

**2020**  
**Targeted Tax Area Business Booklet**

**3809**

California Forms & Instructions

Members of the Franchise Tax Board

Betty T. Yee, Chair  
Antonio Vazquez, Member  
Keely Bosler, Member

**This booklet contains:**

**Form FTB 3809**, Targeted Tax Area Deduction and Credit Summary

Advance Draft  
as of 12/03/20



STATE OF CALIFORNIA  
**Franchise Tax Board**

# 2020 Instructions for Form FTB 3809

## Targeted Tax Area Businesses

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2015**, and to the California Revenue and Taxation Code (R&TC).

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### What's New

**Credit Limitation** – For taxable years beginning on or after January 1, 2020, and before January 1, 2023, there is a \$5,000,000 limitation on the application of business credits for taxpayers. 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 tax filers, or the “tax”, for corporate filers, by more than \$5,000,000. For taxpayers included in a combined report, the limitation is applied at the group level. The business credits disallowed due to the limitation may be carried over. The carryover period for disallowed credits is extended by the number of taxable years the credit was not allowed. This limitation does not apply to the Low-Income Housing Credit.

**Net Operating Loss Suspension** – For taxable years beginning on or after January 1, 2020, and before January 1, 2023, California has suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. **However**, taxpayers with taxable income (corporations), net business income or modified adjusted gross income (individuals) of less than \$1,000,000, or with disaster loss carryovers are **not** affected by the NOL suspension rules.

The carryover period for suspended losses is extended by:

- Three years for losses incurred in taxable years beginning before January 1, 2020.
- Two years for losses incurred in

taxable years beginning on or after January 1, 2020, and before January 1, 2021.

- One year for losses incurred in taxable years beginning on or after January 1, 2021, and before January 1, 2022.

For more information on the NOL suspension, and carryover and carryback periods, get form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations -Corporations, or form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Individuals, Estates, and Trusts.

### General Information

In general, for taxable years beginning on or after January 1, 2015, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2015. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540), California Adjustments - Residents, or Schedule CA (540NR), California Adjustments-Nonresidents or Part-Year Residents, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the instructions. Taxpayers should not consider the instructions as authoritative law.

#### Targeted Tax Area (TTA) Credits Carryover Period

The portion of any TTA sales or use tax credit or hiring credit remaining for carryover to taxable years beginning on or after January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first. Any hiring credits generated for employees hired on or before December 31, 2012, may be carried over to the succeeding 10 taxable years.

#### Repeal of Geographically Targeted Economic Development Area Tax Incentives

The California legislature repealed and made changes to all of the Geographically Targeted Economic Development Area Tax Incentives. Enterprise Zones (EZ) and Local Agency Military Base Recovery Areas (LAMBRA)

were repealed on January 1, 2014. The Targeted Tax Areas (TTA) and Manufacturing Enhancement Areas (MEA) both expired on December 31, 2012. For more information, get the applicable Economic Development Area (EDA) booklet.

#### Single-Sales Factor Formula

R&TC Section 25128.7 requires all business income of an apportioning trade or business, other than an apportioning trade or business under R&TC Section 25128(b), to apportion its business income to California using the single-sales factor formula. For more information, get Schedule R, Apportionment and Allocation of Income, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **single sales factor**. However, business income apportioned to the TTA continues to be apportioned based on the property and payroll factors.

#### Expired TTA

The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. See below for a discussion on how each incentive expired:

- TTA Hiring Credit - Taxpayers can no longer generate/incur TTA hiring credits for employees hired on or after January 1, 2013. Taxpayers can claim the hiring credit carryover from prior years.
- TTA Sales or Use Tax Credit - For taxpayers engaged in a trade or business in an expired TTA, the sales or use tax credit is not available for assets purchased and/or placed in service on or after January 1, 2013. Taxpayers can claim the sales or use tax credit carryover from prior years.
- TTA NOL Carryover Deduction – Taxpayers can no longer generate/incur any TTA NOL for taxable years beginning on or after January 1, 2013. Taxpayers can claim an NOL carryover deduction from prior years.

#### Assignment of Credit

For taxable years beginning on or after January 1, 2019, the following forms and instructions have been consolidated into one form **FTB 3544, Assignment of Credit**:

- FTB 3544, Election to Assign Credit Within Combined Reporting Group.
- FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee.

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, see instructions for Schedule Z, Computation of Credit Carryover Limitations, on page 10, Assignment of Credit, or get form FTB 3544, Assignment of Credit, or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **credit assignment**.

**Important:** Affiliated corporations that received credits assigned under R&TC Section 23663, do not include the assigned credits received on this worksheet. Those credits are entered and tracked on form FTB 3544, Part B, List of Assigned Credit Received and/or Claimed by Assignee.

### Pass-Through Entities

For purposes of this booklet, the term "pass-through entity" refers to an S corporation, estate, trust, partnership and limited liability company (LLC). References to "partnerships" include LLCs classified as partnerships.

## Introduction

### Economic Development Area (EDA) Tax Incentives

California established four types of EDAs that had related tax incentives. These incentives were established to stimulate growth and development in selected areas that were economically depressed. EDA tax incentives applied only to certain business transactions that were undertaken after an EDA had received final designation from the California Department of Housing and Community Development (HCD). Final designation was when the HCD designated an area to be an EDA. Tax incentives were available to individuals and businesses that operated or invested within the geographic boundaries of the following EDAs:

- Enterprise Zones (repealed on January 1, 2014)
- Local Agency Military Base Recovery Areas (repealed on January 1, 2014)
- Manufacturing Enhancement Areas (designation expired on December 31, 2012)
- Targeted Tax Areas (designation expired on December 31, 2012)

Additional information on other EDAs can be found in the following FTB tax booklets:

- The EZ tax incentives, FTB 3805Z, Enterprise Zone Business Booklet.
- The LAMBRA tax incentives, FTB 3807, Local Agency Military Base Recovery Area Business Booklet.
- The MEA hiring credit, FTB 3808, Manufacturing Enhancement Area Business Booklet.

References in this booklet to the "TTA" are interpreted as "the boundaries of the former TTA as it existed on December 31, 2012."

### Reporting Requirement

California statutes require the Franchise Tax Board (FTB) to provide information to the California Legislature regarding the number of businesses using the EDA tax incentives, types of EDA tax incentives being used, and the EDAs in which the businesses are claiming the tax incentives.

Complete items A through H on Side 1 of form FTB 3809, Targeted Tax Area Deduction and Credit Summary, as applicable. This information will be used to meet the FTB's statutory reporting requirement.

## Purpose

This booklet provides specific information on the types of available former TTA tax incentives. Taxpayers operating or investing in a business located within a designated former TTA may be eligible for the following credit carryover and carryover deduction:

- Hiring credit carryover
- Sales or use tax credit carryover
- NOL carryover deduction

Use this booklet to determine the correct amount of credit carryovers and deductions that a business may claim for operating or investing in a business located within a designated former TTA. Complete the worksheets in this booklet for each credit carryover and deduction for which the business is eligible. Then enter the total credits and deductions on form FTB 3809.

### Former Targeted Tax Area Designation

California established the TTA program to stimulate development in a selected economically depressed area of Tulare County. The program offered special tax incentives to entities and individuals located in the Tulare TTA and engaged in a trade or business within the selected Standard Industrial Codes listed on pages 15 through 17 of this booklet.

All of the incorporated cities in Tulare County and portions of the unincorporated areas of Tulare County received final designation as the TTA effective November 1, 1998. The designation was binding for 15 years, commencing from January 1, 1998. **Note:** The TTA designation expired on December 31, 2012. The incorporated cities in Tulare County are:

- Cutler-Orosi
- Dinuba
- Earlimont
- Exeter
- Farmersville
- Goshen
- Lindsay
- Pixley
- Porterville
- Traver
- Tulare
- Visalia
- Woodlake

For business eligibility or zone related information, including questions regarding the former TTA geographic boundaries, contact the HCD or the local zone program manager where the business is located. Go to [hcd.ca.gov](http://hcd.ca.gov) and search for **directory of economic development areas**.

For information that is zone-specific, but not tax-specific, you may contact the HCD. See page 18 for the HCD contact information.

### Who Can Claim the Former TTA Tax Incentives?

The TTA hiring credit carryover, sales or use tax credit carryover, and NOL carryover deductions are available to individuals, sole proprietors, corporations, estates, trusts, and partnerships operating or investing in a business located within the designated former TTA.

## How to Claim Deductions and Credit Carryovers

To claim any TTA NOL carryover deduction or credit carryover, **attach** a completed form FTB 3809 to your California tax return.

Attach a separate form FTB 3809 for each business you operate or invest in that is located within the former TTA. Also, complete the following schedule and/or worksheets to report credit carryovers and deductions incurred:

- Corporations: Complete Schedule Z and all the worksheets, except for Worksheet I, Income or Loss Apportionment - Targeted Tax Area, Section B.
- Sole proprietors: Complete Schedule Z and all the worksheets.
- Trusts, estates, and partnerships: Complete Worksheet I, Section A.
- Individual investors receiving pass-through former TTA **credits**: Complete Worksheet I, Section B and Schedule Z. All other investors complete Worksheet I, Section A and Schedule Z.
- Individual investors receiving a pass-through loss, and having an overall **NOL** carryover: Complete Worksheet I, Section B and Worksheet II, Computation of NOL Carryover and Carryover Limitations - Targeted Tax Area. All other investors complete Worksheet II.

Schedule Z is on Side 2 of form FTB 3809.

Claim TTA tax incentives on the following tax returns:

- Form 540 filers:** Form 540, California Resident Income Tax Return, lines 43 through 45, as applicable.
- Form 540NR filers:** Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, lines 58 through 60, as applicable.
- Form 100 filers:** Form 100, California Corporation Franchise or Income Tax Return, line 20, and lines 24 through 26, as applicable.
- Form 100S filers:** Form 100S, California S Corporation Franchise or Income Tax Return, line 18, and lines 22 through 24, as applicable.
- Form 100W filers:** Form 100W, California Corporation Franchise or Income Tax Return - Water's Edge Filers, line 20, and lines 24 through 26, as applicable.
- Form 109 filers:** Check the "Yes" box for the TTA question I at the top of Form 109, California Exempt Organization Business Income Tax Return, Side 1.

Keep all completed worksheets and supporting documents for your records.

## Form FTB 3809 – Instructions for Items A through H

For corporations, estates, trusts, partnerships, exempt organizations, and sole proprietors who operate businesses in the former TTA, complete items A through H.

Investors of pass-through entities, complete items A through D.

### Standard Industrial Classification (SIC) and Principal Business Activity (PBA) Codes

To qualify for the former TTA hiring credit, you must be engaged in a trade or business within the selected SIC listed on page 15 through page 17 of this booklet. Enter the SIC code of the establishment that qualifies you to take this credit on form FTB 3809, Side 1. If your business has more than one establishment, and if more than one of them qualifies you to take this credit, enter the SIC code that best represents your primary qualifying establishment.

The PBA codes are based on the North American Industry Classification System published by the United States Office of Management and Budget. If you are a business entity, get the PBA code from the 2020 tax booklet (100, 100S, 100W, 565, or 568) that you used to file your tax return. If you are an individual, get the PBA code reported on your federal Form 1040 or Form 1040-SR, Schedule C, Profit or Loss from Business (Sole Proprietorship), line B. Enter the PBA code of your principal activities on form FTB 3809, Side 1.

## Part I – Credit Carryover

### Line 1a – Hiring Credit Carryover

The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. Taxpayers can no longer generate/incur TTA hiring credits for employees hired on or after January 1, 2013. Although qualified taxpayers can no longer generate/incur TTA hiring credits for qualified employees hired prior to the TTA expiration date for wages paid or incurred within the 60-month period of the TTA hiring credit, they can claim the hiring credit carryover from prior years.

#### Credit Limitations

- The amount of hiring credit carryover claimed may not exceed the amount of tax on TTA business income in any year. Use Schedule Z on Side 2 of form FTB 3809 to compute the credit carryover limitation.
- The portion of any TTA hiring credit remaining for carryover to taxable years beginning on or after January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first.

#### Record Keeping

Retain a copy of VoucherCert 10-07 and the documentation given to the vouchering agency.

In addition, for each qualified employee, keep a schedule of the first 60 months of employment showing (at least) the following:

- Employee's name.
- Date the employee was hired.
- Number of hours the employee worked for each month of employment.
- Smaller of the hourly rate of pay for each month of employment or 150% of the minimum wage.
- Location of the employee's job site and duties performed.
- Records of any other federal or state subsidies received for hiring the qualified employee.
- Total qualified wages per month for each month of employment.

### Line 1b – Sales or Use Tax Credit Carryover

The TTA has expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. For taxpayers engaged in a trade or business in an expired TTA, the sales or use tax credit may only be generated for qualified property purchased on or before December 31, 2012, and placed in service on or before December 31, 2012. The sales or use tax credit is not available for assets purchased and/or placed in service on or after January 1, 2013.

You may claim a credit carryover for the sales or use tax paid or incurred on qualified property under R&TC Sections 17053.33 and 23633, only if a carryover is available from taxable years 1998 through 2012.

#### Credit Limitations

- The amount of sales or use tax credit carryover claimed may not exceed the amount of tax on the TTA business income in any year.
- The portion of any TTA sales or use tax credit remaining for carryover to taxable years beginning on or after January 1, 2014, shall be carried over only to the succeeding 10 taxable years if necessary, or until the credit is exhausted, whichever occurs first.

## Part II – Portion of Business Attributable to the Targeted Tax Area

TTA tax credits are limited to the tax on business income attributable to operations within the former TTA. TTA deductions are limited to business income attributable to operations within the former TTA. If the business is located within and outside the former TTA, determine the portion of total business operations that are attributable to the former TTA. Each taxpayer must complete one form FTB 3809 for each zone, and therefore, must also compute the income limitation for each zone.

## Business Income vs. Nonbusiness Income

Only business income is apportioned to the TTA to determine the incentive limitation.

Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations. Nonbusiness income is all income other than business income. See Cal. Code Regs., tit. 18 section 25120 for further references and examples of nonbusiness income.

For corporations and entities doing business in and outside of the former TTA, use Worksheet I, Section A, to determine the TTA apportionment factor to determine the amount of business income attributable to the former TTA.

Pass-through entities must report to their shareholders, beneficiaries, partners, and members the following items:

1. The distributive (or pro-rata for S corporations) share of the business income apportioned to the former TTA.
2. The distributive (or pro-rata for S corporations) share of the business capital gains and losses apportioned to the former TTA included in item 1.
3. The distributive (or pro-rata for S corporation) share of the TTA property and payroll to corporate partners, members, shareholders, beneficiaries.

Report these items as other information on Schedule K-1 (100S), Shareholder's Share of Income, Deductions, Credits, etc.; Schedule K-1 (541), Beneficiary's Share of Income, Deductions, Credits, etc.; Schedule K-1 (565), Partner's Share of Income, Deductions, Credits, etc.; or Schedule K-1 (568), Member's Share of Income Deductions, Credits, etc.

For an individual, use Worksheet I, Section B to determine business income attributable to the former TTA. Business income includes, but is not limited to, California business income or loss from federal Form 1040 or Form 1040-SR, Schedules: C, Profit or Loss from Business (Sole Proprietorship), D, Capital Gains and Losses, E, Supplemental Income and Loss, F, Profit or Loss from Farming, and California Schedule D-1, Sales of Business Property, (or federal Form 4797, Sales of Business Property, if California Schedule D-1 is not needed), as well as wages. Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040 or Form 1040-SR, Schedule A, Itemized Deductions.

Generally, all income which arises from the conduct of trade or business operations of a taxpayer is business income.

If you elected to claim part or all of your current year disaster loss under IRC Section 165(i)(1) on prior year's tax return, do not include the amount of the loss that was claimed in your current year business income from the TTA.

## Apportionment

Business income is apportioned to the former TTA by multiplying the **total California business income** of the taxpayer by a fraction. The numerator is the property factor plus the payroll factor, and the denominator is two. Loss is apportioned to the former TTA by multiplying the taxpayer's **total overall business loss** by a fraction. If a taxpayer conducts business in more than one former TTA, the TTA apportionment factor and credit limitations are computed separately for each former TTA.

### Property Factor

Property factor is defined as the average value of all real and tangible personal property owned or rented by the taxpayer and used during the taxable year to produce business income.

Property owned by the business is valued at its original cost. Original cost is the basis of the property for federal income tax purposes (prior to any federal adjustment) at the time of acquisition by the business, adjusted for subsequent capital additions or improvements and partial dispositions because of sale or exchange. Allowance for depreciation is not considered.

Rented property is valued at eight times the net annual rental rate. The net annual rental rate for any item of rented property is the total rent paid for the property, less total annual subrental rates paid by subtenants.

### Payroll Factor

Payroll is defined as the total amount paid to the business' employees as compensation for the production of business income during the taxable year.

Compensation means wages, salaries, commissions, and any other form of remuneration paid directly to employees for personal services.

Payments made to independent contractors or any other person not properly classified as an employee are excluded.

### Compensation Within the Former TTA

Compensation is considered to be within the former TTA if any of the following tests are met:

1. The employee's services are performed within the geographical boundaries of the former TTA.
2. The employee's services are performed within and outside the former TTA, but the services performed outside the former TTA are incidental to the employee's service within the former TTA.

**Incidental** means any temporary or transitory service performed in connection with an isolated transaction.

3. If the employee's services are performed within and outside the former TTA, the employee's compensation is attributed to the former TTA if any of the following items are met:

- A. The employee's base of operations is within the former TTA.
- B. There is no base of operations in any other part of the state in which some part of the service is performed, and the place from which the service is directed or controlled is within the former TTA.
- C. The base of operations or the place from which the service is directed or controlled is not in any other part of the state in which some part of the service is performed and the employee's residence is within the former TTA.

**Base of operations** is the permanent place from which employees start work and customarily return in order to receive instruction from the taxpayer or communications from their customers or other persons; to replenish stock or other material; to repair equipment; or to perform any other functions necessary in the exercise of their trade or profession at some other point or points.

### Corporations Filing a Combined Report

When determining the income attributable to the former TTA, the business income of each corporation doing business in the former TTA is the business income apportioned to California as determined under combined report mechanics. For more information on combined reports, and entity income apportionment, get FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report. Each corporation computes the income attributable to the former TTA by multiplying California business income by TTA apportionment factor computed in Worksheet I, Section A. The former TTA property and payroll factors used in the determination of TTA business income includes only the taxpayer's California amounts in the denominator.

### Example: Computation of former TTA business income assigned to each entity operating within the former TTA

Parent Corporation A has two subsidiaries, B and C. Corporations A and B operate within the former TTA. The combined reporting group operates within and outside California and apportions its income to California using Schedule R. Assume the combined reporting group's business income apportioned to California was \$1,000,000 and Corporation A and B's share of California business income is \$228,000 and \$250,000 respectively. Corporation A and B's separate TTA and separate California property and payroll factor amounts are shown as follows:

Business income apportioned to the former TTA was determined as follows:

	A	B
<b>Property Factor</b>		
TTA Property	\$1,000,000	\$ 800,000
California Property	\$1,000,000	\$1,200,000
<b>Apportionment %</b>	100%	66.66%
<b>Payroll Factor</b>		
TTA Payroll	\$ 800,000	\$ 800,000
California Payroll	\$ 800,000	\$1,000,000
<b>Apportionment %</b>	100%	80%
<b>Average Apport. %</b> (Property + Payroll Factors) 2	100%	73.33%
<b>Apportioned Business Income</b>	\$ 228,000	\$ 250,000
<b>TTA Business Income</b>	\$ 228,000	\$ 183,325

## Instructions for Worksheet I – Income or Loss Apportionment

### Section A – Income Apportionment

If the business operates solely within the former TTA and all its property and payroll are solely within the former TTA, enter 100% (1.00) on Section A, line 4, column (c). Do not complete the rest of Worksheet I.

Use Worksheet I, Section A to determine the amount of business income apportioned to the former TTA. The apportioned TTA business income determines the amount of the tax incentives that can be used. A taxpayer's TTA business income is its California business income multiplied by the specific TTA apportionment percentage computed in Worksheet I, Section A.

### Property Factor

When determining the income apportioned to the former TTA, the numerator of the property factor is the average value of the real and tangible personal property owned or rented by the business and used within the former TTA during the taxable year to produce TTA business income. See Worksheet I, Section A, column (b). The denominator of the property factor is the average value of the taxpayer's real and tangible personal property owned or rented and used during the taxable year within California. See Worksheet I, Section A, column (a).

### Payroll Factor

When determining income apportioned to the former TTA, the numerator of the payroll factor is the taxpayer's total compensation paid to the employees for working within the former TTA during the taxable year. See Worksheet I, Section A, column (b). The denominator of the payroll factor is the taxpayer's total compensation paid to **employees working in California**. See Worksheet I, Section A, column (a).

## Section B – Income or Loss Apportionment

Taxpayers filing Form 540 and Form 540NR, use Worksheet I, Section B to determine the amount to enter on the following:

- Worksheet II, line 1 and line 6
- Schedule Z, Part I, line 1 and line 3

Do not include disaster losses in any amounts used in the table.

Only California source business income is apportioned to the former TTA. A taxpayer's TTA business income is its California apportioned business income computed using Schedule R, multiplied by the specific TTA apportionment percentage computed using Worksheet I, Section A.

The first step is to determine which portion of the taxpayer's net income is "business income" and which portion is "nonbusiness income." Only business income is apportioned to the former TTA. See Part II, Portion of Business Attributable to the Targeted Tax Area, for a complete discussion of business and nonbusiness income.

Business income or loss reported on federal Form 1040 or Form 1040-SR, Schedules C, E, F, and other schedules are reported on line 6 through line 9. Line 11 and line 12

report business gains or losses reported on California Schedule D, California Capital Gain or Loss Adjustment, and Schedule D-1 (or federal Form 4797, if California Schedule D-1 is not needed). All business income and losses should be adjusted for any differences between California and federal amounts as shown on the Schedule CA.

### Part I – Individual Income and Expense Items

#### Wages

Taxpayers with wages from a company located within and outside the former TTA must determine the TTA wage income by entering the percentage of time they worked within the former TTA in column (b). The percentage of time should be for the same period the wages entered on line 1 were earned. This percentage must be determined based on their record of time and events such as a travel log or entries in a daily planner.

### Part II – Pass-Through Income or Loss

#### Individuals with a Schedule K-1

The individual partner, member, or shareholder completes Worksheet I, Section B, Part II, Pass-Through Income or Loss, and Schedule Z.

### Multiple Pass-Through Entities

If you are a shareholder, beneficiary, partner, or member in multiple pass-through entities with businesses located within and outside the former TTA from which you received TTA tax incentives, see the example below for computing business income in the former TTA.

#### Example:

Pass-through entity	Trade or business income from Schedule K-1 (100S, 541, 565, or 568)	Entity's TTA apportionment percentage	TTA apportioned income
ABC, Inc.	\$40,000	80%	\$32,000
A, B, & C	30,000	10%	3,000
ABC, LLC	10,000	50%	5,000
<b>Total</b>			<b>\$40,000</b>

### Part III – Taxpayer's Trade or Business

#### Business Income or Loss

Use business income or loss from federal Form 1040 or Form 1040-SR, Schedules C, E, and F, plus California adjustments from Schedule CA (540 or 540NR) for each trade or business. Also, include business capital gains and losses from California Schedule D and business gains and losses from Schedule D-1 (or federal Form 4797, if California Schedule D-1 is not needed) as adjusted on Schedule CA (540 or 540NR).

## Worksheet I Income or Loss Apportionment – Targeted Tax Area

### Section A Income Apportionment

Use Worksheet I, Section A, if your business has net income from sources within and outside the former TTA.

	(a) Total within California	(b) Total within the former TTA	(c) Percentage within the former TTA column (b) ÷ column (a)
<b>PROPERTY FACTOR</b>			
<b>1</b> Average yearly value of owned real and tangible personal property used in the business (at original cost). See instructions. Exclude property not connected with the business and the value of construction in progress.			
Inventory .....			
Buildings .....			
Machinery and equipment .....			
Furniture and fixtures .....			
Delivery equipment .....			
Land .....			
Other tangible assets (attach schedule) .....			
Rented property used in the business. See instructions ..			
<b>Total property values</b> .....			
<b>PAYROLL FACTOR</b>			
<b>2</b> Employees' wages, salaries, commissions, and other compensation related to business income included in the tax return.			
<b>Total payroll</b> .....			
<b>3</b> Total percentage – sum of the percentages in column (c) ..			
<b>4</b> Average apportionment percentage (1/2 of line 3). Enter here and on form FTB 3809, Side 1, line 2. ....			

The average apportionment percentage shown on line 4 represents the portion of the taxpayer's total business that is attributable to activities conducted within the former TTA. Factors with zero balances in the totals of column (a) will not be included in the computation of the average apportionment percentage. For example, if the taxpayer does not have any payroll within or outside the former TTA, the average apportionment percentage would be computed by dividing line 3 by one instead of by two as normally instructed.

**Income Computation**

**Located Entirely Within the Former TTA**

**Line 6 – Line 9**

If your business operation reported on federal Form 1040 or Form 1040-SR, Schedule C, E, F, or other schedule is entirely within the former TTA, enter the income or loss from this activity in column (a), and enter 1.00 in column (b).

**Line 11 and Line 12**

If the gain or loss reported on California Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within the former TTA, enter the gain or loss reported in column (a), and enter 1.00 in column (b).

**Located Entirely Within California**

**Line 6 – Line 9**

If your business operation reported on federal Form 1040 or Form 1040-SR, Schedule C, E, F, or other schedule is entirely within California, enter the income or loss from this activity in column (a). To determine the apportionment percentage in column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

**Line 11 and Line 12**

If the gain or loss reported on California Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted entirely within California, enter the gain or loss reported in column (a). To determine the apportionment percentage figure in

column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

**Located Within and Outside the Former TTA and California**

**Line 6 – Line 9**

If your business operation reported on federal Form 1040 or Form 1040-SR, Schedule C, E, F, or other schedule is within and outside the former TTA and California, get California Schedule R and complete line 1 through line 18b and line 28 through line 31. Enter the amount from Schedule R, line 18b and line 31 in column (a) of this worksheet. To determine the apportionment percentage in column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

**Worksheet I Income or Loss Apportionment-Targeted Tax Area (continued)**

**Section B Income or Loss Apportionment**

**Part I Individual Income and Expense Items.** See instructions.

	(a) Amount	(b) Percentage of time providing services in the former TTA	(c) Apportioned amount (a) x (b)
1 Wages . . . . .			
2 Employee business expenses . . . . .			
3 Total. Combine line 1, column (c) and line 2, column (c) . . . . .			

**Part II Pass-Through Income or Loss.** See instructions.

	(a) Name of entity	(b) Distributive or pro-rata share of business income or loss apportioned to the former TTA from Schedule K-1 (100S, 541, 565, or 568) including capital gains and losses
4		
5 Total. Add line 4, column (b) . . . . .		

**Part III Taxpayer's Trade or Business.** See instructions.

	(a) Business income or loss	(b) Apportionment percentage for the former TTA	(c) Apportioned income or loss (a) x (b)
6 Schedule C . . . . .			
7 Schedule E (Rentals) . . . . .			
8 Schedule F . . . . .			
9 Other business income or loss . . . . .			
10 Total. Add line 6 through line 9, column (c) . . . . .			

	(a) Business gain or loss	(b) Apportionment percentage for the former TTA	(c) Apportioned gain or loss (a) x (b)
11 Schedule D . . . . .			
12 Schedule D-1 . . . . .			
13 Total. Add line 11, column (c) and line 12, column (c) . . . . .			
14 Total. Add line 3, line 10, and line 13, column (c), and line 5, column (b). See instructions . . . . .			

When computing Schedule R, disregard any reference to Forms 100, 100S, 100W, 565, or 568. Also, disregard any reference to Schedules R-3, Net Income (Loss) from the Rental of Nonbusiness Property; R-4, Gain (Loss) from the Sale of Nonbusiness Assets; or R-5, Computation of Interest Offset.

Nonresidents that have an apportioning business that operates within the former TTA should have already computed Schedule R, and can use those amounts when that schedule is referenced. Residents complete a Schedule R in order to determine their California source business income.

#### Line 11 and Line 12

If the gain or loss reported on California Schedule D or Schedule D-1 as adjusted on Schedule CA (540 or 540NR) was attributed to an asset used in an activity conducted within and outside the former TTA and California, get Schedule R and complete Schedule R-1. Multiply the gain or loss reported by the percentage on Schedule R-1, Part A, line 2 or Part B, line 5 and enter the result in column (a). To determine the apportionment percentage in column (b), complete Worksheet I, Section A. Enter the percentage from Worksheet I, Section A, line 4, column (c) on Worksheet I, Section B, column (b).

#### Line 14

If you are computing the TTA business income and the result on Worksheet I, Section B, line 14, column (c) is a **positive** amount and:

- You have TTA NOL carryovers, enter the amount on Worksheet II, line 1 and line 6 (skip line 2 through line 5).
- You have TTA credit carryovers, enter the amount on Schedule Z, Part I, line 1 and line 3 (skip line 2).

If the amount is **negative**, you do not have any business income attributable to the former TTA and you cannot utilize any TTA NOL carryover or credit carryover(s) in the current taxable year.

### Part III – Net Operating Loss (NOL) Carryover and Deduction

The TTA expired as of December 31, 2012. Generally, no further TTA incentives can be generated after the expiration date. For taxable years beginning on or after January 1, 2013, taxpayers can no longer generate any TTA NOL. However, taxpayers can claim an NOL carryover deduction from prior years.

See instructions for Worksheet II, for more information on the suspension of the NOL carryover deduction for taxable years 2020, 2021, and 2022.

For NOLs incurred in taxable years beginning on or after January 1, 2008, California has extended the NOL carryover period to 20 taxable years following the year of the loss.

For taxable years beginning in 2002 and 2003, California suspended the NOL carryover deduction. Taxpayers continued to carryover an NOL during the suspension period. The

carryover period for suspended losses was extended by two years for losses incurred before January 1, 2002, and by one year for losses incurred on or after January 1, 2002, and before January 1, 2003. The deduction for disaster losses was not affected by the NOL suspension rules. See instructions for Worksheet II, on page 8 for more information on the suspension of the NOL carryover deduction for taxable years beginning in 2008 through 2011.

The business cannot generate NOLs from activities within the former TTA before the first taxable year beginning on or after the date the TTA was officially designated.

#### Limitation

A TTA NOL carryover deduction can only offset business income attributable to operations within the former TTA.

#### Election

If you elected and designated the carryover category (general or specific, EZ, LAMBRA, or TTA NOL) on the original tax return for the year of a loss, file form FTB 3809 for each year in which a TTA NOL deduction is being taken. The election is **irrevocable**.

If you elected the TTA NOL deduction, you are prohibited by law from carrying over any other type of NOL (relating to TTA activities) from this year.

#### Alternative Minimum Tax

Taxpayers claiming a TTA NOL carryover deduction determine their NOL for alternative minimum tax purposes. Use Schedule P, Alternative Minimum Tax and Credit Limitations, (100, 100W, 540, 540NR, or 541) to compute the NOL for alternative minimum tax purposes.

#### S Corporations

TTA NOLs incurred prior to becoming an S corporation cannot be used against S corporation income. See IRC Section 1371(b).

However, an S corporation is allowed to deduct a TTA NOL incurred after the “S” election is made. An S corporation may use the NOL carryover as a deduction against income subject to the 1.5% entity-level tax (3.5% for financial S corporations). The expenses (and income) giving rise to the loss are also passed through to the shareholders in the year the loss is incurred.

#### Combined Report

Corporations that are members of a unitary group filing a combined report separately compute loss carryover for each corporation in the group (R&TC Section 25108) using individual apportionment factors.

Unlike the NOL treatment on a federal consolidated tax return, a loss carryover for one member included in a combined report may not be applied to the intrastate apportioned income of another member included in a combined report.

#### Water’s-Edge Taxpayer

For any water’s-edge taxpayer, R&TC Section 24416(c) imposes a limitation on the NOL deduction, if the NOL is generated

during a non-water’s edge tax year. The NOL carryover is limited to the lesser of the NOL or the re-computed NOL. The re-computed NOL carryover is determined by computing the income and factors of the original worldwide combined reporting group, as if the water’s-edge election had been in force for the year of the loss. R&TC Section 24416(c) serves as a limitation. If this section applies, the NOL carryover for each corporation may only be decreased, but not increased.

### Instructions for Worksheet II – Computation of NOL Carryover and Carryover Limitations

Individuals, exempt trusts, and corporations with current year income and a prior year TTA NOL carryover complete Worksheet II.

For taxable years beginning on or after January 1, 2020, and before January 1, 2023, California has suspended the NOL carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. **However**, taxpayers with taxable income (corporations), net business income or modified adjusted gross income (individuals) of less than \$1,000,000, or with disaster loss carryovers are **not** affected by the NOL suspension rules.

**Corporations** For 2020, use Form 100, line 18, Form 100W, line 18, or Form 100S, line 15 (net of any adjustments on line 16 and 13) to determine the taxable income for the 2020 taxable year.

**Individuals** For 2020, use the California Schedules CA (540), Part I, Section B, line 3, line 4, and line 6 or CA (540NR), Part II, Section B, line 3, line 4, and line 6; the federal Schedule E, line 26, line 32, and line 40; and the federal Form 4797, line 9, using California amounts. Adjust the amounts on the California Schedule CA (540) by Column B (subtractions) and C (additions) to get your net business income. On the Schedule CA (540NR), use the amounts from Column E to determine your net business income. Modified adjusted gross income is reflected on the Form 540, line 13 and Form 540NR, line 13 without regard to the federal NOL carryover deduction.

The carryover periods for any NOL or NOL carryover, for which a deduction is disallowed because of the 2020 – 2023 suspensions, are extended by:

- Three years for losses incurred in taxable years beginning before January 1, 2020.
- Two years for losses incurred in taxable years beginning on or after January 1, 2020, and before January 1, 2021.
- One year for losses incurred in taxable years beginning on or after January 1, 2021, and before January 1, 2022.

For taxable years beginning in 2010 and 2011, California suspended the NOL carryover



**Worksheet II** Computation of NOL Carryover and Carryover Limitations – Targeted Tax Area. See instructions.

<b>1</b>	Enter the amount from Form 100 or Form 100W, line 17; Form 100S, combined amounts of line 14 and line 16; or Form 109, line 1 or line 4. Form 540 and Form 540NR filers, enter the total from Worksheet I, Section B, line 14, column (c) on line 1 and line 6 (skip line 2 through line 5). See instructions. Corporations which file a combined report, enter the taxpayer's business income assigned to California (See instructions Part II) . . . . .	<b>1</b>		
<b>2 a</b>	Form 100, Form 100W, Form 100S, and Form 109 filers: Enter any nonbusiness income included in line 1 as a negative number. Form 540 and Form 540NR filers leave blank. . . . .	<b>2a</b>		
<b>b</b>	Form 100, Form 100W, Form 100S, and Form 109 filers: Enter any nonbusiness losses included in line 1 as a positive number. Form 540 and Form 540NR filers leave blank. . . . .	<b>2b</b>		
<b>c</b>	Combine line 2a and line 2b . . . . .	<b>2c</b>		
<b>3</b>	Form 100 or Form 100W filers: Enter the amount from Form 100 or Form 100W, line 21. Form 100S filers: Enter the total of the amounts from Form 100S, line 16 and line 19. Form 540, Form 540NR, and Form 109 filers: Enter -0-. Enter this amount as a negative number. . . . .	<b>3</b>		
<b>4</b>	Combine line 1, line 2c, and line 3. If zero or less, enter -0- on line 6. . . . .	<b>4</b>		
<b>5</b>	Enter the average apportionment percentage from Worksheet I, Section A, line 4 . . . . .	<b>5</b>		
<b>6</b>	Modified taxable income. Multiply line 4 by line 5. See instructions . . . . .	<b>6</b>		

(a) Description	(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) TTA NOL carryover to future years.
<b>7</b> Modified taxable income from line 6. . . . .				
<b>8a</b> TTA NOL carryover beginning in 1998 . . . . .				
<b>8b</b> TTA NOL carryover beginning in 1999 . . . . .				
<b>8c</b> TTA NOL carryover beginning in 2000 . . . . .				
<b>8d</b> TTA NOL carryover beginning in 2001 . . . . .				
<b>8e</b> TTA NOL carryover beginning in 2002 . . . . .				
<b>8f</b> TTA NOL carryover beginning in 2003 . . . . .				
<b>8g</b> TTA NOL carryover beginning in 2004 . . . . .				
<b>8h</b> TTA NOL carryover beginning in 2005 . . . . .				
<b>8i</b> TTA NOL carryover beginning in 2006 . . . . .				
<b>8j</b> TTA NOL carryover beginning in 2007 . . . . .				
<b>8k</b> TTA NOL carryover beginning in 2008 . . . . .				
<b>8l</b> TTA NOL carryover beginning in 2009 . . . . .				
<b>8m</b> TTA NOL carryover beginning in 2010 . . . . .				
<b>8n</b> TTA NOL carryover beginning in 2011 . . . . .				
<b>8o</b> TTA NOL carryover beginning in 2012 . . . . .				
<b>9</b> Total the amounts in columns (b), (c), and (e). See instructions . . . . .				

deduction. Taxpayers continued to compute and carryover NOLs during the suspension period. However, taxpayers with net income after state adjustments (pre-apportioned income) (corporations) or with modified adjusted gross income (individuals) of less than \$300,000, or with disaster loss carryovers are not affected by the NOL suspension rules.

The carryover periods for any NOL or NOL carryover, for which a deduction is disallowed because of the 2008 - 2011 suspension, are extended by:

- One year for losses incurred in taxable years beginning on or after January 1, 2010, and before January 1, 2011.
- Two years for losses incurred in taxable years beginning before January 1, 2010.
- Three years for losses incurred in taxable years beginning before January 1, 2009.
- Four years for losses incurred in taxable years beginning before January 1, 2008.

The TTA NOL carryover deduction is used to reduce current year income from the TTA. Use this worksheet to compute the TTA NOL carryover deduction for corporations, individuals, and exempt trusts.

**Line 1** – See Part II for a discussion of business and nonbusiness income.

**Form 540 and Form 540NR filers:**

Be sure to include casualty losses, disaster losses, and any business deductions reported on federal Form 1040 or Form 1040-SR, Schedule A, as itemized deductions.

**Exception:** If you elected to claim part or all of your current year disaster loss, under IRC Section 165(i)(1) on prior year's return, do not include the amount of the loss that was claimed in your current year business income for the TTA.

**Line 2** – In modifying your income, deduct the capital losses only up to the amount of capital gains. Enter any net capital losses included in line 1 as a positive number.

**Line 3** – Corporations reduce income by the disaster loss deduction and the deduction for excess net passive income.

**Line 6** – This is your modified taxable income (MTI). Reduce this amount by your TTA NOL carryover deduction. The TTA NOL carryover deduction may not be larger than your MTI. If your MTI is a loss in the current year or if it limits the amount of NOL you may use this year, carry over the NOL to future years.

**Line 7** – Enter the amount from line 6 in line 7, column (d). If this amount is zero or negative, transfer the amount(s) from line 8a through line 8c, column (b) to column (e). Go to line 9.

**Note:** Your NOL may be suspended. See the Instructions for Worksheet II, for more information. If your NOL is suspended do not put any amounts in column (c). Carryover the column (b) amount(s) to column (e).

**Line 8a through Line 8c** – Enter the amounts on line 8a through line 8c as positive numbers.

In column (c), enter the smaller of the amount in column (b) or the amount in column (d) from the previous line.

In column (d), enter the result of subtracting column (c) from the balance on the previous line in column (d).

In column (e), enter the result of subtracting the amount in column (c) from the amount in column (b), as applicable.

**Example:**

(b) Carryover from prior year	(c) Amount deducted this year	(d) Balance available to offset losses	(e) TTA NOL carryover
		\$5,000	
\$ 500	\$ 500	4,500	\$ 0

**Line 9** – Total the amounts in columns (b), (c), and (e). Enter the totals from column (b) and column (e) on form FTB 3809, Side 1, line 3a and line 3c, accordingly.

Your TTA NOL carryover deduction for 2020 is the total of column (c). Enter this amount on your California tax return or schedule as follows:

- Form 100, line 20
- Form 100S, line 18
- Form 100W, line 20
- Form 109, line 6
- Schedule CA (540), Part I, Section B, line 8e, column B
- Schedule CA (540NR), Part II, Section B, line 8e, column B

**Schedule Z – Computation of Credit Carryover Limitations**

**Credit Carryover Limitations**

The amount of credit carryover you can claim on your California tax return is limited by the amount of tax attributable to TTA business income. The amount of tax attributable to the TTA business income is computed in this schedule. For corporations and other entities doing business in the former TTA, the TTA business income is computed in this schedule using the TTA apportionment factor formula computed on Worksheet I, Section A. For individuals, the TTA business income is computed on Worksheet I, Section B. Use Schedule Z on form FTB 3809, Side 2 to compute this limitation.

For taxable years beginning on or after January 1, 2020, and before January 1, 2023, there is a \$5,000,000 limitation on the application of business credits for taxpayers. 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 tax filers, or the "tax", for corporate filers, by more than \$5,000,000. For taxpayers included in a combined report, the limitation is applied at the group level. The business credits disallowed due to the limitation may be carried over. The carryover period for disallowed credits is extended by the number of taxable years the credit was not allowed. This limitation does not apply to the Low-Income Housing Credit.

**Assignment of Credit**

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 in taxable years beginning on or after January 1, 2010.

The eligible assignee shall be treated as if it originally generated the assigned credit. Any credit requirements, limitations or restrictions that applied to the assignor will also apply to the eligible assignee. The amount of TTA credit carryovers you may claim on your California tax return is limited to the tax attributable to a specific former TTA. For zone credits assigned, the assignee must have a tax liability as a result of income generated in the same zone that the original credit was generated. For example, if the original credit was generated in the former Tulare TTA of the assignor, the assignee must have a tax liability on the income attributable to the former Tulare TTA in order to use the assigned credit. For more information, get form FTB 3544 or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **credit assignment**.

**Other Limitations**

If a taxpayer owns an interest in a disregarded business entity, the amount of the credit carryover that can be utilized is limited to the difference between the taxpayer's regular tax computed with the income of the disregarded entity, and the taxpayer's regular tax computed without the income of the disregarded entity. Partnerships allocate the credit among the partners according to the partner's distributive share as determined in a written partnership agreement. See R&TC Section 17039(e)(2).

Credit carryovers you are otherwise eligible to claim may be limited. Do not apply credit carryovers against the minimum franchise tax (corporations and S corporations), annual tax (partnerships, LLCs classified as partnerships, and QSub), alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), built-in gains tax (S corporations), or excess net passive income tax (S corporations).

Refer to the credit instructions in your tax booklet for more information.

**S Corporations and the Application of TTA Credits**

An S corporation may use its TTA credit carryovers to reduce TTA tax at both the corporate and shareholder levels.

**Carryover**

If the amount of credit carryover available this year exceeds your TTA tax, you may carry over any excess credit to future years. For taxable years beginning on or after January 1, 2014, the carryover period is 10 years if necessary, or until the credit is exhausted, whichever occurs first. Apply the carryover to the earliest taxable year(s) possible. In no event can the credit be carried back and applied against a prior year's tax.

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.

**Credit Code**

Use credit code **210** to claim the TTA hiring credit and sales or use tax credit carryover on your tax return. Using an incorrect code may cause a delay in allowing the credit.

**Instructions for Schedule Z – Computation of Credit Carryover Limitations**

**Reporting Requirements of S Corporations, Estates, Trusts, and Partnerships**

- Partnerships and LLCs treated as partnerships do not complete Schedule Z. The partners and members of these types of entities should compute their TTA business income from all sources by completing the Schedule Z to determine the amount of TTA credit carryover that they may claim on their California tax returns. For individual partners, report the distributive share of all the business income apportioned to the former TTA. For corporate partners, report the distributive share of the former TTA property and payroll. Report these items as other information on Schedule K-1 (565).
- S corporations and their shareholders complete Schedule Z.
- Report to shareholders, beneficiaries, partners, and members, the distributive or pro-rata share of business income, losses, and deductions apportioned to the former TTA; and
- Separately state the distributive or pro-rata share of any business capital gains and losses apportioned to the former TTA included in the amount above.

**S Corporations**

Complete only Part I and Part III of Schedule Z if your entity-level tax before credits is more than the minimum franchise tax.

**Corporations and S Corporations subject to the minimum franchise tax only**

Complete only Part IV of Schedule Z.

**All others:** Complete Part I and Part II of Schedule Z.

**Part I – Computation of Credit Limitations**

For filers with NOL carryovers:

- Complete Worksheet II first if you have an NOL carryover.
- Then complete Schedule Z if you have any TTA credits.

If you do not have any NOL carryovers:

- Individuals: Go to Worksheet I, Section B. Follow the worksheet instructions. Enter the amount from Worksheet I, Section B, line 14, column (c) on Schedule Z, Part I, line 1 and line 3 (skip line 2).
- Corporations: Follow the instructions for line 1 below.

Only business income is apportioned to the former TTA to determine the incentive limitation. Business income is defined as income arising from transactions and activities in the regular course of the trade or business. Business income includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the regular trade or business operations. Nonbusiness income is all income other than business income. See Cal. Code Regs., tit. 18 section 25120 for further references and examples of nonbusiness income.

For corporations filing a combined report, the business income of each corporation doing business in the former TTA is the business income apportioned to California as determined under combined report mechanics. Get FTB Pub. 1061 for more information on combined reports and entity income apportionment.

**Line 1** – Enter all trade or business income. See form FTB 3809, Part II instructions for the definition of trade or business income.

**Line 2** – If your business is located entirely within the former TTA, enter 1

This percentage is the apportionment percentage computed by the entity using Worksheet I, Section A, and represents the percentage of the entity's business income attributable to the former TTA.

**Line 6a** – Compute the tax as if the former TTA taxable income represented all of your taxable income.

**Individuals**

Use the tax table or tax rate schedule in your tax booklet for your filing status.

**Exempt Organizations**

Use the applicable tax rate in your tax booklet.

**Corporations and S Corporations**

Use the applicable tax rate.

If the amount on line 6a is the minimum franchise tax (\$800), you cannot use your TTA credit carryovers this year. Complete Part IV of Schedule Z to compute the amount of credit carryover.

**Example: Determination of TTA Business Income for Shareholders, Partners, or Members of Pass-Through Entities**

John Anderson is vice president of ABC, Inc., an S corporation that has two locations: one within the former TTA and one outside the former TTA. Eighty percent (80%) of the S corporation's business is attributable to the former TTA.

This percentage was determined by ABC, Inc. using Worksheet I, Section A, when ABC's California S corporation tax return (Form 100S) was prepared.

John divides his time equally (50/50) between the two offices of ABC, Inc. Jackie Anderson (John's spouse/RDP) works for ABC, Inc. at its office located within the former TTA.

John and Jackie Anderson have the following items of California income and expense for the 2020 taxable year:

John's salary from ABC, Inc. . . . .	\$100,000
Jackie's salary from ABC, Inc. . . . .	75,000
Interest on savings account . . . . .	1,000
Dividends . . . . .	3,000
Schedule K-1 (100S) from ABC, Inc.: Ordinary income . . . . .	40,000
John's unreimbursed employee expenses from federal Schedule A . . .	(2,000)

The Anderson's TTA business income (total amount to be reported on line 3) is computed as follows:

John's TTA salary (\$100,000 x 50%) . . . . .	\$50,000
Jackie's TTA salary (\$75,000 x 100%) . . . . .	75,000
Pass-through ordinary income from ABC, Inc. (\$40,000 x 80%) . . . . .	32,000
John's unreimbursed employee business expenses (\$2,000 x 50%) . . . . .	(1,000)
<b>Total TTA business income (Schedule Z, Part I, line 3)</b> . . . . .	<b>\$156,000</b>

The standard deduction and personal or dependency exemptions are not included in the computation of TTA business income since they are not related to trade or business activities.

John and Jackie must compute the tax (to be entered on Schedule Z, Part I, line 6a) on the total TTA business income of \$156,000 (as if it represents all of their income).

**Line 6b – Corporations and S Corporations**

If the amount on line 6b is the minimum franchise tax (\$800), you cannot use your TTA credits this year. Complete Part IV of Schedule Z to compute the amount of credit carryover.

**Part II – Limitation of Credits for Corporations, Individuals, Estates, and Trusts**

Use Part II of Schedule Z if you are a corporation, individual, estate, or trust. Corporations and S corporations that are subject to paying only the minimum franchise tax, go to Part IV of Schedule Z.

Individuals that received a Schedule K-1, complete Schedule Z, Part II, using the information from the Schedule K-1.

**Line 8A, column (e)** – Enter the amount from line 7. This is the amount of limitation based on the tax on TTA business income.

**Line 8A, column (f)** – Enter the amount of credit carryover that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b).

The amount cannot be greater than the amount on line 8A, column (e) or the amount computed on line 8B, column (d). Enter this amount on form FTB 3809, Side 1, line 1a.

**Line 8B, column (b)** – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part II, line 8B, column (g).

**Line 8B, column (c)** – Enter the amount of credit assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, Part A, Election to Assign Credit Within Combined Reporting Group, column (g). Only C corporations who completed the form will enter an amount in this column. Individuals, estates, and trusts, leave blank and go to column (d) instructions.

**Line 8B, column (d)** – Subtract the amount of the total assigned credit on line 8B, column (c), if any, from the amount of the total prior year carryover on line 8B, column (b).

**Line 8B, column (e)** – Compare the amounts on line 8A, column (e) and line 8A, column (f). Enter the smaller amount.

**Line 8B, column (g)** – Subtract the amount on line 8B, column (e) from the amount on line 8B, column (d). Enter the result on line 8B, column (g). This is the amount of credit that can be carried over to future years. This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on TTA business income.

**Line 9A, column (e)** – Subtract the amount on line 8B, column (e) from the amount on line 8A, column (e). If the result is zero, your remaining credits are limited and must be carried over to future years. In this case, enter the amount from line 9B, column (d) on line 9B, column (g).

**Line 9A, column (f)** – Enter the amount of credit that is used on Schedule P (100, 100W, 540, 540NR, or 541), column (b). The amount cannot be greater than the amount on line 9A,

column (e) or the amount computed on line 9B, column (d). Enter this amount on form FTB 3809, Side 1, line 1b.

**Line 9B, column (b)** – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part II, line 9B, column (g).

**Line 9B, column (c)** – Enter the amount of credit assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, Part A, column (g). Only C corporations who completed the form will enter an amount in this column. Individuals, estates, and trusts, leave blank and go to column (d) instructions.

**Line 9B, column (d)** – Subtract the amount of the total credit assigned on line 9B, column (c), if any, from the amount of the total prior year carryover on line 9B, column (b).

**Line 9B, column (e)** – Compare the amounts on line 9A, column (e) and line 9A, column (f). Enter the smaller amount.

**Line 9B, column (g)** – Subtract the amount on line 9B, column (e) from the amount on line 9B, column (d). Enter the result on line 9B, column (g). This is the amount of credit that can be carried over to future years. This carryover includes both the Schedule P (100, 100W, 540, 540NR, or 541) limitation and the limitation based on TTA business income.

### Part III – Limitation of Credits for S Corporations Only

Use Part III of Schedule Z only if you are an S corporation. Adjust Schedule C (100S) to reflect the TTA business tax limitation (Part I, line 7) after completing this worksheet.

**Line 10, column (b)** – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part III, line 10, column (d). Also, include this amount on Form 100S, Schedule C.

**Line 11, column (b)** – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part III, line 11, column (d).

**Line 10 and Line 11, column (c)** – Enter the amount of credit carryover that was used by the S corporation in the current year to offset its 1.5% entity-level tax (3.5% for financial S corporations). Enter the amounts in column (c) for line 10 and line 11 on form FTB 3809, Side 1, line 1a and line 1b, as applicable.

**Line 10 and Line 11, column (d)** – Subtract the amount in column (c) for each line from the amounts in column (b). These are the credit amounts that can be carried over to future years and used by the S corporation.

### Part IV – Limitation of Credits for Corporations and S Corporations Subject to Paying Only the Minimum Franchise Tax

Use Part IV of Schedule Z if the corporation or S corporation is subject to paying only the minimum franchise tax.

**Line 12, column (b)** – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part IV, line 12, column (d).

**Line 13, column (b)** – Enter the amount of the total prior year credit carryover from prior year's Schedule Z, Part IV, line 13, column (d).

**Line 12 and Line 13, column (c)** – Enter the amounts of credits assigned to affiliated corporations that are members of the same combined reporting group from form FTB 3544, Part A, column (g). Only C corporations who completed the form will enter an amount in this column. S corporations, leave blank and go to column (d) instructions.

**Line 12 and Line 13, column (d)** – Subtract the amounts in column (c), if any, from the amounts in column (b) for line 12 and line 13. These are the credit amounts that can be carried over to future years.

### Example: Part II

Assume the ABC Business has \$8,000 of tax. The business computed a credit limitation based on the TTA business income of \$7,000 on Schedule Z, line 7. The business has the following credits:

Hiring credit carryover	—	\$300
Sales or use tax credit carryover	—	\$9,000

Schedule Z, Part II would be computed as follows:

### Part II Limitation of Credits for Corporations, Individuals, Estates, and Trusts. See instructions.

	(a) Credit name	(b) Total prior year carryover	(c) Total credit assigned from form FTB 3544, Part A, col. (g)	(d) Total credit col. (b) minus col. (c)	(e) Limitation based on TTA business income	(f) Credit carryover used on Sch. P can never be greater than col. (d) or col. (e)	(g) Total credit carryover col. (d) minus col. (e)
8	Hiring credit carryover	A			7,000	300	
		B	300	—0—	300		—0—
9	Sales or use tax credit carryover	A			6,700	6,700	
		B	9,000	—0—	9,000	6,700	2,300

# Standard Industrial Classification Manual, 1987 Edition (Partial Listing)

The Standard Industrial Classification (SIC) Manual classifies business activities based upon establishments, which are defined in the SIC Manual as an economic unit, generally at a single physical location, where business is conducted, or where services or industrial operations are performed. A taxpayer's enterprise may consist of more than one establishment. The SIC Manual provides the following examples of establishments: A factory, mill, store, hotel, movie theater, mine, farm, ranch, bank, railroad depot, airline terminal, sales office, warehouse, or central administrative office. Where distinct and separate economic activities are performed at a single physical location (such as construction activities operated out of the same physical location as a lumber yard), each activity should be treated as a separate establishment where: (1) No one industry description in the SIC Manual includes such combined activities; (2) The employment in each economic activity is significant; and (3) Separate reports are prepared on the number of employees, their wages and salaries, sales or receipts, property and equipment, and other types of financial data, such as financial statements, job costing, and profit center accounting.

The Standard Industrial Classification Manual is organized using a hierarchical structure, first by division, next by two-digit major

groups within each division, then by three-digit industry groups within each major group, and finally by four-digit industry codes within each industry group.

For purposes of this publication, the following SIC codes are listed since only taxpayers with establishments in these industry codes qualify for the TTA tax incentives:

- SIC Codes 2000 through 2099;
- SIC Codes 2200 through 3999;
- SIC Codes 4200 through 4299;
- SIC Codes 4500 through 4599; and
- SIC Codes 4700 through 5199.

To view the manual, go to [osha.gov](http://osha.gov) and search for **SIC code**.

## The four-digit industry codes within Division D of the SIC Manual are: (*nec* means "not elsewhere classified")

3291 Abrasive products	2231 Broadwoven fabric mills, wool	2653 Corrugated & solid fiber boxes	3441 Fabricated structural metal
2891 Adhesives & sealants	3991 Brooms & brushes	3961 Costume jewelry	2399 Fabricated textile products, nec
2879 Agricultural chemicals, nec	3995 Burial caskets	2074 Cottonseed oil	3523 Farm machinery & equipment
3563 Air & gas compressors	3578 Calculating & accounting equipment	2021 Creamery butter	3965 Fasteners, buttons, needles, & pins
3728 Aircraft parts & equipment, nec	2064 Candy & other confectionery products	3466 Crowns & closures	2875 Fertilizers, mixing only
3724 Aircraft engines & engine parts	2062 Cane sugar refining	3643 Current-carrying wiring devices	2655 Fiber cans, drums, & similar products
3721 Aircraft	2033 Canned fruits & vegetables	2391 Curtains & draperies	2262 Finishing plants, manmade
2812 Alkalies & chlorine	2091 Canned & cured fish & seafood	3087 Custom compound purchased resins	2261 Finishing plants, cotton
3354 Aluminum extruded products	2032 Canned specialties	3281 Cut stone & stone products	2269 Finishing plants, nec
3355 Aluminum rolling & drawing, nec	2394 Canvas & related products	3421 Cutlery	3211 Flat glass
3365 Aluminum foundries	2394 Canvas & related products	2865 Cyclic crudes & intermediates	2087 Flavoring extracts & syrups, nec
3353 Aluminum sheet, plate, & foil	3955 Carbon paper & inked ribbons	2034 Dehydrated fruits, vegetables, & soups	2041 Flour & other grain mill products
3363 Aluminum die-casting	2895 Carbon black	3843 Dental equipment & supplies	3824 Fluid meters & counting devices
3483 Ammunition, except for small arms, nec	3624 Carbon & graphite products	2675 Die-cut paper products	3492 Fluid power valves & hose fittings
3826 Analytical instruments	3592 Carburetors, pistons, rings, & valves	2085 Distilled & blended liquors	2026 Fluid milk
2077 Animal & marine fats & oils	2273 Carpets & rugs	2047 Dog & cat food	3594 Fluid power pumps & motors
2387 Apparel belts	2823 Cellulosic manmade fiber	3942 Dolls & stuffed toys	3593 Fluid power cylinders & actuators
2389 Apparel & accessories, nec	3241 Cement, hydraulic	2591 Drapery hardware, blinds, & shades	2657 Folding paperboard boxes
3446 Architectural metal work	3253 Ceramic wall & floor tile	2023 Dry, condensed, & evaporated dairy products	2099 Food preparations, nec
3292 Asbestos products	2043 Cereal breakfast foods	2079 Edible fats & oils, nec	3556 Food products machinery
2952 Asphalt felts & coatings	2022 Cheese, natural & processed	3641 Electric lamps	3131 Footwear cut stock
2951 Asphalt paving mixtures & blocks	2899 Chemical preparations, nec	3634 Electric housewares & fans	3149 Footwear, except rubber, nec
3581 Automatic vending machines	2067 Chewing gum	3699 Electrical equipment & supplies, nec	2092 Fresh/frozen prepared fish/seafood
2396 Automotive & apparel trimmings	2066 Chocolate & cocoa products	3629 Electrical industrial apparatus, nec	2038 Frozen bakery products, except bread
3465 Automotive stampings	3255 Clay refractories	3845 Electromedical equipment	2037 Frozen fruits & vegetables
2673 Bags: plastic, laminated, & coated	2295 Coated fabrics, not rubberized	3313 Electrometallurgical products	2371 Fur goods
2674 Bags: uncoated paper & multiwall	3316 Cold finishing of steel shapes	3679 Electronic components, nec	2599 Furniture & fixtures, nec
3562 Ball & roller bearings	2754 Commercial printing, gravure	3678 Electronic connectors	3944 Games, toys, & children's vehicles
2063 Beet sugar	2752 Commercial printing, lithographic	3671 Electron tubes	3053 Gaskets, packing, & sealing devices
2836 Biological products, except diagnostic substances	2759 Commercial printing, nec	3675 Electronic capacitors	3569 General industrial machinery, nec
2782 Blankbooks & looseleaf binders	3582 Commercial laundry equipment	3676 Electronic resistors	2369 Girls' & children's outerwear, nec
3312 Blast furnace & steel mills	3646 Commercial lighting fixtures	3677 Electronic coils & transformers	2361 Girls' & children's dresses, blouses
3564 Blowers & fans	3669 Communication equipment	3571 Electronic computers	3221 Glass containers
3732 Boat building & repairing	3577 Computer peripheral equipment, nec	3534 Elevators & moving stairways	3321 Gray & ductile iron foundries
3452 Bolts, nuts, rivets, & washers	3575 Computer terminals	3694 Engine electrical equipment	2771 Greeting cards
2731 Book publishing	3572 Computer storage devices	2677 Envelopes	3764 Guided missile & space vehicle parts
2732 Book printing	3271 Concrete block & brick	3822 Environmental controls	3769 Guided missile & space vehicle parts, nec
2789 Bookbinding & related work	3272 Concrete products, nec	2892 Explosives	
2086 Bottled & canned soft drinks	3531 Construction machinery	2381 Fabric dress & work gloves	
2342 Bras, girdles, & allied garments	2679 Converted paper products, nec	3499 Fabricated metal products, nec	
2051 Bread, cake, & related products	3535 Conveyors & conveying equipment	3443 Fabricated plate work (boiler shops)	
3251 Brick & structural clay tile	2052 Cookies & crackers	3498 Fabricated pipe & fittings	
2211 Broadwoven fabric mills, cotton	3351 Copper rolling & drawing	3069 Fabricated rubber products, nec	
2221 Broadwoven fabric mills, manmade	3366 Copper foundries		
	2298 Cordage & twine		

(continued on next page)

3761	Guided missiles & space vehicles	3061	Mechanical rubber goods	2035	Pickles, sauces, & salad dressing	3769	Space vehicle equipment & parts
2861	Gum & wood chemicals	2833	Medicinal & botanicals	3085	Plastic bottles	3764	Space propulsion units & parts
3275	Gypsum products	2325	Men's & boys' trousers & slacks	3086	Plastic foam products	2429	Special product sawmills, nec
3423	Hand & edge tools, nec	3143	Men's footwear, except athletic	2821	Plastic materials & resins	3544	Special dies, tools, jigs, & fixtures
3996	Hardsurface floor coverings, nec	2323	Men's & boys' neckwear	3084	Plastic pipe	3559	Special industry machinery, nec
2429	Hardware, nec	2329	Men's & boys' clothing, nec	3088	Plastic plumbing fixtures	3566	Speed changers, drives, & gears
2426	Hardwood dimensions & flooring mills	2321	Men's & boys' shirts	3089	Plastic products, nec	3949	Sporting & athletic goods, nec
		2322	Men's & boys' underwear & nightwear	2796	Platemaking service	2678	Stationery products
2435	Hardwood veneer & plywood			3471	Plating & polishing	3493	Steel springs, except wire
2353	Hats, caps, & millinery	2326	Men's & boys' work clothing	2395	Pleating & stitching	3315	Steel wire & related products
3433	Heating equip, except electric	2311	Men's & boys' suits & coats	3432	Plumbing fixture fittings & trim	3317	Steel pipe & tubes
3536	Hoists, cranes, & monorails	2514	Metal household furniture	2842	Polishes & sanitation goods	3325	Steel foundries, nec
2252	Hosiery, nec	3549	Metalworking machinery, nec	3264	Porcelain electrical supplies	3324	Steel investment foundries
2392	House furnishings, nec	3398	Metal heat treating	2096	Potato chips & similar snacks	3691	Storage batteries
3142	House slippers	3411	Metal cans	3269	Pottery products, nec	3259	Structural clay products, nec
3651	Household audio & video equipment	3412	Metal barrels, drums, & pails	2015	Poultry slaughtering & processing	2439	Structural wood members, nec
		3431	Metal sanitary ware	3568	Power transmission equipment, nec	2843	Surface active agents
3635	Household vacuum cleaners	3497	Metal foil & leaf			3841	Surgical & medical instruments
3631	Household cooking appliances	3479	Metal coating & allied services	3546	Power-driven handtools	3842	Surgical appliances & supplies
3633	Household laundry equipment	3469	Metal stampings, nec	3448	Prefabricated metal buildings	3613	Switchgear & switchboard apparatus
3639	Household appliances, nec	3442	Metal door, sash, & trim	2452	Prefabricated wood buildings		
2519	Household furniture, nec	2431	Millwork	2045	Prepared flour mixes & doughs	2822	Synthetic rubber
3632	Household refrigerators & freezers	3296	Mineral wool	2048	Prepared feeds, nec	3795	Tanks & tank components
2024	Ice cream & frozen desserts	3295	Minerals, ground or treated	3652	Prerecorded records & tapes	3661	Telephone & telegraph apparatus
3491	Industrial valves	3532	Mining machinery	3229	Pressed & blown glass, nec	3552	Textile machinery
2819	Industrial inorganic chem, nec	2741	Misc publishing	3399	Primary metal products, nec	2393	Textile bags
3599	Industrial machinery, nec	3449	Misc metal work	3339	Primary nonferrous metals, nec	2299	Textile goods, nec
2869	Industrial organic chem, nec	3496	Misc fabricated wire products	3334	Primary aluminum	2284	Thread mills
3537	Industrial trucks & tractors	2451	Mobile homes	3331	Primary copper	2282	Throwing & winding mills
2813	Industrial gases	3716	Motor homes	3692	Primary batteries, dry & wet	2296	Tire cord & fabrics
3543	Industrial patterns	3711	Motor vehicles & car bodies	3672	Printed circuit boards	3011	Tires & inner tubes
3567	Industrial furnaces & ovens	3621	Motor & generators	2893	Printing ink	2844	Toilet preparations
2816	Inorganic pigments	3714	Motor vehicle parts & accessories	3555	Printing trades machinery	3612	Transformers, except electronic
3825	Instruments to measure electricity	3751	Motorcycles, bicycles, & parts	3823	Process control instruments	3799	Transportation equipment, nec
3519	Internal combustion engines, nec	3931	Musical instruments	3231	Products of purchased glass	3792	Travel trailers & campers
2835	In vitro & in vivo diagnostic substances	2441	Nailed wood boxes & shook	2531	Public building & related furniture	3713	Truck & bus bodies
		2241	Narrow fabric mills	2611	Pulp mills	3715	Truck trailers
3462	Iron & steel forging	2711	Newspapers	3561	Pumps & pumping equipment	3511	Turbines & turbines generator sets
3915	Jewelers' materials & lapidary work	2873	Nitrogenous fertilizers	3663	Radio & TV broadcasting & communications equipment	2791	Typesetting
		3297	Nonclay refractories	3743	Railroad equipment	3082	Unsupported plastic profile shapes
3911	Jewelry, precious metal	3644	Noncurrent-carrying wiring devices	2061	Raw sugar cane	3081	Unsupported plastic film & sheet
2253	Knit outerwear mills			3273	Ready-mixed concrete	2512	Upholstered household furniture
2254	Knit underwear mills	3369	Nonferrous foundries, nec	2493	Reconstituted wood products	3494	Valves & pipe fittings, nec
2259	Knitting mills, nec	3364	Nonferrous die-casting, except aluminum	3585	Refrigeration & heating equipment	2076	Vegetable oil mills, nec
3821	Laboratory apparatus & furniture	3357	Nonferrous wiredrawing & insulating	3625	Relays & industrial controls	3647	Vehicular lighting equipment
2258	Lace & warp knit fabric mills			3645	Residential lighting fixtures	3261	Vitreous plumbing fixtures
3083	Laminated plastic plate & sheet	3356	Nonferrous rolling & drawing, nec	2044	Rice milling	3262	Vitreous china table & kitchenware
3524	Lawn & garden equipment	3341	Nonferrous metals	2095	Roasted coffee	3873	Watches, clocks, & parts
3952	Lead pencils & art goods	3463	Nonferrous forging	2384	Robes & dressing gowns	2385	Waterproof outerwear
3199	Leather goods, nec	3299	Nonmetallic mineral products, nec	3547	Rolling mill machinery	2257	Weft knit fabric mills
2386	Leather & sheep-lined clothing	2297	Nonwoven fabrics	3052	Rubber & plastic hose & belting	3548	Welding apparatus
3111	Leather tanning & finishing	3579	Office machines, nec	3021	Rubber & plastic footwear	2046	Wet corn milling
3151	Leather gloves & mittens	2522	Office furniture, except wood	2068	Salted & roasted nuts & seeds	2084	Wines, brandy, & brandy spirits
3648	Lighting equipment	3533	Oil & gas field machinery	2656	Sanitary food containers	3495	Wire springs
3274	Lime	3851	Ophthalmic goods	2676	Sanitary paper products	2337	Women's & misses' suits & coats
2411	Logging	3827	Optical instruments & lenses	2013	Sausages & other prepared meats	2335	Women's, juniors', & misses' dresses
2992	Lubricating oils & greases	3489	Ordnance & accessories, nec	3425	Saw blades & handsaws	2341	Women's & children's underwear
3161	Luggage	2824	Organic fibers, noncellulosic	2421	Sawmills & planing mills, general	2251	Women's hosiery, except socks
2098	Macaroni, spaghetti, & noodles	3565	Packaging machinery	3596	Scales & balances, except laboratory	2339	Women's & misses' outerwear, nec
3541	Machine tools, metal cutting types	2851	Paints & allied products			2331	Women's & misses' blouses & shirts
		3554	Paper industries machinery	2397	Schiffli machine embroideries	3171	Women's handbags and purses
3545	Machine tool accessories	2621	Paper mills	3451	Screw machine products	3144	Women's footwear, except athletic
3542	Machine tools, metal forming type	2671	Paper coated & laminated, packaging	3812	Search & navigation equipment	2491	Wood preserving
3695	Magnetic & optical recording media			3674	Semiconductors & related devices	2499	Wood products, nec
		2672	Paper coated & laminated, nec	3263	Semivitreous table & kitchenware	2434	Wood kitchen cabinets
3322	Malleable iron foundries	2631	Paperboard mills	3589	Service industry machinery, nec	2541	Wood partitions & fixtures
2083	Malt	2542	Partitions & fixtures, except wood	2652	Setup paperboard boxes	2521	Wood office furniture
2082	Malt beverages	3951	Pens & mechanical pencils	3444	Sheet metal work	2517	Wood TV & radio cabinets
2761	Manifold business forms	2721	Periodicals	3731	Ship building & repairing	2449	Wood containers, nec
2097	Manufactured ice	3172	Personal leather goods, nec	3993	Signs & advertising specialties	2511	Wood household furniture
3999	Manufacturing industries, nec	2911	Petroleum refining	3914	Silverware and plate ware	2448	Wood pallets & skids
3953	Marking devices	2999	Petroleum & coal products, nec	3484	Small arms	3553	Woodworking machinery
2515	Mattresses & bedsprings	2834	Pharmaceutical preparations	3482	Small arms ammunition	3844	X-ray apparatus & tubes
3586	Measuring & dispensing pumps	2874	Phosphatic fertilizers	2841	Soap & other detergents	2281	Yarn spinning mills
3829	Measuring & controlling devices, nec	3861	Photographic equipment & supplies	2436	Softwood veneer & plywood		
2011	Meat packing plants			2075	Soybean oil mills		

(continued on next page)

**The four-digit industry codes within Division E of the SIC Manual are: (*nec* means “not elsewhere classified”)**

4513 Air courier services	4932 Gas & other services combined	4960 Steam & air-conditioning supply
4522 Air transportation, nonscheduled	4971 Irrigation systems	4822 Telegraph & other message communications
4512 Air transportation, scheduled	4214 Local trucking with storage	4813 Telephone communications, except radiotelephone
4581 Airports, flying fields, & airport terminal services	4212 Local trucking without storage	4833 Television broadcasting stations
4729 Arrangement of passenger transportation, <i>nec</i>	4925 Mixed, manufactured, or liquefied petroleum gas production	4231 Terminal & joint terminal maintenance facilities for motor freight
4730 Arrangement of transportation of freight & cargo	4924 Natural gas distribution	4725 Tour operators
4841 Cable & other pay television services	4922 Natural gas transmission	4789 Transportation services, <i>nec</i>
4939 Combination utilities, <i>nec</i>	4923 Natural gas transmission & distribution	4724 Travel agencies
4899 Communications services, <i>nec</i>	4783 Packing & crating	4213 Trucking, except local
4215 Courier services, except by air	4832 Radio broadcasting stations	4940 Water supply
4931 Electric & other services combined	4812 Radiotelephone communications	
4911 Electric services	4222 Refrigerated warehousing & storage	
4221 Farm product warehousing & storage	4953 Refuse systems	
4785 Fixed facilities & inspection weighing services for motor vehicle transportation	4741 Rental of railroad cars	
	4959 Sanitary services, <i>nec</i>	
	4952 Sewerage systems	
	4225 Special warehousing & storage	
	4226 Special warehousing & storage, <i>nec</i>	

**The four-digit industry codes within Division F of the SIC Manual are: (*nec* means “not elsewhere classified”)**

5012 Automobiles & other motor vehicles	5021 Furniture	5162 Plastics materials & basic forms & shapes
5181 Beer & ale	5153 Grain & field beans	5074 Plumbing & heating equipment & supplies (hydronics)
5192 Books, periodicals, & newspapers	5149 Groceries & related products, <i>nec</i>	5144 Poultry & poultry products
5032 Brick, stone, and related construction materials	5141 Groceries, general line	5111 Printing & writing paper
5169 Chemicals & allied products, <i>nec</i>	5072 Hardware	5049 Professional equipment & supplies, <i>nec</i>
5052 Coal & other minerals & ores	5022 Home furnishings	5078 Refrigeration equipment & supplies
5046 Commercial equipment, <i>nec</i>	5113 Industrial & personal service paper	5033 Roofing, siding, and insulation materials
5045 Computers & computer peripheral equipment & software	5084 Industrial machinery & equipment	5093 Scrap & waste materials
5145 Confectionery	5085 Industrial supplies	5087 Service establishment equipment & supplies
5082 Construction & mining (except petroleum) machinery & equipment	5094 Jewelry, watches, precious stones, & precious metals	5091 Sporting & recreational goods & supplies
5039 Construction materials, <i>nec</i>	5154 Livestock	5112 Stationery & office supplies
5143 Dairy products, except dried or canned	5031 Lumber, plywood, millwork, and wood panels	5014 Tires & tubes
5122 Drugs, drug proprietaries, & druggist' sundries	5147 Meat & meat products	5194 Tobacco & tobacco products
5099 Durable goods, <i>nec</i>	5047 Medical, dental, & hospital equipment & supplies	5092 Toys, hobby goods, & supplies
5063 Electrical apparatus & equipment, wiring supplies, & construction materials	5136 Men's & boy's clothing & furnishings	5088 Transportation equipment & supplies, except motor vehicles
5064 Electrical appliances, television, & radio sets	5051 Metals service centers & offices	5075 Warm air heating, air-conditioning equipment, & supplies
5065 Electronic parts & equipment, <i>nec</i>	5015 Motor vehicle parts, used	5182 Wine & distilled alcoholic beverages
5083 Farm & garden machinery & equipment	5013 Motor vehicle supplies & new parts	5137 Women's, children's, & infants' clothing & accessories
5191 Farm supplies	5199 Nondurable goods, <i>nec</i>	
5159 Farm-product raw materials, <i>nec</i>	5044 Office equipment	
5146 Fish & seafoods	5048 Ophthalmic goods	
5193 Flowers, nursery stock, & florists' supplies	5142 Packaged frozen foods	
5138 Footwear	5198 Paints, varnishes, & supplies	
5148 Fresh fruits & vegetables	5172 Petroleum & petroleum products wholesalers, except bulk stations	
	5171 Petroleum bulk stations & terminals	
	5043 Photographic equipment & sales	
	5131 Piece goods, notions, & other dry goods	

# How to Get California Tax Information

(Keep This Page For Future Use)

## Your Rights as a Taxpayer

Our goal at the FTB is to make certain that your rights are protected so that you will have the highest confidence in the integrity, efficiency, and fairness of our state tax system. FTB 4058, California Taxpayers' Bill of Rights, includes information on your rights as a California taxpayer, the Taxpayers' Rights Advocate Program, and how you can request written advice from the FTB on whether a particular transaction is taxable. See "Where to Get Tax Forms and Publications" below.

## Where to Get Tax Forms and Publications

**By Internet** – You can download, view, and print California tax forms and publications at [ftb.ca.gov/forms](http://ftb.ca.gov/forms).

Access other state agencies' websites at [ca.gov](http://ca.gov).

**By phone** – To order current year California tax forms and publications, call our automated phone service. Refer to the list in your tax booklet and find the code for the form you want to order. Call 800.338.0505 and follow the recorded instructions.

Allow two weeks to receive your order. If you live outside California, allow three weeks to receive your order.

**In person** – Many post offices and libraries provide free California personal income tax booklets during the filing season.

Employees at libraries, post offices, and quick print businesses cannot provide tax information or assistance.

**By mail** – Write to:

TAX FORMS REQUEST UNIT MS D120  
FRANCHISE TAX BOARD  
PO BOX 307  
RANCHO CORDOVA CA 95741-0307

## Letters

If you write to us, be sure your letter includes your federal employer identification number (FEIN), California Secretary of State (SOS) file number, California corporation number, social security number (SSN) or individual taxpayer identification number (ITIN), your daytime and evening telephone numbers, and a copy of the notice (if applicable). Send your letter to:

CORRESPONDENCE, ANALYSIS, SUPPORT  
AND EDUCATION SECTION MS F-283  
FRANCHISE TAX BOARD  
PO BOX 1468  
SACRAMENTO CA 95812-1468

We will respond to your letter within ten weeks. In some cases, we may need to call you for additional information.

Do not attach correspondence to your tax return unless the correspondence relates to an item on your tax return.

## Internet and Telephone Assistance

Telephone assistance is available year-round from 7 a.m. until 5 p.m. Monday through Friday, except holidays. Hours subject to change.

Website: [ftb.ca.gov](http://ftb.ca.gov)  
Telephone: 800.852.5711  
from within the United States  
916.845.6500  
from outside the United States  
TTY/TDD: 800.822.6268  
for persons with hearing or  
speech disability  
711 or 800.735.2929 California  
relay service

### Asistencia Por Internet y Teléfono

Asistencia telefónica está disponible durante todo el año desde las 7 a.m. hasta las 5 p.m. de lunes a viernes, excepto días feriados. Las horas están sujetas a cambios.

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)  
Teléfono: 800.852.5711  
dentro de los Estados Unidos  
916.845.6500  
fuera de los Estados Unidos  
TTY/TDD: 800.822.6268  
para personas con discapacidades  
auditivas o del habla  
711 ó 800.735.2929 servicio de  
relevo de California

## TTA Contact Information

For business eligibility or zone related information, including questions regarding TTA geographic boundaries and vouchering, contact the HCD or the local zone program manager where the business is located. Go to [hcd.ca.gov](http://hcd.ca.gov) and search for **directory of economic development areas**.

For information that is zone-specific but not tax-specific, contact the HCD at:

DEPARTMENT OF HOUSING &  
COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE  
ENTERPRISE ZONE PROGRAMS  
2020 WEST EL CAMINO AVENUE SUITE 650  
SACRAMENTO, CA 95833

### Mailing address

PO BOX 952054  
SACRAMENTO CA 94252-2054

Website: [hcd.ca.gov](http://hcd.ca.gov)  
Telephone: 916.263.2771

or for tax-specific information contact:

FRANCHISE TAX BOARD  
Website: [ftb.ca.gov](http://ftb.ca.gov)  
Telephone: 916.845.3464