 2848, Power of Attorney and Declaration of Representative,
- Employment Development Department Form DE 48, Power of Attorney.

The BOE, EDD, and federal forms must clearly state that the taxpayer also wishes to be represented for FTB matters by specifying the exact year and California form number in question (e.g. 2008 California Form 540).

The Tax Practitioners' Hotline telephone number is 916.845.7057. If you call, be ready to provide client information such as social security number (or ITIN, if applicable), latest notice received, or facts relating to the inquiry. Customer Service Representatives can respond to questions on both personal income tax law and corporation tax law.

You can FAX correspondence 24 hours a day, seven days a

week. The FAX number is 916.845.6377. When you FAX your correspondence, be sure your cover sheet includes your business letterhead, FAX number, and daytime telephone number. In addition, please submit a copy of your Power of Attorney (e.g., form FTB 3520), if you have not already submitted one to us. To help ensure a response by FAX, it is recommended that you keep your FAX machine turned on at all times.

The Tax Practitioner's Hotline is staffed year round, Monday through Friday, 8 a.m. – 5 p.m., except holidays.

# 2008 Scannable Form 540 Assembly Guidelines

Federal tax return when required.

Supporting California forms and schedules

California Schedule W-2CG

540, Side 2

Leave Side 1 loose and staple the rest of the tax return in the upper left hand corner.

For Privacy Notice, get form FTB 1131.  
**California Resident Income Tax Return 2008** FORM 540 C1 Side 1

APR  
 111-11-1111 ANDE \*\* 222-22-2222 06 PBA 123456  
 RAYMOND J ANDERSON 10-05-06 PPRIORLASTNAME  
 BONNIE A ANDERSON 10-05-06 SPRIORLASTNAME  
 BANK OF ANYTOWN  
 123 MAIN ST APT 502  
 ANYTOWN CA 95500-1111 DC 9U

01	2	37	0	408	0	APR	0
06	0	38	0	409	0	FS	0
09	0	39	0	410	0	3800	0
10	0	40	0	411	0	3803	0
12	40000	41	0	412	15	SCHG1	1
14	20000	42	0	413	0	5870A	1
16	4000	43	0	414	0	5805 5805F	0
17	-10854	45	5000	61	25	TPIDP12345678	0
18	25000	46	4000	62	0	FN 987654321	0
20	0	47	0	63	0	DESIGNEE	1
23	300	48	0	64	0		
25	0	49	0	66	975		
26	0	400	0	67	75	012345678	
27	0	401	0	68	900	01234567890123456	
29	0	402	10				1
31	0	403	0			012345678	
32	0	404	0			01234567890123456	
33	0	405	0				2
34	0	406	0				
36	5000	407	0			CHRISTOPHER R CHRISTOPHERSONS JR PH 916555121	

**Filing Status**  
 1  Single  
 2  Married/RDP filing jointly (see page 3)  
 3  Married/RDP filing separately. Enter spouse's/RDP's SSN or ITIN above and full name here.  
 4  Head of household (with qualifying person). (see page 3)  
 5  Qualifying widow(er) with dependent child. Enter year spouse/RDP died.  
 6 If your California filing status is different from your federal filing status, check the box here  **6**

**Exemptions**  
 7 **Person:** If you checked 1, 3, or 4 above, enter 1 in the box. If you checked 2 or 5, enter 2 in the box. **Whole dollars only**  
 If you checked the box on line 6, see page 9.  7  X \$99 = \$  
 8 **Blind:** If you (or your spouse/RDP) are visually impaired, enter 1; if both are visually impaired, enter 2.  8  X \$99 = \$  
 9 **Senior:** If you (or your spouse/RDP) are 65 or older, enter 1; if both are 65 or older, enter 2.  9  X \$99 = \$  
 10 **Dependents:** Enter name and relationship. **Do not include yourself or your spouse/RDP.**  10  X \$309 = \$  
 11 **Exemption amount:** Add line 7 through line 10. Transfer this amount to line 21.  11 \$

**Taxable Income**  
 12 State wages from your Form(s) W-2, box 16 or CA Sch W-2, CG, line 3  12 **40,000**  
 13 Enter federal adjusted gross income from Form 1040, line 37; Form 1040A, line 21; Form 1040EZ, line 4.  13  
 14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 37, column B.  14 **200,000**  
 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses (see page 11).  15  
 16 California adjustments - additions. Enter the amount from Schedule CA (540), line 37, column C.  16 **4,000**  
 17 California adjusted gross income. Combine line 15 and line 16.  17 **10,854**  
 18 Enter the larger of your CA standard deduction OR your CA itemized deductions.  18 **25,000**  
 19 Subtract line 18 from line 17. This is your **taxable income**. If less than zero, enter -0-.  19  
 20 Tax. Check box if from:  Tax Table  Tax Rate Schedule  FTB 3800  FTB 3803.  20  
 21 Exemption credits. Enter the amount from line 11. If your federal AGI is more than \$163,187 (see page 13).  21  
 22 Subtract line 21 from line 20. If less than zero, enter -0-.  22  
 23 Tax. (see page 13) Check box if from:  Schedule G-1  Form FTB S870A.  23 **3.00**  
 24 Add line 22 and line 23. Continue to Side 2.  24

613 3101086

Enclose, but do not staple any payment.

Do not attach any withholding forms here. See Schedule W-2CG, Wage and Withholding Summary.

"SCANBAND" Must contain tax data.

## Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Scannable Form 540

Item/Activity	Scannable Form 540
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts must print in the scanband and must be whole dollars without decimal points or other punctuation. Monetary amounts in the conventional area of the form must include decimal points or a vertical rule (penny line). <b>Note:</b> Most software is programmed to print whole dollars only followed by a decimal point.
Additional Credits Line 25 and Line 26	Credit acronym, code number, and amount will print on the applicable line(s) on Side 2 of the form. See example on page 9.
Direct Deposit of Refund (DDR)	DDR consists of three fields for two separate accounts: 1) DDR routing number (Must be 9 positions. The first two positions must be 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete <b>all fields</b> for each DDR options you select. <b>Otherwise, leave all fields blank.</b>
Making Corrections*	<b>Do not</b> make corrections on the tax return. <b>Do not</b> modify the name(s), address, or tax data information. If there is an error, print a new tax return.
Submit Original Tax Returns*	<b>Submit original (hardcopy) tax returns. Do not</b> submit a photocopy. Tax returns should be single-sided, not two-sided.
Attaching California Supporting Forms and Federal Forms	<b>Scannable Form 540 may require attachments. Include California supporting forms and schedules behind California Schedule W-2 CG, and follow with federal forms and schedules.</b>
Attaching Wage Statements	<b>California Schedule W-2 CG, Wage and Withholding Summary – If your software doesn't populate this form, you must staple "state" copy of Form(s) W-2, W-2G, and any Form(s) 592-B, 593, 594, and 1099 showing CA tax withheld to it. Attach Schedule W-2 CG directly behind Side 2 of scannable Form 540.</b>
Payment and Form 540-V	Enclose check or money order with Form 540-V, Payment Voucher for 540 Returns, with the tax return. <b>Do not staple Form 540-V and check or money order to tax return.</b> Make all payments in U.S. dollars and drawn against a U.S. financial institution.
Assembling Tax Return	Leave Side 1 loose, staple Side 2 and any attachments in the upper left-hand corner..
Where to Mail the Tax Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0009  AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0009

\* Apply these rules to all scannable payment forms (Forms 100-ES, 540-ES, 540-V, 541-ES, FTB 3519, 3522, 3536, 3537, 3538, 3539, 3563, 3582, 3586, 3587, and 3588). Mail to the address shown on each form.

## Tax Practitioner Tips for Computer-Preparing, Assembling, and Mailing Form 540 2EZ, Long or Short Form 540NR, and Form 540X

Item/Activity	Form 540 2EZ	Long or Short form 540NR	Form 540X
Monetary Amounts (Taxpayer's Tax Data)	Monetary amounts may include decimal points or a vertical rule (penny line).	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Additional Credits	Your clients may not claim additional credits.	Credit acronym, code number, and amount will print on the applicable line(s) of Long Form 540NR only. (Your clients may not claim additional credits on Short Form 540NR.)	Not applicable.
Direct Deposit of Refund (DDR)	DDR consists of three fields: 1) DDR routing number (Must be 9 positions. The first two positions <b>must be</b> 01 through 12 or 21 through 32); 2) DDR account number; and 3) DDR account type. You must complete <b>all fields</b> for each DDR option you select. <b>Otherwise, leave all fields blank.</b>	Same as Form 540 2EZ.	Not applicable.
Making Corrections	<b>Do not</b> make handprint corrections on the tax return. <b>Do not</b> modify the name(s), address, or tax data information. If there is an error, print a new tax return.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Submit Original Tax Returns	Submit the original (hard copy) tax returns. <b>Do not</b> submit a photocopy.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Attaching California Supporting Forms and Federal Forms	<b>Never</b> attach the federal tax return.	<b>Always</b> attach the complete federal tax return, include the supporting schedules and forms.	Attach all supporting forms and schedules for items changed. Include federal forms and schedules if you made a change to your federal return. Include name and SSN for taxpayer (and taxpayer's spouse/RDP, if any,) (or ITIN, if applicable) on all attachments. Include complete copies of the Federal Audit Report(s) if you are reporting changes made by the IRS.
Attaching Wage Statements	California Schedule W-2 CG, Wage and Withholding Summary – If your software doesn't populate this form, you must staple "state" copy of Form(s) W-2, W-2G, and any Form(s) 592-B, 593, 594, and 1099 showing CA tax withheld to it.  <b>Attach Schedule W-2 CG directly behind Side 2 of Form 540 2EZ.</b>	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Enclosing Payment	Enclose check or money order with tax return. <b>Do not</b> staple to tax return.  Make all payments payable in U.S. dollars and drawn against a U.S. financial institution.	Same as Form 540 2EZ.	Same as Form 540 2EZ.
Where to Mail the Tax Return	REFUND OR NO AMOUNT DUE: FRANCHISE TAX BOARD PO BOX 942840 SACRAMENTO CA 94240-0002  AMOUNT YOU OWE: FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0001	Same as Form 540 2EZ.	Same as Form 540 2EZ.