

2025

Donated Agricultural Products Transportation Credit

3547

Attach to your California tax return.

Name(s) as shown on your California tax return

☐ SSN or ITIN ☐ CA Corporation no. ☐ FEIN

California Secretary of State file number

1	Eligible transportation costs. See instructions.	1	00
2	Current year credit. Multiply line 1 by 50% (.50).	2	00
3	Pass-through Donated Agricultural Products Transportation Credit(s) from Schedule K-1 (100S, 541, 565, or 568). See instructions	3	00
4	Total current year Donated Agricultural Products Transportation Credit. Add line 2 and line 3	4	00
5	Credit carryover from a prior year	5	00
6	Total available Donated Agricultural Products Transportation Credit. Add line 4 and line 5	6	00
7	a Credit claimed. Enter the amount of the credit claimed on the current year tax return. See instructions. (Do not include any assigned credit claimed on form FTB 3544, Part B).	7a	00
	b Total credit assigned. Enter the total amount from form FTB 3544, Part A, column (g). If you are not a corporation, enter -0-. See instructions	7b	00
	c Credit amount to be elected as refundable in future years. See instructions	7c	00
8	Credit carryover available for future years. Add lines 7a, 7b, and line 7c, subtract the result from line 6	8	00

General Information

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2025**, and to the California Revenue and Taxation Code (R&TC).

Credit Limitation – For taxable years beginning on or after January 1, 2024, and before January 1, 2027, there is a \$5,000,000 limitation on the application of business credits. The total of all business credits including the carryover of any business credit for the taxable year may not reduce the “net tax”, for personal income filers, or “tax”, for corporate filers, by more than \$5,000,000. Business credits should be applied against “net tax” before other credits. For taxpayers included in a combined report, the limitation is applied at the group level.

For each taxable year of the limitation, taxpayers may make an irrevocable election to receive an annual refundable credit amount for the credits disallowed due to the limitation. Taxpayers may claim 20% of this refundable credit in each year of a five-year refundable period. The refundable period begins the third taxable year after the taxable year in which the election is made. To make this irrevocable election, complete form FTB 3870, Election for Refundable Credit, and submit it with an original, timely filed return.

S corporations may **not** elect to make credits taken at the entity level refundable.

If a taxpayer does not choose to make the election outlined above, business credits disallowed due to the limitation may be carried over. The carryover period for disallowed credit is extended by the number of taxable years the credit was not allowed. For more information, refer to R&TC Sections 17039.4, 17039.5, 23036.4 and 23036.5 and get form FTB 3870.

A Purpose

Use form FTB 3547, Donated Agricultural Products Transportation Credit, to figure the amount of credit allowed for the transportation of agricultural products donated to nonprofit charitable organizations. Also, use this form to claim pass-through donated agricultural products transportation credits received from S corporations, estates,

trusts, partnerships, or limited liability companies (LLCs) treated as partnerships.

S corporations, estates, trusts, partnerships, and LLCs classified as partnerships should complete form FTB 3547 to figure the amount of credit to pass through to shareholders, beneficiaries, partners, or members. Attach this form to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Show the pass-through credit for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

B Description

You are allowed a credit of 50% of the eligible transportation costs paid or incurred in connection with the transportation of any donated agricultural products donated to nonprofit charitable organizations.

C Qualifications

To qualify for this credit, you must be engaged in the business of processing, distributing, or selling agricultural products. You may claim the credit for eligible transportation costs paid or incurred in connection with the donation of any agricultural product to a nonprofit charitable organization. If two or more taxpayers share in the expenses eligible for the credit, each taxpayer shall be eligible to receive the tax credit in proportion to their respective share of the expenses paid or incurred.

Certification

You must receive a certificate from the nonprofit charitable organization certifying that your agricultural product donation is in accordance with the provisions of the California Food and Agricultural Code. You should retain this certificate and provide a copy to Franchise Tax Board upon request.

D Definitions

Agricultural product – Any fowl, animal, vegetable or other stuff, product or article which is customary or proper food for human beings.

Nonprofit charitable organization – A charitable organization that has exempt status under IRC Section 501(c)(3) or R&TC Section 23701d.

Transportation costs – Reasonable transportation or travel expenses (including meals) incurred in performing services away from home for qualified organizations if no significant element of personal pleasure, recreation, or vacation is involved. You may include parking fees and tolls in the actual transportation costs; however, you may not include depreciation and insurance. You may determine **eligible transportation costs** in either of the following ways:

- \$.14 (fourteen cents) per mile
- The actual transportation expenses

E Limitations

For taxable years beginning on or after January 1, 2024, and before January 1, 2027, there is a \$5,000,000 limitation on the application of business credits, including carryover. For taxpayers included in a combined report, the limitation is applied at the group level.

S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). The remaining 2/3 must be disregarded and may not be used as carryover. S corporations may pass through 100% of the credit to their shareholders.

If a C corporation had unused credit carryovers when it elected S corporation status, the carryovers were reduced to 1/3 and transferred to the S corporation. The remaining 2/3 were disregarded. The allowable carryovers may be used to offset the 1.5% tax on net income in accordance with the respective carryover rules. These C corporation carryovers may not be passed through to shareholders. For more information, get Schedule C (100S), S Corporation Tax Credits.

If a taxpayer owns an interest in a disregarded business entity [a single member limited liability company (SMLLC) not recognized by California, and for tax purposes is treated as a sole proprietorship owned by an individual or a branch owned by a corporation], the credit amount received from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity.

If the disregarded entity reports a loss, the taxpayer may not claim the credit this year but can carry over the credit amount received from the disregarded entity.

For more information on SMLLC, get Form 568, Limited Liability Company Tax Booklet.

This credit cannot reduce the minimum franchise tax (corporations and S corporations), annual tax (limited partnerships, limited liability partnerships, and LLCs classified as partnerships), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

This credit cannot reduce regular tax below tentative minimum tax. Get Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations for more information.

This credit is taken in lieu of any deduction otherwise allowable for the same eligible transportation costs. Any deduction allowed for these same costs must be reduced by the amount of credit figured for the current taxable year (the amount shown on line 4).

This credit is not refundable.

F Assignment of Credits

Assigned Credits to Affiliated Corporations – Credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is an eligible member of the same combined reporting group. A credit assigned may only be claimed by the affiliated corporation against its tax liability. For more information, get form FTB 3544, Assignment of Credit, or go to ftb.ca.gov and search for **credit assignment**.

G Carryover

If the available credit exceeds the current year tax liability, the unused credit may be carried over to succeeding years until exhausted. Apply the carryover to the earliest taxable year possible. In no event can this credit be carried back and applied against a prior year's tax.

Specific Line Instructions

Line 1 – Eligible transportation costs

Enter the eligible transportation costs paid or incurred in connection with the donated agricultural products for which you received certification from the donee nonprofit charitable organization. If two or more taxpayers share in the expenses eligible for the credit, each taxpayer shall be eligible to receive the tax credit in proportion to their respective share of the expenses paid or incurred. If you are determining your eligible transportation costs based on mileage, multiply the total miles connected with transporting the donated agricultural product by \$.14 (fourteen cents). Otherwise, enter the actual transportation costs paid or incurred in connection with the donated agricultural products.

Line 3 – Pass-through Donated Agricultural Products Transportation Credit(s)

If you received more than one pass-through credit from S corporations, estates, trusts, partnerships, or LLCs classified as partnerships, add the amounts and enter the total. Attach a schedule showing the names and identification numbers of the entities from which the credits were passed through to you.

Line 7a – Credit claimed

Do not include assigned credits claimed on form FTB 3544, Part B, List of Assigned Credit Received and/or Claimed by Assignee.

This amount may be less than the amount on line 6 if your credit is limited by your tax liability. For more information, see General Information E, Limitations, and refer to the credit instructions in your tax booklet. Use credit code **204** when you claim this credit.

Line 7b – Total credit assigned

Corporations that assign credit to other corporations within the same combined reporting group must complete form FTB 3544, Part A, Election to Assign Credit Within Combined Reporting Group. Enter the total amount of credit assigned from form FTB 3544, Part A, column (g) on this line.

Line 7c – Credit amount to be elected as refundable in future years

You may elect to make credits that are disallowed due to the \$5,000,000 credit limitation refundable in future years. If you make this election on form FTB 3870, enter the amount of credit that would have otherwise been available to reduce tax in this tax year but for the \$5,000,000 credit limitation. Do not include credit limited by your tax.

You may not elect to have a partial amount of your disallowed credit be refundable. If you elect to make the amount of this credit that is disallowed due to the \$5,000,000 credit limitation refundable you must make the same election for all other credits you claimed this year that were also disallowed due to the \$5,000,000 credit limitation. If you enter a value on this line, you must also enter the same amount on form FTB 3870 line 1, column (c). Attach your completed form FTB 3870 to your original, timely filed tax return.

Line 8 - Credit carryover available for future years

Do **not** include any amount you will be electing as a refundable credit on form FTB 3870.

Credit limited by your tax liability cannot be included in an election for refundable credit. These amounts would not have otherwise been able to be claimed, regardless of the \$5,000,000 credit limitation and therefore are not eligible for an election to be made refundable. They can, however, be carried over for future years. Include any such amounts here.

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Advance Draft
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