

2021 Instructions for Form FTB 3893

Pass-Through Entity Elective Tax Payment Voucher

What's New

Elective Tax for Pass-through Entities (PTE) and Credit for Owners –

For taxable years beginning on or after January 1, 2021, and before January 1, 2026, California law allows entities taxed as a partnership or an "S" corporation to annually elect to pay an elective tax at a rate of 9.3 percent based on its qualified net income. The election shall be made on an original, timely filed return and is irrevocable for the taxable year.

The law allows a credit against the personal income tax to a taxpayer, other than a partnership, that is a partner, shareholder, or member of a qualified entity that elects to pay the elective tax, in an amount equal to 9.3 percent of the partner's, shareholder's, or member's pro rata share or distributive share and guaranteed payments of qualified net income subject to the election made by the qualified entity. A disregarded business entity and its partners or members cannot claim the credit, except for a disregarded single member limited liability company (SMLLC) that is owned by an individual, fiduciary, estate, or trust subject to personal income tax. For more information, get the following new PTE elective tax forms and instructions:

- Form FTB 3893, Pass-Through Entity Elective Tax Payment Voucher
- Form FTB 3804, Pass-Through Entity Elective Tax Calculation
- Form FTB 3804-CR, Pass-Through Entity Elective Tax Credit

General Information

Use form FTB 3893 to pay an elective tax for taxable years beginning on or after January 1, 2021, and before January 1, 2022. The qualified PTE shall make an elective tax payment on or before the due date of the original return that the qualified PTE is required to file without regard to any extension of time for filing the return, for the taxable year in which the election is made. A qualified PTE means an entity that is taxed as a partnership or S corporation and the entity's owners are exclusively corporations as defined in California Revenue and Taxation Code (R&TC) Section 23038, or taxpayers as defined in R&TC Section 17004. It does not include entities that are publicly traded partnerships or an entity that is permitted or required to be in a combined reporting group.

Do not use this form to pay the PTE estimated tax or for automatic extension.

Electronic Payment

If the S corporation is required to make payments electronically, the S corporation must also remit the elective tax payment electronically. S corporations required to remit payments electronically may use EFW or Web Pay and be considered in compliance with that requirement.

Electronic Funds Withdrawal (EFW) – PTEs can make a payment using tax preparation software. Check with your software provider to determine if they support EFW for elective tax payments. If paying by EFW, **do not** file form FTB 3893.

Web Pay – PTEs can make payments electronically at the FTB's website using Web Pay for Businesses. PTEs can make an immediate payment or

schedule payments up to a year in advance. Go to ftb.ca.gov/pay for more information. If paying electronically, **do not** file form FTB 3893.

Instructions

Enter all the information requested on the tax payment voucher using black or blue ink and complete the first line as applicable.

Check only one box to indicate if the PTE elective tax payment is for Form 100S, California S Corporation Franchise or Income Tax Return, Form 565, Partnership Return of Income, or Form 568, Limited Liability Company Return of Income.

To ensure timely and proper application of the payment to the PTE account, enter the California corporation number, the federal employer identification number (FEIN), the California Secretary of State (SOS) file number, and the amount of the payment in the spaces provided.

Private Mail Box (PMB)

Include the PMB in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

Amount of Payment

The 2021 elective tax payment is computed at a rate of 9.3% of the entity's qualified net income, which is the sum of the pro rata or distributive share and guaranteed payments of each consenting qualified taxpayers' income subject to California personal income tax. A partner, shareholder, or member that does not consent does not prevent the qualified entity from making an election to pay the elective tax.

Check or Money Order

Using black or blue ink, make the check or money order payable to the "Franchise Tax Board." On the check or money order, write the California corporation number, California SOS file number, or FEIN, the taxable year the voucher is being submitted for, and "FTB 3893." A penalty may be imposed if the payment is returned by the bank for insufficient funds. Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

When and Where to File

Pay on or before the due date of the original return that the qualified PTE is required to file without regard to any extension of time for filing the return, for the taxable year in which the election is made. Payments must be made by March 15, 2022 (calendar year) or the 15th day of the 3rd month (fiscal year) following the close of the taxable year.

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

Enclose, but **do not** staple, the check or money order with the voucher and mail to the address below:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0531