

Instructions for Form 540X

Amended Individual Income Tax Return

General Information

Protective Claim.

If you are filing a claim for refund on Form 540X for a tax year where litigation is pending or where a final determination by the Internal Revenue Service (IRS) is pending, you must write "PROTECTIVE CLAIM" in red ink at the top of your completed Form 540X. Also, specify the pending litigation or reference the federal determination on Side 2, Part II. This will assist in the proper processing of your claim.

Installment Payments.

If you cannot pay the full amount that you owe with your amended return, you may request approval to make monthly installment payments. You will be charged interest and may be charged a late payment penalty even if your request to pay in installments is granted. To limit interest and penalty charges, pay as much of the tax as possible with your amended return. To ask for an installment agreement, use form FTB 3567, Installment Agreement Request. To order the form by phone, call (800) 338-0505, select personal income tax, then select forms and publications, and enter code 949 when instructed.

Educational Assistance Exclusion.

If you are filing Form 540X only to claim a refund related to the exclusion for employer-provided educational assistance, please attach the state copy of Form W-2c issued by your employer and write "IRC 127" in red ink at the top of your completed Form 540X.

Military Pay Exclusion.

If you were a member of the military and served in Bosnia, Herzegovina, Croatia, or Macedonia after November 20, 1995, and are filing Form 540X to claim the military pay exclusion, please attach the state copy of Form W-2c.

A Purpose

Use Form 540X to correct your 1990 through 2000 California personal income tax return (Form 540, 540A, 540EZ, 540 2EZ, 540TEL, 540-ADS, or 540NR), whether originally filed via paper, TeleFile, or e-file.

B When to File

Generally, if you filed federal Form 1040X, Amended U.S. Individual Income Tax Return, you must file Form 540X within six months unless the changes do not affect your California tax liability. File Form 540X only after you have filed your original return. If your original return was for a refund, do not file Form 540X until you receive that refund or notice of the action taken on the return.

California Statute of Limitation

Original return was filed on or before April 15th:

If you are making a claim for refund, file an amended return within four years from the original due date of the return, or within one year from the date of overpayment, whichever period expires later.

Original return was filed within the extension period (April 16th - October 15th):

If you are making a claim for refund, file an amended return within four years from the date the original return was filed, or within one year from the date of overpayment, whichever period expires later.

Original return was filed after October 15th:

If you are making a claim for refund, file an amended return within four years from the original due date of the return (April 15th), or within one year from the date of overpayment, whichever period expires later.

If you are filing your amended return after the normal statute of limitation period (four years after the due date of the original return), attach a statement explaining why the normal statute of limitations does not apply.

If you are filing your amended return in response to a billing notice you received, you will continue to receive billing notices until your amended return is accepted. In addition, you must pay the assessed tax before you can claim a refund for any part of the assessed tax.

C Information on Income, Deductions, etc.

If you have questions, such as what income is taxable or what expenses are deductible, refer to the income tax booklet for the year you are amending. Be sure to use the proper tax table or tax rate schedule to figure your corrected tax. The related schedules and forms may also help you. If you amended your federal income tax return and made changes to your medical expense deduction, charitable contributions, or miscellaneous itemized deductions, you must also make adjustments on Form 540X if you itemized your deductions for California. You must use your revised federal adjusted gross income (AGI) to compute the percentage limitations.

D Part-Year Residents and Nonresidents

If you were a part-year resident or a nonresident of California, you must complete a corrected Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, and a corrected Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents (tax years 1993 and later), showing any changes to your income. (For tax years 1990, 1991, and 1992, complete a corrected Schedule SI, Nonresident or Part-Year Resident California Adjusted Gross Income.) You must write "AMENDED" at the top of Form 540NR. Then, skip line 1 through line 14 of Form 540X and start with line 15, Total Tax. See the instructions for line 15. Attach the corrected Form 540NR and Schedule CA (540NR) to your Form 540X. Also complete and attach any other schedules that may be affected by this change, such as Schedule P (540NR), Alternative Minimum Tax and Credit Limitations — Nonresidents or Part-Year Residents.

E Federal Notices

If you were notified of an error on your federal income tax return that changed your AGI, you may need to amend your California income tax return for that year.

If the IRS examines and changes your federal income tax return, and you owe additional tax, report these changes to the FTB within six months. You do not need to inform the FTB if the changes do not increase your California tax liability. If the changes made by the IRS result in a refund due, you must file a claim within two years. Use Form 540X to make any changes to your California income tax returns already filed, or send copies of the changes together with your recomputation of California tax to:

ATTN: RAR/VOL AUDIT SECTION
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

You must include a copy of the final federal determination, along with all underlying data and schedules that explain or support the federal adjustment. Please note that most penalties assessed by the IRS also apply under California law. If you are including penalties in a payment with your amended return, see the instructions for line 30a.

F Children Under Age 14

If your child was required to file form FTB 3800, Tax Computation for Children Under Age 14 with Investment Income, and your taxable income has changed, review your child's return to see if you need to file an amended return. Get form FTB 3800 for more information.

G Contacting the Franchise Tax Board

If you have not received a refund within six months of filing Form 540X, do not file a duplicate amended return for the same year. For information on the status of your refund, you may write to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

Or, you may call our general toll-free phone service Monday through Friday between 7 a.m. and 8 p.m.:

Within the United States (800) 852-5711
Outside the United States (not toll-free) (916) 845-6500

Asistencia bilingüe en español

Para obtener servicios en español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.

Assistance for Persons with Disabilities

The FTB complies with the provisions of the Americans with Disabilities Act. Persons with a hearing or speech impairment call:

From voice phone (California Relay Service) (800) 735-2922
From TTY/TDD (Direct line to FTB customer service) . . (800) 822-6268

For all other assistance or special accommodations . . . (800) 852-5711

H Where To Get Tax Forms and Publications

By Internet – Visit our website to get 1994 through 2000 California tax forms: www.ftb.ca.gov

By Phone – To order 1998-2000 California tax forms and publications, call our automated toll-free phone service at (800) 338-0505, select personal income tax, then select forms and publications, and follow the recorded instructions.

By Mail – Write to:

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

To get California tax forms for **years prior to 1994**, call our general toll-free phone service. See General Information G, Contacting the Franchise Tax Board, for the telephone numbers.

Specific Instructions

Please fill out Form 540X as completely as possible. Incomplete information could delay the processing of your amended return.

Name and Address

Above your name on Side 1, fill in the boxes for the calendar year or write in your fiscal year end (month and year) of the return you are amending. Print or type your name and address as follows:

- If you are amending a joint return, list your names and social security numbers in the same order as shown on your original return.
- If you are amending from a separate return to a joint return and your spouse did not file an original return, enter your name and social security number on the first line and your spouse's name and social security number on the second line.
- If you are married, enter social security numbers for both you and your spouse whether you file joint or separate returns.

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

Filing Status

Your filing status for California must be the same as the filing status you used on your federal income tax return. If you changed your filing

status on your federal amended return, you must also change your filing status for California by filing Form 540X.

Exception: Married taxpayers who filed a joint federal tax return may file separate state tax returns if either spouse was:

- An active member of the United States armed forces (or any auxiliary military branch) during the year being amended; or
- A nonresident for the entire year and had no income from California sources during the year being amended.

Generally, you cannot change from joint to separate filing status. However, for tax returns due on or after January 1, 2000, married taxpayers who could have filed separate tax returns under one of the above exceptions after filing a joint federal tax return may change from joint to separate filing status on their state tax return. Married taxpayers who filed separate tax returns but were eligible to file a joint tax return may change to a joint tax return, provided a joint federal tax return is also filed.

If you filed a joint tax return and either you or your spouse was a nonresident or part-year resident during the year being amended, you must file Form 540NR. See General Information D, Part-Year Residents and Nonresidents, for more information.

Column A

Enter the amounts from your original return. However, if you previously amended that return or if the FTB examined or adjusted your return, enter the adjusted amounts.

Column B

Enter the net increase (+) or net decrease (-) for each line you are changing. Show all decreases in parentheses. Explain each change in Part II and attach any related schedule or form. If you need more space, attach a statement. Be sure to include your name and social security number on any attachments.

Column C

Add the increase (+) in column B to column A, or subtract the decrease (-) in column B from column A. For any amount you do not change, enter the amount from column A in column C.

Line 1 through Line 6

Residents: Be sure to complete line 1a, line 1b, line 3, line 4, line 5, and line 6 in column A and line 6 in column C even if you are not amending amounts on line 1a through line 5.

Exception: If you originally filed Form 540 2EZ and need to amend your tax return, complete Form 540A or Form 540 with the new and correct information and write "Amended" in the top left margin. Attach a statement explaining what changed and the reason for the change. Skip line 1 through line 14 of Form 540X and start with line 15. See the instructions for line 15. Attach the corrected return to your Form 540X.

Nonresidents or part-year residents: See General Information D before you make any entries on Form 540X.

Line 1a – State Wages

On line 1a, column A, enter your state wages from your Form 540, line 12; or Form 540-ADS, line 12; or Form 540A, line 12a; or Form 540EZ, line 12a. If you used TeleFile, enter your total state wages from all Form(s) W-2, box 17. If you are amending state wages, attach Copy 2 of any additional or corrected Form(s) W-2 that you received after you filed your original return.

Line 1b – Federal AGI

On line 1b, column A, enter your federal AGI from your Form 540, Form 540A, Form 540EZ, or Form 540-ADS.

If you filed federal Form 1040X or received an adjustment notice from the IRS, refigure your federal AGI and enter the revised amount in column C. Explain the adjustment in Part II.

If you are amending your federal AGI as the result of filing federal Form 1040X, you must attach a copy of the signed and dated federal Form 1040X (including all revised schedules) that you filed with the IRS.

Line 2a through Line 2e – California Adjustments

On line 2a through line 2e, show adjustments to your federal AGI based on differences between California and federal law. If you enter an amount on line 2e, attach Schedule CA (540 or 540NR) showing the changes made.

Line 3 – Total California Adjustments

Combine line 2a through line 2e. Enter the result on line 3, column A through column C.

Line 4 – California AGI

Combine line 1b and line 3 for column A through column C.

Line 5 – California Itemized Deductions or Standard Deduction

If you claim the California standard deduction, enter the amount allowed for your filing status.

If you change the amount of your California itemized deductions, or if you change from the standard deduction to itemized deductions, attach Schedule CA (540 or 540NR) and a federal Schedule A, Itemized Deductions.

Line 7 through Line 15

Line 7a – Tax Method Used

Enter in column A and column C the method used in figuring your tax.

If you used:

Then enter:

Tax Table or Tax Rate Schedule	TT
Form FTB 3800 , Tax Computation for Children Under Age 14 With Investment Income	FTB 3800
Form FTB 3803 , Parents' Election to Report Child's Interest and Dividends	FTB 3803

Line 7b – Tax

Enter in column A your tax from your original return, from the notice of tax change you received from the FTB, or from your latest amended return.

Using the tax table or tax rate schedule for the taxable year you are amending, enter in column C the amount of tax for the taxable income shown on line 6, column C. Be sure to use the correct tax for your filing status.

Line 8 – Exemption Credits

If you are changing the amount of your exemption credits, refer to the income tax booklet for the year you are amending. Also, explain any change in exemption credits in Part II.

Line 10 – Tax from Schedule G-1 and form FTB 5870A

If you are changing the amount of your tax on lump-sum distributions or tax on accumulation distribution of trusts, you must complete and attach Schedule G-1, Tax on Lump-Sum Distributions, or form FTB 5870A, Tax on Accumulation Distribution of Trusts.

Line 12 – Special Credit and Nonrefundable Renter's Credit

If you are changing the amount of your allowable credits, refer to the income tax booklet for the year you are amending.

If you are making a change to the amount of a credit that originally required completing a credit form, complete the credit form using the revised figures and attach it to your Form 540X. Also be sure to complete and attach other schedules that may be affected by this change, such as Schedule P (540 or 540NR), Alternative Minimum Tax and Credit Limitations.

Other State Tax Credit: If you are amending your return because of a change in the amount of taxes you paid to another state, complete and attach Schedule S, Other State Tax Credit. Also attach a copy of the return and schedules filed with the other state.

Nonrefundable Renter's Credit: If you are amending your return to claim this credit for the first time or changing the amount of your credit, write "Nonrefundable renter's credit" in Part II and be sure to provide an explanation of the change.

Line 14 – Other Taxes

Include any additional taxes from:

- Schedule P (540 or 540NR), Alternative Minimum Tax and Credit Limitations;
- Form FTB 3501, Employer Child Care Program/Contribution Credit;
- Form FTB 3518, Employer Ridesharing Credits;
- Form FTB 3535, Manufacturers' Investment Credit;
- Form FTB 3805P, Additional Taxes Attributable to IRAs, Other Qualified Retirement Plans, Annuities, Modified Endowment Contracts, and MSAs;
- Form FTB 3805Z, Enterprise Zone Deduction and Credit Summary;
- Form FTB 3806, Los Angeles Revitalization Zone Deduction and Credit Summary;
- Form FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit Summary;
- Form FTB 3808, Manufacturing Enhancement Area Credit Summary; or
- Form FTB 3809, Targeted Tax Area Deduction and Credit Summary.

Also include any interest on deferred tax from installment obligations under IRC Sections 453 and 453A.

Attach the schedules or forms you used to compute other taxes.

Line 15 – Total Tax

If you are amending a Form 540, California Resident Income Tax Return, add line 13 and line 14. Enter the result on line 15. If you are amending a Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, enter the amount from Form 540NR, line 46.

If you are amending a Form 540 2EZ, California Resident Income Tax Return, for tax year 1999 or 2000, enter the amount from your corrected Form 540A, line 23 or Form 540, line 37.

Line 16 through Line 24

Line 16 – California Income Tax Withheld

If you are changing the amount of California income tax withheld, attach Copy 2 of any additional or corrected Form(s) W-2 that you received since you filed your original return. Beginning with tax year 1993, if you are changing the amount of "tax withheld at source," attach copy B of any additional or corrected Form 592-B, Nonresident Withholding Tax Statement, that you received since you filed your original return. For years prior to 1993, use Form 591, Report of Tax Withheld at Source, or Form 598-B, Report of Tax Withheld on Foreign and Domestic Nonresident Partners.

Line 17 – Excess California State Disability Insurance (SDI) or Voluntary Plan Disability Insurance (VPDI)

If you are changing this amount, attach Copy 2 of any additional or corrected Form(s) W-2 that you received since you filed your original return.

Line 18 – Estimated Tax Payments

Enter the estimated tax payments you claimed on your return, including any payment made with form FTB 3519, Payment Voucher for Automatic Extension for Individuals (or form FTB 3502, Application for Automatic Extension of Time to File Individual Income Tax Return for tax years prior to 1991).

Line 19 – Child and Dependent Care Or Other Refundable Credits

Child and Dependent Care Expense Credit: Effective only for tax year 2000 and subsequent returns. If you are amending your tax return to claim this credit for the first time or changing the amount of the credit reported on your original tax return, write "Child and Dependent Care Expense Credit" on Side 2, Part II and be sure to provide an explanation of the change. Attach a copy of the federal Form 2441 or Form 1040A, Schedule 2.

Use the following worksheet to calculate the amount of your credit for California.

Note: If your adjusted gross income is more than \$100,000 you cannot claim this credit.

1. Enter the amount from federal Form 2441, line 9, or federal Form 1040A, Schedule 2, line 9. 1 _____
(**Exception:** If your federal credit was limited by the federal tax amount, enter the federal credit amount you computed before applying the limitation.)
2. Enter the percentage for your adjusted gross income Form 540X, line 4 (Form 540NR, line 20) 2 _____
 - \$40,000 or less 63%
 - Over \$40,000 but not over \$70,000 53%
 - Over \$70,000 but not over \$100,000 42%
3. Multiply the amount on line 1 by the amount on line 2. Enter here and on line 19 of Form 540X 3 _____
Note: Do not enter the amount from line 3, on line 19 of Form 540X, if you are amending Form 540NR (Nonresident or Part-year Resident tax return). Instead, compute lines 4 and 5 to figure your credit.
4. Enter the ratio from Form 540NR, line 25a, up to 1.00. (If your ratio is more than 1.00, enter 1.00. **Do not enter more than 1.00.**) 4 _____
5. Multiply the amount on line 3 by the ratio on line 4. Enter here and on line 19 of Form 540X 5 _____

Refundable Renter’s Credit (tax years prior to 1993 only)

Caution: Due to a tax law change, the refundable renter’s credit was eliminated and may not be claimed on tax returns for 1993 or later years. However, if you are claiming this credit for the first time for a year prior to 1993, or changing the amount of your credit, complete and attach Schedule H (540 or 540NR). Note: In 1998 the renter’s credit provision was amended so that it is no longer refundable. If you are filing a 1998, 1999, or 2000 amended return to claim the nonrefundable renter’s credit, do not use line 19. Instead, use line 12.

Please note: You may not claim both credits on the same amended tax return, because the refundable Renter’s credit applies to tax years prior to 1993 and the Child and Dependent Care Expense Credit applies to tax years 2000 and after.

Lines 20 and 21

Enter the qualifying person’s social security number. If you have more than two qualifying persons, attach a copy of the statement you included with the federal Form 2441 or federal Form 1040A, Schedule 2, listing the additional names and social security numbers.

Line 22

Enter the amount from the federal Form 2441, line 9, or Form 1040A, Schedule 2, line 9.

Line 23 – Tax Paid with Original Return

You must complete Side 2, Part I before completing line 23. Enter on line 23 the amount actually paid as shown on the “amount you owe” line on your original return. Also, include any additional payments made on assessments of tax that resulted from examination of your original return. Do not include payments of interest or penalties.

Line 25 through Line 31

Line 25 – Overpaid Tax

Enter the amount of refund received from your original return. Also, include the amount of payment that was applied to another year and any additional overpaid tax you received as a result of an examination of your original return.

Do not include any interest you received on any refund.

Line 26 – Subtotal

If line 25 is more than line 24:

1. Enter the difference as a positive number on line 26.
2. Enter the total voluntary contribution amount from your original return, if any, on line 27.
3. Skip line 28.
4. Add line 15 (column C), line 26, and line 27. Enter the result on line 29.

Line 27 – Voluntary Contributions

Enter total voluntary contributions as shown on your original return. If you did not make a voluntary contribution on your original return, enter -0-.

Line 29 – Amount You Owe

Make a check or money order payable to the “Franchise Tax Board” for the full amount you owe. Write your social security number and the tax year you are amending on your check or money order and attach it to Form 540X, Side 1.

You may also pay by credit card if you prefer to do so. Call (800) 338-0505, select personal income tax, then select general information, and enter code number 610 when instructed.

Mail Form 540X to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001

Note: Interest is due on the amount on line 29 from the original due date of the return to the date of payment. See line 30b for more information.

Line 30a – Penalties

If you are including penalties with your payment, enter the amount of penalties on line 30a. Also, attach a statement to your return that shows the following information for each type of penalty included on line 30a: type of penalty (description); the Internal Revenue Code (IRC) or California Revenue & Taxation Code (R&TC) section that provides for assessment of the penalty (if possible); and a schedule showing how you computed the penalty.

Line 30b – Interest

If you owe additional tax (line 29) and are including interest with your payment, enter the interest on line 30b. If you do not include interest with your payment or include only a portion of it, the FTB will figure the interest and bill you for it.

Line 30c – Total Interest and Penalties

Add line 30a and line 30b. Enter the total on line 30c.

Line 31 – Refund

If you are entitled to a refund greater than the amount claimed or allowed on your original return, your Form 540X should show only the additional amount due to you. This amount will be refunded separately from the amount allowed on your original return. The FTB will figure any interest owed to you and include it in your refund.

Mail Form 540X to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0000

Note: Even after you receive a refund check, the FTB may request additional information to substantiate your claim.

Part II

Explanation of Changes

For each change you make to a line on Side 1, provide the line number and your detailed explanation of reasons for the change. Attach all supporting forms and schedules for items changed. Include federal forms and schedules if you made a change to your federal return.

Sign Your Return

Sign your return in the space provided. Please provide the name and the phone number of the person to contact if we have any questions about your amended return. Also include the best time of day to call. This information will allow us to provide better service in processing your amended return.

Paid Preparer’s Information

If you pay a person to prepare your Form 540X, that person must sign and complete the area at the bottom of Side 2, including an identification number (social security number/PTIN, or FEIN). A paid preparer must give you two copies of your Form 540X, one copy to file with the Franchise Tax Board and one to keep for your records.