Introduction

Corporations may elect to compute income attributable to California sources on the basis of a water’s-edge combined report. In general, under a water’s-edge election, affiliated foreign corporations are excluded from the combined report. Note: For purposes of these instructions, the word “taxpayer” means a corporation in the combined group that has a California filing requirement.

The statute allowing the corporation to file on a water’s-edge basis does not supersede the concept of unity; it merely limits the unitary entities included in the combined report. For a discussion of the concepts of the unitary method of taxation and its application by the state of California, get FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report. Once the corporation has computed its income attributable to California sources on the water’s-edge combined report basis, the corporation may either file a separate return or may elect to file a single return with the other corporations in the water’s-edge group. See Schedule R-7, Election to File a Unitary Taxpayers’ Group Return and List of Affiliated Corporations, which is included in Schedule R, Apportionment and Allocation of Income.

Note: S corporations normally may not be included in a combined report. For S corporations filing on a water’s-edge basis, this booklet should be used in conjunction with Form 1100S, California S Corporation Franchise or Income Tax Return. For more information, see General Information R, Apportionment of Income; S, Combined Report; and T, Water’s-Edge Reporting.

What’s New

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2001. 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 regarding California and federal law, please visit our Website at www.ftb.ca.gov and select “Law and Legislation.” Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

Note, 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 tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Tax Amnesty – Recent legislation authorizes the Franchise Tax Board (FTB) and the Board of Equalization to administer a Tax Amnesty Program. Tax amnesty is a limited-time chance for individuals and businesses to pay past-due income, franchise, sales, or use taxes and the related interest penalty-free and without the fear of criminal prosecution. Amnesty runs from February 1, 2005, through March 31, 2005. Taxpayers eligible to participate in amnesty, but choose not to do so, will be subject to additional penalties. For more details, visit our Website at www.ftb.ca.gov or call (800) 852-5711.

Charitable Contributions for 2004 Tsunami Disaster – California conforms to the federal law which allows a 2004 charitable contribution deduction for cash contributions made during January, 2005 toward the relief of the Tsunami Disaster victims in the Indian Ocean. Corporations may claim the deduction in either the 2004 or 2005 tax year.

Abusive Tax Shelter – If the corporation was involved in a potentially abusive tax shelter, the corporation may have a disclosure, registration and list maintenance requirement. FTB may impose several new and enhanced penalties if the corporation fails to file federal Forms 8886, 8264, 8271 or any required information. For more information, see Registration and Reporting Requirements under Abusive Tax Shelters on our Website at www.ftb.ca.gov.

Federal Schedule M-3 (Form 1120) – For taxable years beginning on or after January 1, 2004, the Internal Revenue Service (IRS) requires any domestic corporation or U.S. consolidated tax group with total assets of $10 million or more on the last day of the tax year to complete Schedule M-3 (Form 1120), Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More, instead of Schedule M-1, Reconciliation of Income (Loss) per Books With Income per Return.

For California purposes, the corporation must still complete the California Schedule M-1, and:

• Attach a copy of the Schedule M-3 (Form 1120) to the California Franchise or Income Tax Return; or
• Attach a complete copy of the federal return; or
• FTB will accept the Schedule M-3 (Form 1120) in a spreadsheet format if more convenient.

Net Operating Loss (NOL) – For taxable years beginning on or after January 1, 2004, California has reinstated the NOL carryover deduction. The carryover periods for an NOL incurred in years:

• beginning before January 1, 2002, have been extended for two years.
• beginning on or after January 1, 2002, and before January 1, 2003, have been extended for one year.

For taxable years beginning on or after January 1, 2004, 100% of the NOL may be carried forward. For more information, see Form FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations – Corporations.

Dividends Received Deduction – R&TC Section 24410 was repealed and re-enacted to allow a “Dividends Received Deduction” of qualified dividends received from an insurer subsidiary. The deduction is allowed whether or not the insurer is engaged in business in California, if at the time of each payment at least 80% of each class of stock of the insurer was owned by the corporation receiving the dividend. For taxable years beginning on or after January 1, 2004, and ending on or before January 1, 2008, an 80% deduction is allowed for qualified dividends. For taxable years beginning on or after January 1, 2008, the deduction is increased to 85%. A portion of the dividends may not qualify if the insurer subsidiary paying the dividend is overcapitalized for the purpose of the dividend received deduction. See the Schedule H (100W) instructions for additional information.

Natural Heritage Preservation Credit – Currently there is no funding to award Natural Heritage Preservation Credits; therefore no new credits may be claimed for 2004. However, carryover is not affected for previously awarded credits. Contact the Wildlife Conservation Board (WCB) to determine if funding has been restored, if they are accepting qualified contributions of property, and to see if they are awarding new Natural Heritage Preservation Credits. Complete FTB 3503 to claim the credit only if the WCB has resumed awarding the credits. To get updated information regarding current funding, qualified contributions of property, or the awarding of credits, contact the Wildlife Conservation Board at (916) 445-8448. Or go to their Website at www.wcb.ca.gov.

Contribution for Computer Technology – For taxable years beginning on or after January 1, 2004, California no longer allows a deduction for an enhanced charitable contribution for computer technology or equipment.

Punitive Damage Awards – For court actions filed after August 16, 2004, and final adjudicated by June 30, 2006, 75% of punitive damage awards must be paid to the Director of the Department of Finance. The corporation may exclude from income the portion of a punitive damage award that is paid to the Department of Finance. In addition, during this period, the corporation may claim a deduction for attorney’s fees incurred in connection with a punitive damage award.

Important Information

• In Farmer Bros. Co. v, Franchise Tax Board (2005) 108 Cal App 4th, 134 Cal Rptr 2d 390, the California Court of Appeal found that the R&T Section 24402 deductible dividend provision discriminated against interstate commerce in violation of the Commerce Clause of the United States Constitution. R&T Section 24402 provided for a deduction to the extent that the dividend payer was taxable in California. A statute that is held to be unconstitutional
This booklet contains:

Form 100W, California Corporation Franchise or Income Tax Return — Water’s-Edge Filers

Schedule H (100W), Dividend Income Deduction — Water’s-Edge Filers

Schedule P (100W), Alternative Minimum Tax and Credit Limitations — Water’s-Edge Filers

Form 100-WE, Water’s-Edge Election

FTB 2416, Schedule of Included Controlled Foreign Corporations

FTB 2424, Water’s-Edge Foreign Investment Interest Offset

FTB 3539, Payment Voucher for Automatic Extension for Corporations and Exempt Organizations

FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations

FTB 3885, Corporation Depreciation and Amortization
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Important Information
- In Farmer Bros. Co. v. Franchise Tax Board (2003) 108 Cal App 4th, 134 Cal Rptr. 2nd 390, the California Court of Appeal found that the R&T Section 24402 deductible dividend provision discriminated against interstate commerce in violation of the Commerce Clause of the United States Constitution. R&T Section 24402 provided for a deduction to the extent that the dividend payer was taxable in California. A statute that is held to be unconstitutional is invalid and unenforceable. Therefore, the deduction is not available.
- For taxable years beginning on or after January 1, 2003, the provisions for making a water’s-edge election have substantially changed. The new procedures replace the contract with a statutory election, which continues in effect for a minimum of seven years; see R&T Section 25113.
As a result of the new procedures:

- Remove Form FTB 1115, Request for Consent for a Water’s-Edge Re-Election, as a new form.
- Remove Form FTB 1116, Notice of Nonrenewal of Water’s-Edge Contract, is obsolete.
- Remove Form FTB 1117, Request to Terminate Water’s-Edge Contract, is renamed Request to Terminate Water’s-Edge Election. It is no longer available within the Water’s-Edge Booklet.

To make a water’s-edge election under the new rules, a corporation must:

- Compute the corporation’s income on a water’s-edge basis.
- Use Form 100W, California Corporation Franchise or Income Tax Return — Water’s-Edge Filers, and
- Attach the Form 100-W, Water’s-Edge Election, to the timely filed original return for the year of the election.

Corporations that have a valid election for taxable years beginning before January 1, 2003 will continue to file on a water’s-edge basis and will be deemed to have elected under the new rules (R&T& C Section 25113) for taxable years beginning on or after January 1, 2003. However, the election start date under the new rules (R&T& C Section 25113) will continue to be the start date, as originally elected under the old rules (R&T& C Section 25111.)

- For taxable years beginning on or after January 1, 2003, corporate shareholders of a Regulated Investment Company (RIC) are explicitly denied a dividend deduction for earnings from the RIC that are not from stock dividends.
- R&T& C Sections 17024.5 and 23051.5 have been amended to clarify that, unless otherwise expressly allowed, federal elections made before a taxpayer becomes a California taxpayer are binding for California tax purposes.
- R&T& C Section 18662 requires buyers to withhold income taxes when purchasing California real property from corporate sellers with no permanent place of business in California immediately after the transfer. For more information, get FTB Pub. 1016. Sellers of California real estate must attach copy B of Form 593-B, Real Estate Withholding Tax Statement, to their tax return as proof of withholding.
- If the corporation needs to verify withholding payments, the corporation may call the Withholding Services and Compliance Section at (888) 792-4900 (toll-free) or (916) 845-4900.
- For the purposes of determining the correct amount of tax for water’s-edge electors, a presumption of correctness attaches to all federal determinations, including determinations made at the audit, appeals, and/or competent authority levels.

California conforms to federal law for:

- Large banks’ bad-debt losses deduction, which is limited to the actual losses rather than contributions to a reserve for bad debts.
- Alternative Minimum Tax (AMT) treatment of contributions of appreciated property.
- Disallowing the deduction for club membership fees and lobbying expenses.
- Disallowing the deduction for employee remuneration in excess of $1 million.
- Expensing of Environmental Remediation Costs. Certain environmental remediation expenditures that would otherwise be chargeable to capital accounts may be expensed and taken as a deduction in the year the expense was paid or incurred. An election to expense environmental remediation costs for federal purposes is considered an election for state purposes and a separate election is not allowed.
- Shrinkage Estimates for Inventory Accounting. For purposes of inventory accounting, an adjustment for shrinkage, based on an estimate, may be made. Taxpayers can voluntarily change their method of accounting if the method currently being used does not utilize estimates of inventory shrinkage and the taxpayer now wishes to use that method.
- Required recognition of gain on certain appreciated financial positions in personal property.
- Election of mark-to-market for securities and commodities traders. Allows securities traders and commodities dealers and traders to elect to use a mark-to-market accounting similar to what is currently required for securities dealers. Commodities would include only commodities of a kind that are dealt with in the organized commodities exchange. An election to use the mark-to-market method for federal purposes is considered an election for state purposes and a separate election is not allowed.
- Limitation on exception for investment companies under IRC Section 351.
- Expansion of deduction for certain interest and premiums paid for company-owned life insurance.
- Modification of holding period applicable to dividends received deduction.
- Repeal of special installment sales rule for manufacturers of tangible personal property.
- Required registration for abusive tax shelters.
- Payment of estimated tax for closely held real estate investment trusts (REIT) and income and services provided by REIT subsidiaries.

California law does not conform to federal law for:

- The additional 30% or 50% first-year depreciation allowance for qualified property.
- The election to deduct up to $102,000 under IRC Section 179.
- The first-year depreciation deduction allowed for luxury autos or certain passenger automobiles.
- Decreased capital gains tax rate.
- Exemption from AMT for small corporations.
- Accelerated depreciation for property on Indian Reservations.
- The treatment of Subpart F and Section 936 income.
- The IRC passive activity loss rules for real estate activities.
- The temporary suspension of income limitations on percentage depletion for production from marginal wells. The percentage depletion deduction, which may not exceed 65% of the taxpayer’s taxable income, is restricted to 100% of the net income derived from the oil and gas property.

**Note:** The above lists are not intended to be all-inclusive of the federal and state conformity and differences. For additional information, please refer to the California R&T& C.

**California Taxpayers that are 25% Foreign-Owned U.S. Corporations and Foreign Corporations**

Corporations that are required to file federal Form(s) 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business, with the federal return must attach a copy(ies) to the California return. The penalty for failing to include Form(s) 5472 as required is $10,000 per form. See General Information M, Penalties, for more information.

**Information Return for U.S. Taxpayers Who Have Ownership (Directly or Indirectly) in a Foreign Corporation**

For taxable years beginning on or after January 1, 1997, U.S. taxpayers who have an ownership interest (directly or indirectly) in a foreign corporation and are required to file federal Form(s) 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, with the federal return, must attach a copy(ies) to the California return. The penalty for failing to include a copy of federal Form(s) 5471 as required is $1,000 per form. See General Information M, Penalties, for more information.

**Records Maintenance Requirements**

Any taxpayer filing on a water’s-edge basis is required to keep and maintain records and make the following available upon request:

- Any records needed to determine the correct treatment of items reported on the water’s-edge combined report for purposes of determining the income attributable to California;
- Any records needed to determine the treatment of items as nonbusiness or business income;
- Any records needed to determine the apportionment factors; and
- Documents and information needed to determine the proper attribution of income to the U.S. or foreign jurisdictions under IRC Subpart F, IRC Section 882, or other similar provisions of the IRC.

See R&T& C Section 1914.16.1 and the related regulations for more information. A corporation may be required to authorize an agent, through a Power of Attorney, to act on its behalf in response to requests for information or records pursuant to R&T& C Section 19504.

**Note:** For information about the Power of Attorney, go to our Website at www.ftb.ca.gov.

The penalty for not maintaining the above required records is $10,000 for each taxable year for which the failure applies. In addition, if the failure continues for more than 90 days after the FTB notifies the corporation of the failure, a penalty of $10,000 may be assessed for each additional 30-day period of continued failure. For taxable years beginning on or after January 1, 1996, there is no maximum amount of penalty that may be assessed. See General Information M, Penalties, for more information.
Small Business Stock
For taxable years beginning on or after January 1, 1996, corporations that issue stock intended to be qualified small business stock pursuant to R&T&C Section 18152.5 are required to attach form FTB 3565, Small Business Stock Questionnaire, to Form 100W.

Classification of Certain Business Trusts and Certain Foreign Single Member Limited Liability Companies (LLCs)
Normally, the classification of a business entity should be the same for California purposes as it is for federal purposes. However, an exception may apply for certain eligible business entities (business trusts and single member LLCs) existing prior to January 1, 1997, that were taxed as corporations for California purposes under former R&T&C Section 23038. For taxable years beginning on or after January 1, 1997, a business trust or a previously existing foreign single member LLC may make an irrevocable election to be classified the same as federal for California purposes. To make the election the business trust or the single member LLC must have been classified as a corporation under California law, but classified as a partnership (for a business trust) or elected to be treated as a disregarded entity (for single member LLC) for federal tax purposes for taxable years beginning before January 1, 1997. If this election is not made, the existing eligible business entity will continue to be classified and taxed as a corporation for California purposes. Get form FTB 3574, Special Election for Business Trusts and Certain Foreign Single Member LLCs, for more information.

General Information
A Franchise or Income Tax
Corporation franchise tax
Entities subject to the corporation minimum franchise tax include all corporations (e.g. LLCs electing to be taxed as corporations) that are:
• Incorporated or organized in California;
• Qualified or registered to do business in California;
• Doing business in California, whether or not incorporated, organized, qualified, or registered under California law.
The measured franchise tax is imposed on corporations doing business in California and is measured by the income of the current taxable year for the privilege of doing business in that taxable year.
The term “doing business” means actively engaging in any transaction for the purpose of financial gain or profit.
The minimum franchise tax must be paid whether the corporation is active, inactive, not doing business in California, or operates at a loss.
Note: A corporation incorporated in California, but not doing business in this state, is not subject to the measured franchise tax. In the case of a corporation incorporated in California or qualified with the California Secretary of State (SOS), but not doing business in this state, careful attention should be given to the term “doing business.” It is not necessary that the corporation conducts business or engages in transactions within the state on a regular basis. Even an isolated transaction during the year may be enough to cause the corporation to be “doing business.”
Also, when a corporation is either a general partner of a partnership or a member of an LLC that is “doing business” in California, the corporation is considered to be “doing business” in California.
Corporation income tax
The corporation income tax is imposed on all corporations that derive income from sources within California but are not doing business in California.
For purposes of the corporation income tax, the term “corporation” generally includes:
• Associations;
• Massachusetts or business trusts;
• REITs;
• LLCs electing to be taxed as corporations other than those subject to the corporate trust tax;
• Other business entities, including partnerships, electing to be taxed as corporations.

B Tax Rates
The tax rates below apply to corporations subject to either the corporation franchise tax or the corporation income tax.
• Corporations other than banks and financial corporations
  8.84%
• Banks and financial corporations
  10.84%
C Minimum Franchise Tax
All corporations subject to the franchise tax, including banks, financial corporations, corporate general partners of partnerships, and corporate members of LLCs doing business in California, must file Form 100 or Form 100W and pay at least the minimum franchise tax as required by law. The minimum franchise tax, as indicated below, must be paid whether the corporation is active, inactive, operates at a loss, or files a return for a short period of less than 12 months.
• Domestic qualified inactive gold or silver mining corporations
  $25
• All other corporations subject to franchise tax (see General Information A, Franchise or Income Tax, for definitions)
  $800
A combined group filing a single return must pay at least the minimum franchise tax for each corporation in the group that is subject to franchise tax.
Note: For corporations that incorporate or qualify through the California SOS to do business in California on or after January 1, 2000, the prepayment of the minimum franchise tax to the California SOS is no longer required. For the first taxable year the corporation will compute its tax liability by multiplying its state net income by the appropriate tax rate and will not be subject to the minimum franchise tax. The corporation will become subject to minimum franchise tax beginning in its second taxable year. This does not apply to corporations that are not qualified by the California SOS or reorganized solely to avoid payment of their minimum franchise tax. There is no minimum franchise tax for:
• Credit unions;
• Corporations that derive income from sources within California but are subject to income tax only because they are not doing business in California, and are not incorporated or qualified under the laws of California. For more information regarding “doing business,” get FTB Pub. 1050, Application and Interpretation of Public Law 86-272; FTB Pub. 1060, Guide for Corporations Starting Business in California; or FTB Pub 1063, California Corporation Tax Law — A Guide for Corporations;
• Corporations that are not incorporated under the laws of California, whose sole activities in this state are engaging in convention and trade show activities for seven or fewer days during the taxable year; and that do not derive more than $10,000 of gross income reportable to California during the taxable year. These corporations are not “doing business” in California. For more information, get FTB Pub. 1060, Guide for Corporations Starting Business in California; or FTB Pub 1063, California Corporation Tax Law — A Guide for Corporations; and
• Newly formed or qualified corporations filing an initial return for taxable years beginning on or after January 1, 2000.
D Accounting Period/Method
The taxable year of a corporation must not be different from the taxable year used for federal purposes, unless initiated or approved by the FTB (R&T&C Section 24625). A change in accounting method requires consent from the FTB. However, a corporation that obtains federal approval to change its accounting method, or that is permitted or required by federal law to change its accounting method without prior approval and does so, is deemed to have the FTB’s approval if: (1) the corporation files a timely Form 100W consistent with the change for the first year the change becomes effective for federal purposes; and (2) the change is consistent with California law. A copy of federal Form 3115, Application for Change in Accounting Method, and a copy of the federal consent to the change must be attached to Form 100W for the first year the change becomes effective. Get FTB Notice 2000-8 for more information. The FTB may modify a requested change if the change would distort income for California purposes.
Note: California is not following the automatic consent procedure for a change of accounting method involving previously unclaimed allowable depreciation or amortization pre-scribed by Federal Revenue Procedure 96-31. Get FTB Notice 6-3 for more information.
E When to File
File Form 100W on or before the 15th day of the 3rd month after the close of the taxable year unless the return is for a short-period as required under R&T&C Section 24634. Generally, the due date of a short-period return is the same as the due date of the federal short-period return. See R&T&C Section 18001(c) for the due date of a short-period return.

Information O, Dissolution/Withdrawal, and P, Cessing Business, for information on final returns.
A corporation that converts to another type of entity, such as a limited liability company or
limited partnership, must file two California
returns. The converted entity is required to file
a short-period return for the taxable year
ending on the date of cancellation. The new
entity would then be subject to all of the filing
requirements and tax obligations for that new
entity from the date of conversion.

F Extension of Time to File
If the corporation cannot file its California
return by the 15th day of the 3rd month after
the close of the taxable year, it may file on or
before the 15th day of the 10th month without
filing a written request for an extension unless
the corporation is suspended on the original
due date. This provision does not extend the time
for payment of tax; the full amount of tax must
be paid by the original due date of Form 100W.
If there is an unpaid tax liability, complete form
FTB 3539, Payment Voucher for Automatic
Extension for Corporations and Exempt
Organizations, included in this booklet, and
send it with the payment by the original due
date of the Form 100W.

Note: If the corporation must pay its tax
liability using electronic funds transfer (EFT),
all payments must be remitted by EFT to avoid
the EFT penalty. Do not send Form FTB 3539.

G Electronic Funds Transfer (EFT)
Corporations that meet certain requirements
must remit all of their payments through EFT
rather than by paper checks to avoid the 10%
non-compliance EFT penalty. Corporations that
remit an estimated tax payment or extension
payment in excess of $20,000 or that have a
total tax liability in excess of $80,000 must
remit all of their payments through EFT. The
FTB will notify corporations that are subject to
this requirement. Those that do not meet these
requirements and wish to participate on a
voluntary basis may do so. If you are an EFT
taxpayer, complete the form FTB 3539
worksheet for your records. DO NOT SEND
THE PAYMENT VOUCHER. For more
information, go to Our Website at www.ftb.ca.gov, call
(916) 845-4025, or get FTB Pub. 3817, Elec-
ntronic Funds Transfer Program Information
Guide.

H Where to File
If a tax is due, and the corporation is not
required to use EFT, make the check or money
order payable to the Franchise Tax Board.
Write the California corporation number and
“2004 Form 100W” on the check or money
order. Mail the return and payment to:
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0501

Mail all other returns, including those with
payment by EFT, to:
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0500

Private Delivery Services
California law conforms to federal law
regarding the use of certain designated private
delivery services to meet the “timely mailing as
timely filing/paying” rule for tax returns and
payments. See federal Form 1120, U.S.
Corporation Income Tax Return, for a list of
designated delivery services. If a private
delivery service is used, address the return to:
FRANCHISE TAX BOARD
SACRAMENTO CA 95827

Caution: Private delivery services cannot
deliver items to PO boxes. If using one of
these services to mail any item to the FTB,
DO NOT use an FTB PO box.

Private Mailbox (PMB) Number
If the corporation leases a 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.

I Net Income Computation
The computation of net income from trade or
business activities generally follows the
determination of taxable income as provided in
the IRC. However, there are differences that
must be taken into account when completing
Form 100W. There are two ways to complete
Form 100W, the federal reconciliation method
or the California computation method:

1. Federal reconciliation method
   a. Attach a copy of federal Form 1120 or
      Form 1120A, Page 1, U.S. Corporation
      Income Tax Return, and all pertinent
      supporting schedules, or transfer the
      information from federal Form 1120 or
      Form 1120A, Page 1, to Schedule F and
      attach all pertinent schedules;
   b. Enter the amount of federal ordinary
      income (loss) from trade or business
      activities before any NOL on
      Form 100W, Side 1, line 1; and
   c. Enter state adjustments on line 2
      through line 17 to arrive at net income
      after state adjustments, Side 1, line 18.

2. Schedule F – California computation
   method
   If the corporation has no federal filing
   requirement or if the corporation maintains
   separate records for state purposes,
   complete Form 100W, Side 3, Schedule F,
   to determine state ordinary income. If
   ordinary income computed under
   California laws, generally no state adjust-
   ments are necessary. Transfer the amount
   from Schedule F, line 29, to Side 1, line 1.
   Complete Form 100W, Side 1, line 2
   through line 17, only if applicable.

   For more information, see the specific line
   instructions.

Note: Regardless of the net income computa-
   tion method used, the corporation must attach
   any form, schedule, or supporting document
   referred to on the return, schedules, or forms
   filed with the FTB.

J Alternative Minimum Tax (AMT)
Corporations that claim certain types of
deductions, exclusions, and credits may be
subject to California AMT. Generally, corpo-
rations that complete federal Form 4626,
Alternative Minimum Tax — Corporations, also
must complete California Schedule P (100W),
Alternative Minimum Tax and Credit Limita-
tions — Water’s-Edge Filers. See Schedule P
(100W), included in this booklet, for more
information.

K Estimated Tax
Every corporation must pay estimated tax
using Form 100-ES, Corporation Estimated
Tax. Estimated tax is generally due and payable
in four installments:
   • The 1st payment is due by the 15th day of
     the 4th month of the taxable year (note
     that this payment may not be less than
     the minimum franchise tax, if applicable); and
   • The 2nd, 3rd, and 4th installments are due
     and payable by the 15th day of the 6th, 9th,
     and 12th months respectively, of the
taxable year.

Caution: If no amount is due, DO NOT mail
Form 100-ES.

California law has conformed to the federal
expanded annualization periods for the
computation of estimated payments. For taxable
years beginning on or after January 1, 1998,
the applicable percentage for estimate basis is
100%.

Get the instructions for Form 100-ES for more
information.

Note: If the corporation must pay its tax
liability using EFT, ALL estimated payments due
must be remitted by EFT to avoid the EFT
penalty.

L Commencing Corporations
For taxable years beginning on or after January
1, 2000, no prepayment to the California SOS
is required and no minimum tax is required for
the first taxable year if the corporation is
incorporated or registered through the
California SOS. For more information see
General Information C, Minimum Franchise
Tax, or get FTB Pub. 1060, Guide for Corpora-
tions Starting Business in California.

M Penalties
Failure to file a timely return
Any corporation that fails to file Form 100W on
or before the extended due date is assessed a
penalty. The penalty is 5% of the unpaid tax for
each month, or part of the month, the return
remains unfiled from the due date of the return
until filed. The penalty may not exceed 25% of
the unpaid tax. If a corporation does not file its
return by the extended due date, the automatic
extension will not apply and the late filing
penalty will be assessed from the original due
date of the return. See R&TC Sections 19131
and 23772 for more information.

Failure to pay total tax by the due date
Any corporation that fails to pay the total tax
shown on Form 100W by the original due date
is assessed a penalty. The penalty is 5% of
the unpaid tax, plus 0.5% for each month, or part
of the month (not to exceed 40 months), the
tax remains unpaid. This penalty may not
exceed 25% of the unpaid tax. See R&TC
Section 19132 for more information.

Note: If a corporation is subject to both the
penalty for failure to file a timely return and
the penalty for failure to pay the total tax by
the due date, a combination of the two penalties
may be assessed, but the total penalty may not
exceed 25% of the unpaid tax.

Underpayment of estimated tax
Any corporation that fails to pay, pays late, or
underpays an installment of estimated tax is
assessed a penalty. The penalty is a percentage
of the underpayment for the underpayment
period. Get form FTB 5806, Underpayment of
Estimated Tax by Corporations, to determine
both the amount of underpayment and the
amount of penalty.
See R&TC Sections 19142, 19144, 19145, 19147, 19148, 19149, 19150, 19151, and 19161 for more information.

Note: If the corporation uses Exception B or Exception C to compute or eliminate any of the four installments, form FTB 5806 must be attached to the front of Form 100W and the box on Side 1, line 41b; should be checked.

EFT Penalty
If the corporation must pay its tax liability using EFT, ALL payments must be remitted by EFT to avoid the EFT penalty. The EFT penalty is 10% of the amount not paid by EFT. See R&TC Section 19011 and General Information G, Electronic Funds Transfer (EFT) for more information.

Information reporting penalties
For taxable years beginning on or after January 1, 1997, U.S. corporations that have an ownership interest (directly or indirectly) in a foreign corporation and were required to file federal Form(s) 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, with the federal return, must attach a copy(ies) to the California return. The penalty for failure to include a copy of federal Form(s) 5471, is $1,000 per required form for each year the failure occurs. The penalty applies for taxable years beginning on or after January 1, 1998. The penalty will not be assessed if the taxpayer provides a copy of the form(s) within 90 days of request from the FTB and the taxpayer agrees to attach a copy(ies) of federal Form 5471 to all returns filed for subsequent years.

Certain domestic corporations that are 25% or more foreign-owned and foreign corporations engaged in a U.S. trade or business must attach federal Form(s) 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business, to Form 100W. The penalty for failing to include federal Form(s) 5472, as required, is $10,000 per required form for each year the failure occurs. See R&TC Section 19141.5 for more information.

If the corporation does not file its Form 100W by the due date due, whichever is later, copies of federal Form(s) 5472 must still be filed on time or the penalty will be imposed. Attach a cover letter to the copies indicating the taxpayer’s name, California corporation number, and taxable year. Mail to the same address used for returns without payments. See General Information H, Where to File. When the corporation files Form 100W, also attach copies of the federal Form(s) 5472.

Record maintenance penalty
The penalty for failure to maintain certain records is $10,000 for each taxable year for which the failure applies. In addition, if the failure continues for more than 90 days after the FTB notifies the corporation of the failure, in general, a penalty of $10,000 may be assessed for each additional 30-day period of continued failure. For taxable years beginning on or after January 1, 1996, there is no maximum amount of penalty that may be assessed.

See “Important Information” starting on page 3 for a discussion of the records required to be maintained. See R&TC Section 19141.6 and the regulations thereunder for more information.

Accuracy and fraud related penalties
California conforms to IRC Sections 6662 through 6665 that authorize the imposition of an accuracy-related penalty equal to 20% of the related underpayment, and the imposition of a fraud penalty equal to 75% of the related underpayment. See R&TC Section 19164 for more information.

California Secretary of State (SOS) penalty
The California Corporations Code requires the FTB to assess a penalty for failure to file an annual Statement of Information with the California SOS. For more information, see R&TC Section 19141 or contact:
STATEMENT OF INFORMATION UNIT ATTENTION: PENALTY CALIFORNIA SECRETARY OF STATE PO BOX 944230 SACRAMENTO CA 94244-2300 Telephone: (916) 657-3537

Other penalties
Other penalties may be imposed for a check returned for insufficient funds, non-U.S. foreign corporations operating while forfeited or without qualification to do business in California, and domestic corporations operating while suspended in California. See R&TC Sections 19134 and 19135 for more information.

N Interest
Interest is due and payable on any tax due if not paid by the original due date of Form 100W. Interest is also due on some penalties. The automatic extension of time to file Form 100W does not stop interest from accruing. California follows federal rules for the calculation of interest. See FTB Pub. 1138, Business Entity Refund/Billing Information, for more information.

O Dissolution/Withdrawal
The corporation must fill in the applicable box on Form 100W, Side 1, question A, if dissolving, merging or withdrawing. The date should be the date the corporation filed with the California SOS. See General Information O, Dissolution/Withdrawal, and R&TC Sections 23331 through 23335 for more information.

Q Suspension/Forfeiture
If a corporation does not file a Form 100W and/or does not pay any tax, penalty, or interest due, its powers, rights, and privileges may be suspended (in the case of a domestic corporation) or forfeited (in the case of a foreign corporation).

Corporations that operate while suspended or forfeited are subject to a $2,000 penalty, which is in addition to any other penalties, and interest already accrued. Also, any contracts entered into during suspension or forfeiture are voidable at the request of any party to the contract other than the suspended or forfeited corporation.

Such contracts will remain voidable and unenforceable unless the corporation applies for relief from contract voidability and the FTB grants relief.

See R&TC Sections 19135, 19719, 23301, 23305.1, and 23305.2 for more information.

R Apportionment of Income
Corporations with business income attributable to sources both within and outside of California are required to apportion such income. To calculate the apportionment percentage, use Schedule R, Apportionment and Allocation of Income. Be sure to answer Question M on Form 100W, Side 2.

For more information, see R&TC Sections 25120 through 25136.

LEGAL REVIEW
CALIFORNIA SECRETARY OF STATE
1500 11TH ST 3RD FLOOR
SACRAMENTO CA 95814-5701
Telephone: (916) 657-5448

P Ceasing Business
For taxable years beginning on or after January 1, 2000 (other than the first taxable year beginning on or after that date), the tax for the final year in which the corporation does business in California is determined according to or measured by its net income for the taxable year during which the corporation ceased doing business.

In any event, the tax for any taxable year shall not be less than the minimum franchise tax.

For more information, see R&TC Section 23151.1.

The unreported income on installment obligations, the distribution of notes, and the distribution of corporate assets (land, buildings) at a gain must be included in income in the year of cessation. There is no federal law counterpart regarding this issue.

For more information, see R&TC Sections 24672 and 24451.

Note: A domestic or qualified corporation will remain subject to the minimum franchise tax for each year it is in existence until a certificate of dissolution (and certificate of winding up, if necessary), or certificate of withdrawal is filed with the California SOS. See General Information O, Dissolution/Withdrawal, and R&TC Sections 23331 through 23335 for more information.
S Combined Report
If two or more corporations are engaged in a unitary business and derive income from sources within and outside of California, the members of the unitary group that are subject to California’s franchise or income tax are required to apportion the combined income of the entire unitary group in order to compute the measure of the tax.

If the income of a unitary group is derived wholly from California sources, its members may either file returns on a separate accounting basis or file on a combined report basis.

Members of a unitary group may elect to file a group single return by filing Schedule R-7, Election to File a Unitary Taxpayers’ Group Return and List of Affiliated Corporations. For more information, see Schedule R.

A combined unitary group’s single return must present the group’s data stated separately for each corporation, as well as totals for the combined group.

The total combined tax, which must include at least the minimum franchise tax for each corporation subject to the franchise tax, must be shown on Form 100W, Side 1, line 24.

For more information, see FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report.

T Water’s-Edge Reporting

Water’s-Edge Combined Report

Entities Included
The water’s-edge combined report includes only the income and apportionment factors of the members of the unitary group that meet the criteria set forth in IRC Section 25110, as summarized below. If an entity meets any one of these criteria and is unitary, it must be included in the combined report. If an entity does not meet any of these criteria, it must be excluded from the combined report.

1. Any domestic international sales corporation, as defined in IRC Section 992, and any foreign sales corporation, as defined in IRC Section 922.
2. Any corporation, regardless of where it is incorporated, if the average of its property, payroll, and sales factors within the U.S. is 20% or more. This rule does not apply to foreign organized banks. IRC Section 25128, requiring the double weighting of the sales factor, does not apply for purposes of this inclusion test. For more information, see FTB Legal Rule 95-5.
3. Any corporation incorporated in the U.S., more than 50% of whose stock is owned or controlled directly or indirectly by the same interests, except for corporations making an election under IRC Section 936.
4. Any export trade corporation as defined in IRC Section 971.
5. Any controlled foreign corporation (CFC), as defined in IRC Section 957, that has Subpart F income as defined in IRC Section 952. The income and apportionment factors of such corporation are included in the combined report based on the ratio of the total Subpart F income of such entity for the year to its current year earnings and profits (E&P). The ratio cannot exceed 100% or be less than 0%. If the current year E&P are zero or less, none of the income and factors of the entity are included in the combined report. Subpart F income defined in IRC Sections 955, 956, and 956A, is not considered in the computation.
6. Any corporation not described in items 1 through 5 with less than 20% of its average property, payroll, and sales in the U.S., or any foreign bank that has income attributable to sources within the U.S. Such entities are included in the combined report only to the extent of their U.S. located income and factors. In general, U.S. located income includes both of the following:
   - Income that is effectively connected income (ECI) with trade or business, or is treated as effectively connected, under the provisions of the IRC. Because California is not a party to the federal tax treaties, the ECI immunity provisions of the federal tax treaties do not apply for California purposes. Any income satisfying the definition of ECI, that is excluded from federal taxable income due to a tax treaty, is included for California purposes; and
   - U.S.-sourced income that is business income described under IRC Section 25120, regardless of whether or not such income is considered ECI for federal purposes.

For more information, see R&T C Section 25110(a) and the regulations thereunder.

Intercompany Transactions Occurring On Or After January 1, 2001
Cal. Code Regs., tit. 18 Section 25106.5-1 provides detailed rules relating to the treatment of intercompany transactions between members of a combined reporting group. These regulations apply to all intercompany transactions that occur on or after January 1, 2001. In general, the regulations adopt the treatment of intercompany transactions applicable for federal consolidated return purposes.

For more information, see Cal. Code Regs., tit. 18 Section 25106.5-1, and FTB Pub. 1061, Guidelines for Corporations Filing a Combined Report. In addition, taxpayers may wish to review the federal return treatment of intercompany transactions as prescribed by Treas. Reg. Section 1.1502-13.

Intercompany Transactions Occurring Before January 1, 2001
Intercompany transactions that occurred prior to January 1, 2001, are treated as follows:

1. If a combined group has deferred gain or loss from intercompany transactions, a water’s-edge election under IRC Section 25111 will cause certain previously deferred gains or losses to be taxed over a 60-month period beginning with the first day of the election period. This applies only to transactions where either the transferor, the transferee, or both, are to be excluded from a combined report by reason of the water’s-edge election. It does not apply if both the transferor and the transferee are included in the water’s-edge combination.
2. Generally, such gains or losses will be apportioned using the percentage used in the last worldwide combined report that preceded the first water’s-edge year. FTB Notice 89-601 provides that the percentage in the year of the original transaction can be used in combination.

Notice 89-601 applies to intercompany transactions involving fixed assets and capitalized items only. Certain other types of intercompany transactions, including intercompany sales of inventory and intangible assets, must be reported under the elimination/carryover basis method. When members of a combined group use the elimination/carryover basis method, the transferor’s basis will carry over to the transferee.

A subsequent water’s-edge election will have no effect on the recognition of profit under this method. Any profit eliminated as a result of using this method would be recognized by the transferee when the asset is sold outside the combined reporting group.

Water’s-Edge Election
For taxable years beginning on or after January 1, 2003, the provisions for making a water’s-edge election have changed substantially. The new procedures replace the contract with a statutory election, which continues to be made for a seven-year (84-month) period. The statutory election must be made on a timely filed original return for the year of the election. The new law, R&T Section 25113:

- Codifies the “substantial performance” concept currently in the regulations to prevent taxpayers that inadvertently fail to satisfy a procedural aspect of the election from losing their water’s-edge status.
- Reforms the acquisition rules so that a water’s-edge taxpayer would no longer automatically “taint” other non-electing affiliates with which it becomes unitary. Instead, when two or more taxpayers become unitary, the status of the larger taxpayer would prevail.
- Eliminates the automatic renewal provisions. The taxpayer elects for an initial seven-year (84-month) period and the election remains in place thereafter until terminated. (The form FTB 1116, Notice of Nonrenewal of Water’s-Edge Contract, is now obsolete.)
- Allows taxpayers to request and receive FTB’s consent to terminate the water’s-edge election prior to the expiration of the seven-year (84-month) period for good cause or to permit the state to contract with an expatriate corporation, or its subsidiary pursuant to Public Contract Code Section 10286(b)(2). Good cause for these purposes has the same meaning as described in Treas. Reg. Section 1.1502-75(c). If a taxpayer is granted termination and returns to filing on a worldwide basis, then the taxpayer must file on a worldwide basis for at least seven taxable years (84 months) before making another water’s-edge election. However, the FTB may waive the application of this rule for good cause.
- Provides that taxpayers that have a valid election for taxable years beginning before January 1, 2003 will continue to file on a water’s-edge basis and will be deemed to have elected under the as-yet-unimplemented rules (R&T Section 25113) for taxable years beginning on or after January 1, 2003. However, the election start date under the new rules
To make a water’s-edge election under the new rules, a corporation must:
- Compute the corporation’s income on a water’s-edge basis,
- Use Form 100W, California Corporation Franchise or Income Tax Return — Water’s-Edge Filers, and
- Attach the Form 100-WE, Water’s-Edge Election, to the timely filed original return for the year of the election.

To file on a water’s-edge basis, the corporation must:
- File on a water’s-edge basis for a period of 84 months;
- Agree to business income treatment of dividends received from: (1) over 50% owned entities engaged in the same general line of business as the members of the water’s-edge group, or (2) entities that are a significant source of supply to, or a significant purchaser of, the output of the members of the water’s-edge group.
- Consent to the taking of depositions from key employees or officers of the members of the water’s-edge group to and the acceptance of subpoenas duces tecum requiring the reasonable production of documents.

For more information, see R&TC Sections 25110(b), 25111, 25113, and the regulations thereunder.

**Taxpayers Covered by an Election**

For an election to be effective, all affiliated taxpayers engaged in a single unitary business must file on a water’s-edge basis. A taxpayer or an affiliated group of taxpayers that is engaged in more than one unitary business may make a water’s-edge election with respect to any one or more of its businesses, but need not elect for all of its businesses. For example, a taxpayer engaged in two unitary businesses may elect water’s-edge for one of the businesses and may remain subject to worldwide combined reporting treatment for the other business.

The common parent of a controlled group that files a consolidated federal return, or the common parent wherever domiciled or organized, may file an election on behalf of all members of the controlled group that are part of the water’s-edge combined report group. The common parent need not be a California taxpayer. An election made on a group return of a self-assessed combined reporting group shall constitute an election by each taxpayer member included in that group report. An election by a common parent supersedes any inconsistent position taken by a member of the combined reporting group.

In cases where the water’s-edge election is not entered into by a common parent, each taxpayer included in the combined report must enter into a separate election.

**Time of Making the Election**
The election must be made by all unitary taxpayers, included in the combined report, on a timely filed original return for the year of the election. Use Form 100-WE, Water’s-Edge Election, to make the election. The completed Form 100-WE should be attached to the timely filed original return Form 100W. A copy of the original election must be attached to all subsequent returns filed during the election period.

Taxpayers that have a valid election for taxable years beginning before January 1, 2003 will continue to file on a water’s-edge basis and will be deemed to have elected under the new rules (R&TC Section 25113) for taxable years beginning on or after January 1, 2003. However, the election start date under the new rules (R&TC Section 25113) will continue to be the start date as originally elected under the old rules (R&TC Section 25111).

**CAUTION:** The election must be made on a timely filed original return. See R&TC Section 25113.

**Taxpayers with Different Fiscal Year Ends**

Taxpayers engaged in a unitary business with different fiscal year ends will make the election on the first day of the first taxable year of the group, the election period will begin on the first day of the taxable year of the last member of the water’s-edge group to file its return and make the election. Each taxpayer that has a taxable year beginning earlier than the last member of the group will compute its tax liability on its initial return using a hybrid worldwide/water’s-edge combination method.

**Effect of Changes in Affiliation**

If a corporation that is subject to California tax becomes a member of a water’s-edge group, or if a unitary affiliate of an electing water’s-edge group becomes subject to California tax after the election, it is deemed to have elected to and is bound by the original election. When a taxpayer ceases to be a member of the water’s-edge group, the taxpayer must continue to file on a water’s-edge basis.

If an electing taxpayer is acquired by a nonelecting taxpayer and becomes a member of a new affiliated group, then the filing method, worldwide or water’s-edge, would be determined by reference to the larger taxpayer group. The larger taxpayer group is determined by comparing the value of the total business assets of the electing taxpayer and its component unitary group to the value of the total business assets of the nonelecting taxpayer and its component unitary group.

If a water’s-edge taxpayer meets certain criteria, it may automatically obtain termination of the water’s-edge election or it may request termination of its water’s-edge election. See “Termination of Election” below.

**Termination Before Expiration of the Initial Seven-Year (84-Month) Period**

If a taxpayer terminates its election and returns to filing on a worldwide basis, then the taxpayer must file on a worldwide basis for at least seven taxable years (84 months) before making another water’s-edge election.

However, the FTB may waive application of this rule for good cause. Good cause for these purposes has the same meaning as described in Treas. Reg. Section 1.1502-75(c).

**Termination by FTB Consent**

An electing taxpayer may request FTB’s consent to terminate the water’s-edge election for good cause or to permit the state to contract with an expatriate corporation, or its subsidiary pursuant to Public Contract Code Section 10286(b)(2) prior to the expiration of the seven-year (84-month) period. Good cause for these purposes has the same meaning as described in Treas. Reg. Section 1.1502-75(c).

If a taxpayer is granted termination and returns to filing on a worldwide basis, then the taxpayer must file on a worldwide basis for at least seven taxable years (84 months) before making another water’s-edge election.

However, the FTB may waive the application of this rule for good cause. To request termination of your water’s-edge election, you must timely file Form FTB 1117, Request to Terminate Water’s-Edge Election.

**Re-Election**

If Form FTB 1117 is used to request the FTB’s consent to re-elect water’s-edge prior to the expiration of the seven-year (84-month) period following the last day of the terminated election, for good cause as provided in R&TC Section 25113, the taxpayer has the option to terminate its water’s-edge election after the initial seven-year (84-month) period. This termination does not require FTB consent. The termination must be made on an original, timely filed return for the first year in which the water’s-edge election is to be terminated.

To terminate your water’s-edge election after the seven-year (84-month) period:
- Compute your income on a worldwide basis;
- Use Form 100, California Corporation Franchise or Income Tax Return, and
- Attach a statement to the Form 100, explaining that the corporation is terminating its water’s-edge election. Provide the name of any taxpayer that was bound by the water’s-edge election.

If a taxpayer terminates its election and returns to filing on a worldwide basis, then the taxpayer must file on a worldwide basis for at least seven taxable years (84 months) before making another water’s-edge election.

However, the FTB may waive application of this rule for good cause. Good cause for these purposes has the same meaning as described in Treas. Reg. Section 1.1502-75(c).

**CAUTION:** The election must be made on a timely filed original return. See R&TC Section 25113.

**Franchise or Income Tax Return —**

Compute the corporation’s income on a hybrid worldwide/water’s-edge combination method.
Section 25113 (c) (11). See form FTB 1115 instructions for additional information.

U Amended Return
To correct or change a previously filed Form 100W, file the most current Form 100X, Amended Corporation Franchise or Income Tax Return. Using the incorrect form may delay processing of the amended return. File Form 100X within six months after the corporation filed an amended federal return or after a final federal determination, if the IRS examined and changed the corporation's federal return.

V Information Returns
Every corporation engaged in a trade or business and making or receiving certain payments in the course of the trade or business is required to file information returns to report the amount of such payments. Payments that must be reported include, but are not limited to:

- Payments exceeding $600 annually for compensation for services not subject to withholding, commissions, fees, prizes and awards, payments to independent contractors, rents, royalties, legal services whether or not the payee is incorporated, interest (such as interest charged for late payment), and pensions;
- Payments exceeding $10 annually for interest earned and dividends;
- All payments made by a broker or barter exchange;
- All payment amounts for gross proceeds paid to an attorney whether or not the services are performed for the payer; and
- Cash payments over $10,000 received in a trade or business.

See instructions for federal Forms 1099 (series), 1098, 5498, and W-2G; federal Publication 1220, Specifications for Filing Forms 1098, 1099, 5498 and W-2G Electronically orMagnetically; form FTB 4227A, Guide to Information Returns Filed With California; and form FTB 8305, Reporting Requirements for Forms 1098, 1099, 5498, and W-2G.

Report payments to FTB and IRS using the appropriate federal form. Reports must be made for the calendar year. Federal Forms 1099 (series), 1098, and W-2G’s are due no later than February 28th and Federal Form 5498 is due by May 30th of the year following payment. However, if the due date falls on a holiday or weekend, it is extended to the next business day. Federal Form 8300, Report of Cash Payments Over $10,000 Received in a Trade or Business, is due within 15 days after the date of the transaction.

California requires corporations to report to FTB interest paid on municipal bonds held by California taxpayers and issued by a state other than California, to be filed for California purposes. All corporations must answer Question E if:

- The corporation has a tax year of less than 12 months that begins and ends in 2005; and
- The 2005 Form 100W is not available at the time the corporation is required to file its return. The corporation must show its 2005 taxable year on the 2004 Form 100W and incorporate any tax law changes that are effective for taxable years beginning after December 31, 2004.

Questions A through Z
Answer all applicable questions and attach additional sheets, if necessary. Be sure to answer Questions E through Z on Form 100W, Side 2. Note the following instructions when answering:

Question E — Principal business activity (PBA) code
All corporations must answer Question E. Include the six digit PBA code from the chart found on page 16 through page 18 of this booklet. The code should be the number for the specific industry group from which the greatest percentage of California "total receipts" is derived. "Total receipts" means gross receipts plus all other income. The California PBA code number may be different from the federal PBA code number.

If, as its principal business activity, the corporation: (1) Purchases raw material; (2) Subcontracts out for labor to make a finished product from the raw materials; and (3) Retains title to the goods, the corporation is considered to be a manufacturer and must enter one of the codes under "Manufacturing."
Also, write in the business activity and the principal product or service on the lines provided.

**Question J — Transfer or acquisition of voting stock**

All corporations must answer Question J. If the answer is “Yes,” a Statement of Change in Control and Ownership of Legal Entities (BOE-100-B), must be filed with the California State Board of Equalization (BOE), or substantial penalties may result. Forms and information may be obtained from the BOE Website at www.boe.ca.gov or by calling (916) 323-5685.

Answer “Yes” if:

- The percentage of outstanding voting shares of this corporation or its subsidiary(ies) owned by one person or one entity cumulatively exceeded 50% during this year; or
- The total of voting shares transferred to one irrecoverable trust cumulatively exceeded 50% during this year; or
- One or more irrevocable proxies transferred voting rights to more than 50% of the outstanding shares of this corporation or one entity during this year; or
- This corporation’s cumulative ownership or control of the stock or other ownership interest in any legal entity exceeded 50% during this year; or
- Cumulatively more than 50% of the total outstanding shares of this corporation have transferred, changed ownership or control during this year.

R&T Section 64(e) requires this information for use by the California State BOE.

**Question L — Reportable Transaction, Listed Transaction or Registered Tax Shelter**

A Reportable Transaction is any transaction as defined in R&T Section 19407 and Trea. Reg. Section 1.6011-4 and includes, but is not limited to:

- A Listed Transaction, or a transaction that is substantially similar to a Listed Transaction, which has been identified by the IRS or the FTB to be a tax avoidance transaction;
- A Contingent Transaction which is offered to a taxpayer under conditions of confidentiality and for which the taxpayer has paid a minimum fee;
- A transaction with contractual protections which provides the taxpayer with the right to a full or partial refund of fees if all or part of the intended tax consequences from the transaction are not sustained;
- A loss transaction under IRC Section 165 which is at least $10 million in any one year or $20 million in any combination of tax years. (Those numbers would be reduced to $2 million and $4 million on the Form 100S.)
- A transaction with a significant book-tax difference;
- A transaction where the taxpayer is claiming a tax credit of greater than $250,000 and held the asset for less than 45 days.

A Listed Transaction is a specific transaction, or one that is substantially similar, which has been identified by the Internal Revenue Service or the Franchise Tax Board to be a tax avoidance transaction.

A Registered Tax Shelter is any investment which is required to be registered with the Internal Revenue Service under IRC Section 6111.

**Question S — Regulated Investment Company (RIC)**

California conforms to federal law for taxable years beginning on or after January 1, 1998, for the provisions related to the repeal of the 30% gross income test for RICs.

**Question T — Real Estate Mortgage Investment Conduit Income (REMIC)**

If a corporation is a REMIC for federal purposes, it is deemed to be a REMIC for California purposes. A REMIC is subject to the minimum franchise tax but is not subject to the income or franchise tax. The income of a REMIC is taxable to the holders of the REMIC interests. In order to qualify, substantially all of the assets of the entity must consist of “qualified mortgages” and “permitted investments.” See the instructions for federal Form 1066, U.S. Real Estate Mortgage Investment Conduit Income Tax Return, to determine if the corporation qualifies.

If a corporation is a REMIC for federal purposes, California laws follow federal law, except California does not impose a tax on prohibited transactions, as defined in IRC Section 860F. The income or gain from such prohibited transactions remains includible in the California tax base. If the corporation is a REMIC for federal purposes “Yes” to Question T, complete Form 100W and attach a copy of federal Form 1066.

**Question U — Real Estate Investment Trust (REIT)**

California conforms to the federal law relating to REITs, except for the provisions relating to retaining capital gain tax credit added by Section 1254 of the Taxpayer Relief Act of 1997, and various alternative taxes imposed on certain income and activities of REITs (although such income amounts remain includible in the California tax base). Additionally, a federal election to treat property as foreclosure property under IRC Section 856(e)(5) is considered to be an election for California as well. No separate elections are allowed.

**Question V — Limited Liability Company (LLC) or Limited Partnership**

Answer “Yes” only if the business entity for which the Form 100W is being filed is organized as an LLC or limited partnership but is classified as a corporation for federal tax purposes. An LLC classified as a partnership for federal purposes should generally file Form 568. A limited partnership should file Form 565.

**Question Z — Corporations That Own 80% of an Insurance Company**

One of the provisions of the AB 263 (Stats. 2004 ch.868) includes a reporting requirement to the Legislature. To meet this requirement, FTB may contact any corporation who answers “yes” for additional information.

**Line 1 through Line 42**

**Line 1 — Net income (loss) before state adjustments**

Corporations using the federal reconciliation method to figure net income (see General Information I, Net Income Computation) must:

- Transfer the amount from federal Form 1120, line 28; or federal Form 1120A, line 24, to Form 100W, Side 1, line 1; and
- Attach a copy of the federal return and all pertinent supporting schedules; or copy the information from federal Form 1120 or Form 1120A, Page 1, onto Schedule F and transfer the amount from Schedule F, line 29, to Form 100W, Side 1, line 1.

- Then, complete Form 100W, Side 1, line 2 through line 17, State Adjustments.

Corporations using the California computation method to figure net income for General Information I must transfer the amount from Side 3, Schedule F, line 29, to Side 1, line 1. Complete Form 100W, Side 1, line 2 through line 17 only if applicable.

**Line 2 through Line 17 — State adjustments**

To figure net income for California purposes, corporations using the federal reconciliation method must enter California adjustments to the federal net income on line 2 through line 17. If a specific line for the adjustment is not on Form 100W, corporations must enter the adjustment on line 8, Other additions, or line 16, Other deductions, and attach a schedule that explains the adjustment.

**Line 2 and Line 3 — Taxes not deductible**

California does not permit a deduction of California corporation franchise or income taxes or any other taxes on, according to, or measured by net income or profits. Such taxes that are shown on Form 100W, Schedule A, must be added to income by entering the amount on Side 1, line 12 (see General Information I), must transfer the amount from Schedule A, column (d) for the amount to be added to income). California does not permit a deduction for environmental taxes imposed by IRC Section 59A.

The LLC fee is not a tax. R&T Section 17942; therefore, it is deductible. Do not include any part of an LLC fee on line 2 or line 3.

**Line 4 — Interest on government obligations**

Corporations subject to California franchise tax must report all interest received on government obligations (such as federal, state, or municipal bonds). On line 4, enter all interest on government obligations that is not included in the federal ordinary income (loss).

Corporations subject to California corporation income tax, see instructions for line 16.

**Line 5 — Net California capital gain**

Complete Schedule D on Side 2 of Form 100W, and enter the California net capital gain from Schedule D, line 11.

Get FTB Pub. 1061 for instructions on determining the net capital gain when a combined report is filed.

**Line 6 and Line 12 — Depreciation and amortization**

California law is substantially different from federal law for corporations.

Complete form FTB 3885, Corporation Depreciation and Amortization, included in this booklet, to determine the amounts to enter on line 6 or line 12.

**Line 7a — Net income from Included Controlled Foreign Corporations (CFCs)**

R&T Section 25110(a)(6) provides that a portion of the income and apportionment factors of any CFC (defined in IRC Section 957) that has Subpart F income, as defined in IRC Section 952, must be included in the combined report of a taxpayer making a water’s-edge election. Complete and attach form FTB 2416, Schedule of Included
2. Deduction for dividends

Worksheet that follows to determine the line 5 of the worksheet. Then complete the adjusted basis of the assets contributed on amount as a positive number on line 8. Enter amount entered on Side 1, line 1, enter that amount actually contributed.

6. Enter the smaller of line 4 or line 5 here and on Side 1, line 14

Get Schedule R to figure the contribution computation for apportioning corporations.

Line 15 – EZ, TTA, or LAMBRA business expense and/or EZ net interest deduction

Businesses conducting a trade or business within an Enterprise Zone (EZ), Targeted Tax Area (TTA), or Local Agency Military Base Recovery Area (LAMBRA) may elect to treat a portion of the cost of qualified property as a business expense rather than a capital expense. For the year the property is placed in service, the business may deduct a percentage of the cost in that year rather than depreciate it over the life of the asset. For more information, get form FTB 3805Z, form FTB 3809; or form FTB 3807.

Also, a deduction may be claimed on this line for the amount of net interest on loans made to an individual or company doing business within an EZ. For more information, get form FTB 3805Z.

Line 20 – Net operating loss (NOL) carryover

Be sure to attach form FTB 3805Z; form FTB 3809; or form 3807 if any of these benefits are claimed. If the proper form is not attached, these tax benefits may be disallowed.

Line 16 – Other deductions

Include on this line deductions not claimed on any other line. Attach a schedule that clearly shows how each deduction was computed and explain the basis for the deduction.

For corporations subject to income tax (instead of the franchise tax), interest received on obligations of the federal government and on obligations of the State of California and its political subdivisions is exempt from income tax. If such interest is reported on line 4, it must be deducted on line 16.

Federal ordinary net gain or loss. Enter any federal ordinary net gain or loss from California sources, complete Schedule R, line 35, to Form 100W, line 19. The loss may not reduce current year income below zero. Any excess loss must be carried forward.

Line 19 – Net income (loss) for state purposes

If all corporate income is derived from California sources, transfer the amount on line 18 directly to line 19.

If only a portion of income is derived from California sources, complete Schedule R before entering any amount on line 19.

Transfer the amount from Schedule R, line 35, to Form 100W, line 19. Be sure to answer “Yes” to Question M on Form 100W, line 2.

If this line is a net loss, complete and attach the 2003 form FTB 3805Q to Form 100W.

Line 20, Line 21, and Line 22

Note: The order in which line 20, line 21, and line 22 appear is not meant to imply the order in which any NOL carryover deduction or disaster loss deduction is to be taken if more than one type of deduction is available.

Line 20 – Net operating loss (NOL) carryover deduction

The NOL carryover deduction is the amount of the NOL carryover from prior years that may be deducted from income in the current taxable year.

If line 19 is a positive amount, enter the NOL carryover from the 2004 form FTB 3805Q, Part III, line 3 on Form 100W, line 20. The loss may not reduce current year income below zero. Any excess loss must be carried forward.

If the full amount of the NOL carryover may not be deducted this year, complete and attach a 2004 form FTB 3805Q showing the computation of the NOL carryover for future years.

If line 19 is a negative amount, corporations may not claim an NOL carryover deduction. Enter -0- on line 20. See the 2004 form FTB 3805Q instructions to compute the NOL carryover for future years.

If the corporation terminates its election to be taxed as an S corporation, thus becoming a C corporation, then only that portion of the prior NOL carryover incurred while it had C corporation status may be used to the extent it has not expired.

Line 21 – Pierce’s disease, EZ, TTA, or LAMBRA NOL carryover deduction

An NOL generated by a farming business due to Pierce’s Disease or a business that operates (operated) or invests (invested) within an EZ, the former LARZ, the TTA, or a LAMBRA receives special tax treatment. The NOL may not reduce the corporation’s current year income below zero. Any excess loss must be carried forward.

For the corporation’s Pierce’s Disease, EZ, TTA, or LAMBRA NOL using form FTB 3805D; form FTB 3805Z; form FTB 3809; or form 3807 carryover.

Enter the Pierce’s Disease, EZ, TTA, LARZ, or LAMBRA NOL carryover deduction from the corporation’s form FTB 3805D; form FTB 3805Z; form FTB 3809; form FTB 3807; or form FTB 3806, on Form 100W, line 21. Attach a copy of form FTB 3805D; form FTB 3805Z; form FTB 3809; form FTB 3807; or form FTB 3806 to the Form 100W.

Line 22 – Disaster loss carryover deduction

If you have a disaster loss carryover deduction, enter the total amount from the 2004 form FTB 3805Q, Part III, line 1, only if you have income in the current year. The loss may not reduce current year income below zero. Any excess loss must be carried forward.

Line 24 – Tax

Use rates listed in General Information B, Tax Rates, and C, Minimum Franchise Tax.

Line 25 through Line 27 – Tax credits

A variety of tax credits are available to California corporations to reduce tax. However, corporations may not reduce the tax (line 24) below the minimum franchise tax, if applicable.

Also, the amount of the credit that a corporation is allowed to claim may be limited. Generally, if the corporation completed federal Form 4626, Alternative Minimum Tax — Corporations, the corporation may have limited credits. Complete Schedule P (100W), included in this booklet, to compute this limitation.

Corporations claiming the following credits are not subject to the TMT limitation:

- Enterprise zone hiring & sales or use tax credit;
- LARZ construction hiring & sales or use tax credit carryover;
- Solar energy credit carryover code 180;
- Commercial solar energy credit carryover;
- Commercial solar electric system credit;
- Research credit;
- Orphan drug credit carryover;
- Low-income housing credit;
- Manufacturers’ investment credit carryover;
- Targeted tax area hiring and sales or use tax credit;
- Natural heritage preservation tax credit; and
- Clinical testing expense credit carryover.

Each credit is identified by a code number. See the credit code chart on page 15. To claim one or two credits, enter the credit name, code number, and the amount of the credit on line 25 and line 26. To claim more than two credits, use Schedule P (100W). List two of the credits on line 25 and line 26. Enter the total of any remaining credits from Schedule P (100W) on line 27. Do not make an entry on line 27 unless line 25 and line 26 are complete.

To figure tax credits, use the appropriate form or schedule. If the corporation claims a credit carryover for an expired credit, use form FTB 3540, Credit Carryover Summary, to figure the amount of credit, unless the corporation is required to complete Schedule P (100W). In that case, enter the amount of the credit on Schedule P (100W) and complete Schedule P (100W). Do not attach form FTB 3540.

Attach the credit form or schedule and Schedule P (100W), if applicable, to Form 100W.

Line 29 – Balance
Subtract line 28 from line 24. Enter the result or the applicable minimum franchise tax, whichever is more. See General Information C, Minimum Franchise Tax.

Line 30 – Alternative minimum tax (AMT)
Enter on this line the AMT from Schedule P (100W), Part I, line 19, or Part II, line 18, whichever is applicable.

Line 33 – 2004 estimated tax paymentsEnter the total amount of estimated tax payments made during the 2004 taxable year on this line.

Line 34 – 2004 Nonresident or real estate withholding
Enter the 2004 nonresident or real estate withholding credit from Form(s) 592-B, 593-B, or 594. Attach a copy of the form(s) to the lower front of Form 100W, Side 1.

Line 37 and Line 38 – Tax due or overpayment
Revise the amount of tax due or overpayment, if applicable, by the amount on Side 2, Schedule J, line 6. See instructions for Schedule J.

**Schedule F — Computation of Net Income**

See General Information I, Net Income Computation, for information on net income computation methods.

**Line 13 – Salaries and Wages**

Gain from the exercise of California Qualified Stock Options (CQSOs) issued and exercised on or after January 1, 1997, and before January 1, 2002, can be excluded from gross income if the individual’s earned income is $40,000 or less. The exclusion from gross income is subject to AMT and the corporation is not allowed a deduction for the compensation excluded from the employee’s gross income. For more information, see R&TC Section 24602.

**Schedule G — Bad Debts Reserve Method**

For taxable years beginning on or after January 1, 2002, only banks that are not a large bank, as defined in the IRC Section 585(c)(2), may use the bad debt reserve method.

For the purpose of the bad debt reserve method, banks include savings and loan associations, and other financial institutions.

For more information, see IRC Sections 581 and 585. Complete Schedule G on this page and attach it to Form 100W.

**Schedule J — Add-On Taxes and Recapture of Tax Credits**

Complete Schedule J on Form 100W, Side 2, if the corporation has credit amounts to recapture or is required to include installment payments of “add-on” taxes from:
- Last-in, first-out (LIFO) recapture resulting from an S corporation election;
- Interest computed under the look-back method for completed long-term contracts;
- Interest on tax attributable to installment sales of certain property or use of the installment method for non-dealer installment obligations; or
- IRC Section 197(f)(9)(B)(ii) election to recognize gain on the disposition of an IRC Section 197 intangible.

Revise the amount of tax due or overpayment on Form 100W, line 37 or line 38, as applicable by the amount from Schedule J, line 6.
Installment payment of tax attributable to last-in, first-out (LIFO) recapture for corporations making an S corporation election. A corporation that uses the LIFO inventory pricing method and makes an S corporation election must include a “LIFO recapture amount” in income for its last year as a C corporation. The corporation’s LIFO recapture amount is equal to the excess of the inventory amount using the first-in, first-out (FIFO) method, over the inventory amount using the LIFO method, at the close of the corporation’s last taxable year as a C corporation.

The additional tax resulting from inclusion of the LIFO recapture in income is payable in four equal installments. The first installment is due on the original due date of Form 100W of the electing corporation’s last year as a C corporation.

To determine the additional tax due to LIFO recapture, the corporation must complete Form 100W, Side 1, line 19 through line 31, based on income that does not include the LIFO recapture amount.

On a separate worksheet using the Form 100W format, the corporation must complete the equivalent of Form 100W, Side 1, line 19 through line 31, based on taxable income including the LIFO recapture amount. Form 100W, Side 1, line 31, must then be compared to line 31 of the worksheet. The difference is the additional tax due to LIFO recapture.

Since Form 100W, Side 1, line 31, does not include the additional tax due to LIFO recapture, the corporations must include 1/4 of the additional tax on Schedule J, line 1, and adjust line 37 or line 38 accordingly. Attach the worksheet showing the computation.

Note: The electing S corporations must pay the remaining three installments of deferred tax with Form 100S.

Long-term contracts. If the corporation must compute interest under the look-back method for completed long-term contracts, complete and attach Form FTB 3834, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts. Include the amount of interest the corporation owes or the amount of interest to be credited or refunded to the corporation on Schedule J, line 2. If interest is to be credited or refunded, enter as a negative amount. Attach form FTB 3834 to Form 100W.

Interest on tax attributable to payments received on installment sales of certain timeshares and residential lots. If the corporation elected to pay interest on the amount of tax attributable to payments received on installment obligations arising from the disposition of certain timeshares and residential lots under IRC Section 453(i)(3), it must include the interest due on Schedule J, line 3a. For the applicable interest rates, get FTB Pub. 1138, Business Entity Refund/Billing Information. Attach a schedule showing the computation.

Interest on tax deferred under the installment method for certain nondealer installment obligations. If an obligation arising from the disposition of property to which IRC Section 453A(c) applies is outstanding at the close of the year, the corporation must include the interest due under IRC Section 453A on Schedule J, line 3b. For the applicable interest rates, get FTB Pub. 1138.

IRC Section 197(f)(9)(B)(ii) election. Complete Schedule J, line 4 if the corporation elected to pay tax on the gain from the sale of an intangible related to the anti-churning rules.

Credit recapture. Complete Schedule J, line 5, if the corporation completed the credit recapture portion of form:
- FTB 3501, Employer Child Care Program/Contribution Credit;
- FTB 3805Z, Enterprise Zone Deduction and Credit Summary;
- FTB 3807, Local Agency Military Base Recovery Area Deduction and Credit;
- FTB 3808, Manufacturing Enhancement Area Credit Summary;
- FTB 3809, Targeted Tax Area Deduction and Credit Summary;
- FTB 3535, Manufacturers’ Investment Credit;
- FTB 3534, Joint Strike Fighter Credits; or
- FTB 3508, Solar or Wind Energy System Credit.

Also complete Schedule J, line 5, if the corporation is subject to recapture of:
- The Farmworker Housing Credits; or
- The Community Development Financial Institution Deposits Credit.

**Schedule M-1—Reconciliation of income (loss) per books with income (loss) per return.**

Schedule M-1 is used to reconcile the difference between book and tax accounting for an income or expense item. The federal and state Schedule M-1 may be the same when you use the federal reconciliation method for net income computation. See General Information I, Net Income Computation, for more information. The Schedule M-1 will be different from the federal Form 1120, Schedule M-1 if using the California computation method for net income. The California computation method is generally used when the corporation has no federal filing requirement, or if the corporation maintains separate records for state purposes.

**Reporting requirements.** If the corporation’s total receipts (see top of page 16 for definition of total receipts) for the taxable year and total assets at the end of the taxable year are less than $250,000, the corporation is not required to complete Side 4 of Form 100W, Schedule L, Schedule M-1, and Schedule M-2. However, this information must be available in the future upon request.

**Corporations with total assets of $10 million or more.** For taxable years beginning on or after January 1, 2004, the IRS requires any domestic corporation or U.S. consolidated tax group with total assets of $10 million or more on the last day of the tax year to complete Schedule M-3 (Form 1120), Net Income (Loss) Reconciliation for Corporations With Total Assets of $10 Million or More, instead of Schedule M-1, Reconciliation of Income (Loss) per Books With Income per Return.

For California purposes, the corporation must still complete the California Schedule M-1, and:
- Attach a copy of the Schedule M-3 (Form 1120) to the California Franchise or Income Tax Return; or
- Attach a complete copy of the federal return; or
- FTB will accept the Schedule M-3 (Form 1120) in a spreadsheet format if more convenient.
<table>
<thead>
<tr>
<th>CREDIT NAME</th>
<th>CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Credits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Development Financial Institution Deposits – Obtain certification from: CALIFORNIA ORGANIZED INVESTMENT NETWORK (COIN) DEPARTMENT OF INSURANCE 300 CAPITOL MALL, SUITE 1600 SACRAMENTO CA 95814 <a href="http://www.insurance.ca.gov">www.insurance.ca.gov</a></td>
<td>209</td>
<td>20% of qualified investments made into a community development financial institution</td>
</tr>
<tr>
<td>Disabled Access for Eligible Small Businesses – FTB 3548</td>
<td>205</td>
<td>Similar to the federal credit, but limited to $125 per eligible small business, and based on 50% of qualified expenditures that do not exceed $250</td>
</tr>
<tr>
<td>Donated Agricultural Products Transportation – FTB 3547</td>
<td>204</td>
<td>50% of the costs paid or incurred for the transportation of agricultural products donated to nonprofit charitable organizations</td>
</tr>
<tr>
<td>Employer Child Care Contribution – FTB 3501</td>
<td>190</td>
<td>Employer: 30% of contributions to a qualified plan</td>
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<tr>
<td>Employer Child Care Program – FTB 3501</td>
<td>189</td>
<td>Employer: 30% of the cost of establishing a child care program or constructing a child care facility</td>
</tr>
<tr>
<td>Enhanced Oil Recovery – FTB 3546</td>
<td>203</td>
<td>1/3 of the similar federal credit but limited to qualified enhanced oil recovery projects located within California</td>
</tr>
<tr>
<td>Enterprise Zone Hiring &amp; Sales or Use Tax – FTB 3805Z</td>
<td>176</td>
<td>Business incentives for trade or business activities conducted within an enterprise zone.</td>
</tr>
<tr>
<td>Farmworker Housing – Construction Farmworker Housing – Loan Obtain certification from: FARMWORKER HOUSING ASSISTANCE PROGRAM, CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE 915 CAPITOL MALL, ROOM 485 SACRAMENTO CA 95814 <a href="http://www.treasurer.ca.gov">www.treasurer.ca.gov</a></td>
<td>207</td>
<td>50% of qualified costs paid or incurred to construct or rehabilitate qualified farmworkers housing Banks and financial corporations: 50% of foregone interest income on qualified farmworker housing loans</td>
</tr>
<tr>
<td>Joint Strike Fighter Wage – FTB 3534</td>
<td>215</td>
<td>A percentage of qualified wages paid or incurred in California in connection with the construction of a joint strike fighter.</td>
</tr>
<tr>
<td>Joint Strike Fighter Property – FTB 3534</td>
<td>216</td>
<td>10% of the cost of property placed in service in California for ultimate use in a joint strike fighter</td>
</tr>
<tr>
<td>Local Agency Military Base Recovery Area Hiring &amp; Sales or Use Tax – FTB 3807</td>
<td>198</td>
<td>Business incentives for trade or business activities conducted within a local agency military base recovery area.</td>
</tr>
<tr>
<td>Low-Income Housing – FTB 3521</td>
<td>172</td>
<td>Similar to the federal credit but limited to low-income housing in California</td>
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<td>Manufacturing Enhancement Area – FTB 3808</td>
<td>211</td>
<td>Hiring Credit for Manufacturing Enhancement Area</td>
</tr>
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<td>Natural Heritage Preservation – FTB 3503</td>
<td>213</td>
<td>55% of the fair market value of the qualified contribution of property donated to the state, any local government, or any nonprofit organization designated by a local government.</td>
</tr>
<tr>
<td>Prior Year Alternative Minimum Tax – FTB 3510</td>
<td>188</td>
<td>Must have paid alternative minimum tax in a prior year and have no alternative minimum tax liability in the current year</td>
</tr>
<tr>
<td>Prison Inmate Labor – FTB 3507</td>
<td>162</td>
<td>10% of wages paid to prison inmates</td>
</tr>
<tr>
<td>Research – FTB 3523</td>
<td>183</td>
<td>Similar to the federal credit but limited to costs for research activities in California</td>
</tr>
<tr>
<td>Rice Straw Obtain certification from: DEPARTMENT OF FOOD AND AGRICULTURE 1220 N STREET, ROOM 244 SACRAMENTO CA 95814 <a href="http://www.cdfa.ca.gov">www.cdfa.ca.gov</a></td>
<td>206</td>
<td>$15 per ton of rice straw grown in California</td>
</tr>
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<td>Solar or Wind Energy System – FTB 3508</td>
<td>217</td>
<td>A credit equal to the lesser of 7.5% of the net cost paid to purchase and install a solar or wind energy system for the production of electricity, or the $4.50 per rated watt of generating capacity of that system.</td>
</tr>
<tr>
<td>Targeted Tax Area Hiring &amp; Sales or Use Tax – FTB 3809</td>
<td>210</td>
<td>Business incentives for trade or business activities conducted within a targeted tax area.</td>
</tr>
<tr>
<td><strong>Repealed Credits with Carryover Provisions:</strong> The expiration dates for these credits have passed. However, these credits had carryover provisions. You may claim these credits if there is a carryover available from prior years. If you are not required to complete Schedule P (100 or 100W), get form FTB 3540, Credit Carryover Summary, to figure your credit carryover to future years.</td>
<td></td>
<td></td>
</tr>
</tbody>
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Principal Business Activity Codes

This list of principal business activities and their associated codes is designed to classify a business by the type of activity in which it is engaged to facilitate the administration of the California Revenue and Taxation Code. For taxable years beginning on or after January 1, 1998, these principal business activity codes are based on the North American Industry Classification System.

Using the list of activities and codes below, determine from which activity the company derives the largest percentage of its "total receipts." Total receipts is defined as the sum of gross receipts or sales (Side 3, Schedule F, line 1a) plus all other income (Side 3, Schedule F, lines 4 through 10). If the company purchases raw materials and supplies them to a subcontractor to produce the finished product, but retains title to the product, the company is considered a manufacturer and must use one of the manufacturing codes (311100-339900).

Once the principal business activity is determined, entries must be made on Form 100W, Question E. For the business activity code number, enter the six-digit code selected from the list below. On the next line enter a brief description of the company’s business activity. Finally, enter a description of the principal product or service of the company on the next line.

### Agriculture, Forestry, Fishing, and Hunting

<table>
<thead>
<tr>
<th>Code</th>
<th>Agriculture, Forestry, Fishing, and Hunting</th>
</tr>
</thead>
<tbody>
<tr>
<td>11100</td>
<td>Crop Production (including potatoes &amp; yams)</td>
</tr>
<tr>
<td>11120</td>
<td>Vegetable &amp; Melon Farming (including planting, soil preparation, planting, &amp; cultivating)</td>
</tr>
<tr>
<td>11130</td>
<td>Fruit &amp; Tree Nut Farming</td>
</tr>
<tr>
<td>11140</td>
<td>Greenhouse, Nursery, &amp; Floriculture Production</td>
</tr>
<tr>
<td>11190</td>
<td>Other Crop Farming (including tobacco, cotton, sugarcane, hay, peanut, sugar beet, &amp; all other crops)</td>
</tr>
<tr>
<td>11211</td>
<td>Beef Cattle Ranching &amp; Farming</td>
</tr>
<tr>
<td>11212</td>
<td>Cattle Feedlots</td>
</tr>
<tr>
<td>11219</td>
<td>Dairy Cattle &amp; Milk Production</td>
</tr>
<tr>
<td>11221</td>
<td>Hog &amp; Pig Farming</td>
</tr>
<tr>
<td>11230</td>
<td>Poultry &amp; Egg Production</td>
</tr>
<tr>
<td>11240</td>
<td>Sheep &amp; Goat Farming</td>
</tr>
<tr>
<td>11251</td>
<td>Animal Aquaculture (including shellfish &amp; finfish farms &amp; hatcheries)</td>
</tr>
<tr>
<td>11290</td>
<td>Other Animal Production</td>
</tr>
<tr>
<td>11311</td>
<td>Timber Tract Operations</td>
</tr>
<tr>
<td>11321</td>
<td>Forest Nurseries &amp; Gathering of Forest Products</td>
</tr>
<tr>
<td>11331</td>
<td>Logging</td>
</tr>
<tr>
<td>11410</td>
<td>Fishing</td>
</tr>
<tr>
<td>11421</td>
<td>Fishing &amp; Hunting</td>
</tr>
<tr>
<td>Support Activities for Agriculture and Forestry</td>
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</tr>
<tr>
<td>11511</td>
<td>Support Activities for Crop Production (including cotton ginning, soil preparation, planting, &amp; cultivating)</td>
</tr>
<tr>
<td>11521</td>
<td>Support Activities for Animal Production</td>
</tr>
<tr>
<td>11531</td>
<td>Support Activities for Forestry</td>
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### Mining

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<thead>
<tr>
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<tbody>
<tr>
<td>21110</td>
<td>Oil &amp; Gas Extraction</td>
</tr>
<tr>
<td>21210</td>
<td>Coal Mining</td>
</tr>
<tr>
<td>21220</td>
<td>Metal Ore Mining</td>
</tr>
<tr>
<td>21230</td>
<td>Stone Mining &amp; Quarrying</td>
</tr>
<tr>
<td>21232</td>
<td>Sand, Gravel, Clay, &amp; Ceramic &amp; Refractory</td>
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<tr>
<td>Minerals Mining &amp; Quarrying</td>
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</tr>
<tr>
<td>21239</td>
<td>Other Nonmetallic Mineral Mining &amp; Quarrying</td>
</tr>
<tr>
<td>21311</td>
<td>Support Activities for Mining</td>
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### Utilities

<table>
<thead>
<tr>
<th>Code</th>
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<tbody>
<tr>
<td>22110</td>
<td>Electric Power Generation, Transmission &amp; Distribution</td>
</tr>
<tr>
<td>22119</td>
<td>Natural Gas Distribution</td>
</tr>
<tr>
<td>22130</td>
<td>Water, Sewage, &amp; Other Systems</td>
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### Construction

<table>
<thead>
<tr>
<th>Code</th>
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<tbody>
<tr>
<td>236110</td>
<td>Residential Building Construction</td>
</tr>
<tr>
<td>236200</td>
<td>Nonresidential Building Construction</td>
</tr>
<tr>
<td>237100</td>
<td>Utility System Construction</td>
</tr>
<tr>
<td>237210</td>
<td>Land Subdivision</td>
</tr>
<tr>
<td>237310</td>
<td>Highway, Street, &amp; Bridge Construction</td>
</tr>
<tr>
<td>237990</td>
<td>Other Heavy &amp; Civil Engineering Construction</td>
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### Specialty Trade Contractors

<table>
<thead>
<tr>
<th>Code</th>
<th>Specialty Trade Contractors</th>
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</thead>
<tbody>
<tr>
<td>238100</td>
<td>Foundation, Structure, &amp; Building Exterior Contractors (including framing carpentry, masonry, glass, roofing, &amp; siding)</td>
</tr>
<tr>
<td>238210</td>
<td>Electrical Contractors</td>
</tr>
<tr>
<td>238220</td>
<td>Plumbing, Heating, &amp; Air-Conditioning Contractors</td>
</tr>
<tr>
<td>238290</td>
<td>Other Building Equipment Contractors</td>
</tr>
<tr>
<td>238300</td>
<td>Building Finishing Contractors (including drywall, insulation, painting, wallcovering, flooring, tile, &amp; finish carpentry)</td>
</tr>
<tr>
<td>238900</td>
<td>Other Specialty Trade Contractors (including site preparation)</td>
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### Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Manufacturing</th>
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<tbody>
<tr>
<td>311110</td>
<td>Animal Food Mfg</td>
</tr>
<tr>
<td>311200</td>
<td>Grain &amp; Oilseed Milling</td>
</tr>
<tr>
<td>311300</td>
<td>Sugar &amp; Confectionery Product Mfg</td>
</tr>
<tr>
<td>311400</td>
<td>Fruit &amp; Vegetable Preserving &amp; Specialty Food Mfg</td>
</tr>
<tr>
<td>311500</td>
<td>Dairy Product Mfg</td>
</tr>
<tr>
<td>311600</td>
<td>Animal Slaugthering &amp; Processing</td>
</tr>
<tr>
<td>31170</td>
<td>Seafood Product Preparation &amp; Packaging</td>
</tr>
<tr>
<td>311800</td>
<td>Bakeries &amp; Tortilla Mfg</td>
</tr>
<tr>
<td>311900</td>
<td>Other Food Product Mfg (including coffee, tea, flavorings, &amp; seasonings)</td>
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<tr>
<td>Beverages &amp; Tobacco Product Manufacturing</td>
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</tr>
<tr>
<td>31210</td>
<td>Soft Drink &amp; Ice Mfg</td>
</tr>
<tr>
<td>312120</td>
<td>Breweries</td>
</tr>
<tr>
<td>312130</td>
<td>Wineries</td>
</tr>
<tr>
<td>312140</td>
<td>Distilleries</td>
</tr>
<tr>
<td>312200</td>
<td>Tobacco Manufacturing</td>
</tr>
<tr>
<td>Textile Mills and Textile Product Mills</td>
<td></td>
</tr>
<tr>
<td>313000</td>
<td>Textile Mills</td>
</tr>
<tr>
<td>314000</td>
<td>Textile Product Mills</td>
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<tr>
<td>Apparel Manufacturing</td>
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</tr>
<tr>
<td>313100</td>
<td>Apparel Knitting Mills</td>
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### Code

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>315210</td>
<td>Cut &amp; Sew Apparel Contractors</td>
</tr>
<tr>
<td>315220</td>
<td>Men’s &amp; Boys’ Cut &amp; Sew Apparel Mfg</td>
</tr>
<tr>
<td>315230</td>
<td>Women’s &amp; Girls’ Cut &amp; Sew Apparel Mfg</td>
</tr>
<tr>
<td>315290</td>
<td>Other Cut &amp; Sew Apparel Mfg</td>
</tr>
<tr>
<td>315990</td>
<td>Apparel Accessories &amp; Other Apparel Mfg</td>
</tr>
<tr>
<td>Leather and Allied Product Manufacturing</td>
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</tr>
<tr>
<td>316110</td>
<td>Leather &amp; Hide Tanning &amp; Finishing</td>
</tr>
<tr>
<td>316210</td>
<td>Footwear Mfg (including rubber &amp; plastics)</td>
</tr>
<tr>
<td>316990</td>
<td>Other Leather &amp; Allied Product Mfg</td>
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</table>

### Wood Product Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>312110</td>
<td>Sawmills &amp; Wood Preservation</td>
</tr>
<tr>
<td>312120</td>
<td>Veneer, Plywood, &amp; Engineered Wood Product Mfg</td>
</tr>
<tr>
<td>312900</td>
<td>Other Wood Product Mfg</td>
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### Paper Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>322100</td>
<td>Pulp, Paper, &amp; Paperboard</td>
</tr>
<tr>
<td>322200</td>
<td>Converted Paper Product Mfg</td>
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### Printing and Related Support Activities

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>323100</td>
<td>Printing &amp; Related Support Activities</td>
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### Petroleum and Coal Products Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>324110</td>
<td>Petroleum Refineries (including integrated)</td>
</tr>
<tr>
<td>324210</td>
<td>Asphalt Paving, Roofing, &amp; Saturated Materials Mfg</td>
</tr>
<tr>
<td>324190</td>
<td>Other Petroleum &amp; Coal Products Mfg</td>
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### Plastics and Rubber Products Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>325610</td>
<td>Plastics Product Mfg</td>
</tr>
<tr>
<td>326200</td>
<td>Rubber Product Mfg</td>
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</tbody>
</table>

### Nonmetallic Mineral Product Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>327100</td>
<td>Clay Product &amp; Refractory Mfg</td>
</tr>
<tr>
<td>327210</td>
<td>Glass &amp; Glass Product Mfg</td>
</tr>
<tr>
<td>327300</td>
<td>Cement &amp; Concrete Product Mfg</td>
</tr>
<tr>
<td>327400</td>
<td>Lime &amp; Gypsum Product Mfg</td>
</tr>
<tr>
<td>327900</td>
<td>Other Nonmetallic Mineral Product Mfg</td>
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### Primary Metal Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>331110</td>
<td>Iron &amp; Steel Mills &amp; Ferroloy Mfg</td>
</tr>
<tr>
<td>331200</td>
<td>Steel Product Mfg from Purchased Steel</td>
</tr>
<tr>
<td>331310</td>
<td>Alumina &amp; Aluminum Production &amp; Processing</td>
</tr>
<tr>
<td>331400</td>
<td>Nonferrous Metal (except Aluminum) Production &amp; Processing</td>
</tr>
<tr>
<td>331500</td>
<td>Foundries</td>
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</table>

### Fabricted Metal Product Manufacturing

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>332110</td>
<td>Forging &amp; Stamping</td>
</tr>
<tr>
<td>332210</td>
<td>Cutlery &amp; Handtool Mfg</td>
</tr>
<tr>
<td>332300</td>
<td>Architectural &amp; Structural Metals Mfg</td>
</tr>
<tr>
<td>332400</td>
<td>Boiler, Tank, &amp; Shipping Container Mfg</td>
</tr>
<tr>
<td>332510</td>
<td>Hardware Mfg</td>
</tr>
<tr>
<td>332610</td>
<td>Spring &amp; Wire Product Mfg</td>
</tr>
<tr>
<td>332700</td>
<td>Machine Shops, Turned</td>
</tr>
</tbody>
</table>

### Wholesale Trade

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>423100</td>
<td>Motor Vehicle &amp; Motor Vehicle Parts &amp; Supplies</td>
</tr>
<tr>
<td>423200</td>
<td>Furniture &amp; Home Furnishings</td>
</tr>
<tr>
<td>423300</td>
<td>Lumber &amp; Other Construction Materials</td>
</tr>
<tr>
<td>423400</td>
<td>Professional &amp; Commercial Equipment &amp; Supplies</td>
</tr>
<tr>
<td>423500</td>
<td>Metal &amp; Mineral (except Petroleum)</td>
</tr>
<tr>
<td>423600</td>
<td>Electrical &amp; Electronic Goods</td>
</tr>
<tr>
<td>423700</td>
<td>Hardware, Plumbing, Heating &amp; Equipment &amp; Supplies</td>
</tr>
<tr>
<td>423800</td>
<td>Machinery, Equipment, &amp; Supplies</td>
</tr>
<tr>
<td>423910</td>
<td>Sporting &amp; Recreational Goods &amp; Supplies</td>
</tr>
<tr>
<td>423920</td>
<td>Toy &amp; Hobby Goods &amp; Supplies</td>
</tr>
<tr>
<td>423930</td>
<td>Recyclable Materials</td>
</tr>
<tr>
<td>423940</td>
<td>Jewelry, Watch, Precious Stone, &amp; Precious Metals</td>
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<tr>
<td>423990</td>
<td>Other Miscellaneous Durable Goods</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>541210</td>
<td>Office Administrative Services</td>
</tr>
<tr>
<td>541211</td>
<td>Facilities Support Services</td>
</tr>
<tr>
<td>541212</td>
<td>Employment Services</td>
</tr>
<tr>
<td>541213</td>
<td>Document Preparation Services</td>
</tr>
<tr>
<td>541242</td>
<td>Telephone Call Centers</td>
</tr>
<tr>
<td>541330</td>
<td>Business Service Centers (including private mail centers)</td>
</tr>
<tr>
<td>541400</td>
<td>Specialized Design Services (including interior, industrial, graphic, &amp; fashion design)</td>
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<tr>
<td>541410</td>
<td>Architectural, Engineering, and Related Services</td>
</tr>
<tr>
<td>541420</td>
<td>Telephone Call Centers</td>
</tr>
<tr>
<td>541450</td>
<td>Credit Bureaus</td>
</tr>
<tr>
<td>541490</td>
<td>Bookkeeping, and Payroll Services</td>
</tr>
<tr>
<td>541510</td>
<td>Offices of Certified Public Accountants</td>
</tr>
<tr>
<td>541511</td>
<td>Custom Computer Programming Services</td>
</tr>
<tr>
<td>541512</td>
<td>Computer Systems Design Services</td>
</tr>
<tr>
<td>541513</td>
<td>Computer Facilities Management Services</td>
</tr>
<tr>
<td>541519</td>
<td>Other Computer Related Services</td>
</tr>
<tr>
<td>541600</td>
<td>Management, Scientific, &amp; Technical Services</td>
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<tr>
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<td>Scientific Research &amp; Development Services</td>
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<tr>
<td>541800</td>
<td>Advertising &amp; Related Services</td>
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<tr>
<td>541910</td>
<td>Marketing Research &amp; Public Opinion Polling</td>
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<tr>
<td>541920</td>
<td>Photographic Services</td>
</tr>
<tr>
<td>541930</td>
<td>Translation &amp; Interpretation Services</td>
</tr>
<tr>
<td>541940</td>
<td>Veterinary Services</td>
</tr>
<tr>
<td>541990</td>
<td>All Other Professional, Scientific, &amp; Technical Services</td>
</tr>
<tr>
<td>551011</td>
<td>Offices of Bank Holding Companies</td>
</tr>
<tr>
<td>551111</td>
<td>Offices of Other Holding Companies</td>
</tr>
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</table>

### Management of Companies (Holding Companies)

<table>
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<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>551111</td>
<td>Offices of Bank Holding Companies</td>
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<tr>
<td>551112</td>
<td>Offices of Other Holding Companies</td>
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### Administrative and Support and Waste Management and Remediation Services

<table>
<thead>
<tr>
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<td>561110</td>
<td>Office Administrative Services</td>
</tr>
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<td></td>
<td>561111</td>
<td>Offices of Administrative Services</td>
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<tr>
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<td>Facilities Support Services</td>
</tr>
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<td></td>
<td>561300</td>
<td>Employment Services</td>
</tr>
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<td></td>
<td>561410</td>
<td>Document Preparation Services</td>
</tr>
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<td>561420</td>
<td>Telephone Call Centers</td>
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<td>561430</td>
<td>Business Service Centers (including private mail centers)</td>
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<td>561440</td>
<td>Collection Agencies</td>
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<td></td>
<td>561450</td>
<td>Credit Bureaus</td>
</tr>
<tr>
<td></td>
<td>561490</td>
<td>Other Business Support Services (including repossession services, court reporting, &amp; stenotype services)</td>
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<table>
<thead>
<tr>
<th>Waste Management and Remediation Services</th>
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<th>Description</th>
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<tbody>
<tr>
<td>Waste Management and Remediation Services</td>
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<td>Waste Management &amp; Remediation Services</td>
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<table>
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<tbody>
<tr>
<td>Educational Services</td>
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<td>Educational Services (including schools, colleges, &amp; universities)</td>
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<table>
<thead>
<tr>
<th>Health Care and Social Assistance</th>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Offices of Physicians and Dentists</td>
<td>621111</td>
<td>Offices of Physicians (except mental health specialists)</td>
</tr>
<tr>
<td>Offices of Physicians, Mental Health Specialists</td>
<td>621112</td>
<td>Offices of Physicians, Mental Health Specialists</td>
</tr>
<tr>
<td>Offices of Dentists</td>
<td>621210</td>
<td>Offices of Dentists</td>
</tr>
<tr>
<td>Offices of Other Health Practitioners</td>
<td>621310</td>
<td>Offices of Chiropractors</td>
</tr>
<tr>
<td>Offices of Optometrists</td>
<td>621320</td>
<td>Offices of Optometrists</td>
</tr>
<tr>
<td>Offices of Mental Health Practitioners (except Physician)</td>
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<td>Offices of Mental Health Practitioners (except Physician)</td>
</tr>
<tr>
<td>Offices of Physical, Occupational &amp; Speech Therapists, &amp; Audiologists</td>
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<td>Offices of Physical, Occupational &amp; Speech Therapists, &amp; Audiologists</td>
</tr>
<tr>
<td>Offices of Podiatrists</td>
<td>621391</td>
<td>Offices of Podiatrists</td>
</tr>
<tr>
<td>Offices of All Other Miscellaneous Health Practitioners</td>
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<td>Offices of All Other Miscellaneous Health Practitioners</td>
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</table>

<table>
<thead>
<tr>
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<th>Code</th>
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<tbody>
<tr>
<td>Other Ambulatory Health Care Services</td>
<td>621900</td>
<td>Other Ambulatory Health Care Services (including ambulance services &amp; blood &amp; organ banks)</td>
</tr>
<tr>
<td>Hospitals</td>
<td>622000</td>
<td>Hospitals</td>
</tr>
<tr>
<td>Nursing and Residential Care Facilities</td>
<td>623000</td>
<td>Nursing &amp; Residential Care Facilities</td>
</tr>
<tr>
<td>Social Assistance</td>
<td>624100</td>
<td>Individual &amp; Family Services</td>
</tr>
<tr>
<td>624200</td>
<td>Community Food &amp; Housing, &amp; Emergency &amp; Other Relief Services</td>
<td></td>
</tr>
<tr>
<td>624310</td>
<td>Vocational Rehabilitation</td>
<td></td>
</tr>
<tr>
<td>624410</td>
<td>Child Day Care Services</td>
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</tr>
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<table>
<thead>
<tr>
<th>Accommodation and Food Services</th>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>721110</td>
<td>Hotels (except Casino Hotels) &amp; Motels</td>
</tr>
<tr>
<td>721120</td>
<td>Casino Hotels</td>
<td></td>
</tr>
<tr>
<td>721191</td>
<td>Bed &amp; Breakfast Inns</td>
<td></td>
</tr>
<tr>
<td>721199</td>
<td>All Other Traveler Accommodation</td>
<td></td>
</tr>
<tr>
<td>721210</td>
<td>RV (Recreational Vehicle) Parks &amp; Recreational Camps</td>
<td></td>
</tr>
<tr>
<td>721310</td>
<td>Rooming &amp; Boarding Houses</td>
<td></td>
</tr>
<tr>
<td>Food Services and Drinking Places</td>
<td>Code</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Full-Service Restaurants</td>
<td>722110</td>
<td>Full-Service Restaurants</td>
</tr>
<tr>
<td>Limited-Service Eating Places</td>
<td>722210</td>
<td>Limited-Service Eating Places</td>
</tr>
<tr>
<td>Special Food Services (including food service contractors &amp; caterers)</td>
<td>722300</td>
<td>Special Food Services</td>
</tr>
<tr>
<td>Drinking Places (Alcoholic Beverages)</td>
<td>722410</td>
<td>Drinking Places (Alcoholic Beverages)</td>
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### Other Services

<table>
<thead>
<tr>
<th>Repair and Maintenance</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Mechanical &amp; Electrical Repair &amp; Maintenance</td>
<td>811110</td>
<td>Automotive Mechanical &amp; Electrical Repair &amp; Maintenance</td>
</tr>
<tr>
<td>Automotive Body, Paint, Interior, &amp; Glass Repair</td>
<td>811120</td>
<td>Automotive Body, Paint, Interior, &amp; Glass Repair</td>
</tr>
<tr>
<td>Other Automotive Repair &amp; Maintenance (including oil change &amp; lubrication shops &amp; car washes)</td>
<td>811190</td>
<td>Other Automotive Repair &amp; Maintenance</td>
</tr>
<tr>
<td>Residential Electrical, Electronic, &amp; Appliance Repair &amp; Maintenance</td>
<td>811410</td>
<td>Residential Electrical, Electronic, &amp; Appliance Repair &amp; Maintenance</td>
</tr>
<tr>
<td>Upholstery &amp; Furniture Repair</td>
<td>811420</td>
<td>Upholstery &amp; Furniture Repair</td>
</tr>
<tr>
<td>Footwear &amp; Leather Goods Repair</td>
<td>811430</td>
<td>Footwear &amp; Leather Goods Repair</td>
</tr>
<tr>
<td>Other Personal &amp; Household Goods Repair &amp; Maintenance</td>
<td>811490</td>
<td>Other Personal &amp; Household Goods Repair &amp; Maintenance</td>
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</table>

<table>
<thead>
<tr>
<th>Personal and Laundry Services</th>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Barber Shops</td>
<td>812111</td>
<td>Barber Shops</td>
</tr>
<tr>
<td>Beauty Salons</td>
<td>812112</td>
<td>Beauty Salons</td>
</tr>
<tr>
<td>Nail Salons</td>
<td>812113</td>
<td>Nail Salons</td>
</tr>
<tr>
<td>Other Personal Care Services (including diet &amp; weight reducing centers)</td>
<td>812190</td>
<td>Other Personal Care Services</td>
</tr>
<tr>
<td>Funeral Homes &amp; Funeral Services</td>
<td>812210</td>
<td>Funeral Homes &amp; Funeral Services</td>
</tr>
<tr>
<td>Cemeteries &amp; Crematories</td>
<td>812220</td>
<td>Cemeteries &amp; Crematories</td>
</tr>
<tr>
<td>Coin-Operated Laundry Services &amp; Drycleaners</td>
<td>812310</td>
<td>Coin-Operated Laundry Services &amp; Drycleaners</td>
</tr>
<tr>
<td>Drycleaning &amp; Laundry Services (except Coin-Operated)</td>
<td>812320</td>
<td>Drycleaning &amp; Laundry Services (except Coin-Operated)</td>
</tr>
<tr>
<td>Linen &amp; Uniform Supply</td>
<td>812330</td>
<td>Linen &amp; Uniform Supply</td>
</tr>
<tr>
<td>Pet Care (except Veterinary Services)</td>
<td>812910</td>
<td>Pet Care (except Veterinary Services)</td>
</tr>
<tr>
<td>Photofinishing</td>
<td>812920</td>
<td>Photofinishing</td>
</tr>
<tr>
<td>Parking Lots &amp; Garages</td>
<td>812930</td>
<td>Parking Lots &amp; Garages</td>
</tr>
<tr>
<td>All Other Personal Services (including coin-operated launderers)</td>
<td>812990</td>
<td>All Other Personal Services</td>
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<table>
<thead>
<tr>
<th>Religious, Grantmaking, Civic, Professional, and Similar Organizations</th>
<th>Code</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Religious, Grantmaking, Civic, Professional, &amp; Similar Organizations (including condominium and homeowners associations)</td>
<td>813000</td>
<td>Religious, Grantmaking, Civic, Professional, &amp; Similar Organizations (including condominium and homeowners associations)</td>
</tr>
</tbody>
</table>
How To Get California Tax Information

Where To Get Tax Forms and Publications

By Internet – You can view, download, and print California tax forms, instructions, publications, FTB Notices, and Legal Rulings from our Website at www.ftb.ca.gov.

By phone – To order current year California tax forms:
• Refer to the list in the right column and find the code number for the form you want to order.
• Call (800) 338-0505.
• Select “Business Entity Information.”
• Select “Order Forms and Publications.”
• Enter the three-digit code shown to the left of the form title when instructed.

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

In person – Many libraries and some quick print businesses have forms and schedules for you to photocopy (a nominal fee may apply).

Note: Employees at libraries and quick print businesses cannot provide tax information or assistance.

By mail – Write to:
TAX FORMS REQUEST UNIT
FRanchise Tax Board
PO Box 307
Rancho Cordova CA 95741-0307

Letters

If you write to us, be sure to include your California corporation number or federal employer identification number, your daytime and evening telephone numbers, and a copy of the notice with your letter. Send your letter to:
FRANCHISE TAX BOARD
PO Box 942857
Sacramento CA 94257-0540

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 the return.

General Toll-Free Phone Service

Telephone assistance is available year-round from 7 a.m. until 7 p.m. Monday through Friday, except state holidays. We may modify these hours without notice to meet operational needs.

From within the United States ................................. (800) 852-5711
From outside the United States (not toll-free) ........ (916) 845-6500
For federal tax questions, call the IRS at .................. (800) 829-1040

Assistance for persons with disabilities
We comply with the Americans with Disabilities Act. Persons with hearing or speech impairment, please call:
TTY/TDD ................................................................. (800) 822-6268

Asistencia bilingüe en español:
Asistencia telefónica esta disponible todo el año durante las 7 a.m. y las 7 p.m. lunes a viernes, excepto días festivos estatales. Sin embargo, podríamos modificar este horario sin aviso previo para cumplir necesidades de operación.
Dentro de los Estados Unidos, llame al ................. (800) 852-5711
Fuera de los Estados Unidos, llame al (cargos aplican) (916) 845-6500
Para preguntas sobre impuestos federales, llame el IRS al ...................... (800) 829-1040

California Tax Forms and Publications

817 California Corporation Tax Forms and Instructions. This booklet contains:
• Form 100, California Corporation Franchise or Income Tax Return;
• Schedule H (100), Dividend Income Deductions
• Schedule P (100), Alternative Minimum Tax and Credit Limitations — Corporations
• FTB 3539, Payment Voucher for Automatic Extension for Corporations and Exempt Organizations
• FTB 3565, Small Business Stock Questionnaire
• FTB 3805Q, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Corporations
• FTB 3885, Corporation Depreciation and Amortization

816 California S Corporation Tax Forms and Instructions. This booklet contains:
• Form 100S, California S Corporation Franchise or Income Tax Return;
• Schedule B (100S), S Corporation Depreciation and Amortization
• Schedule C (100S), S Corporation Tax Credits
• Schedule D (100S), S Corporation Capital Gains and Losses and Built-In Gains
• Schedule H (100S), Dividend Income Deduction
• Schedule K-1 (100S), Shareholder’s Share of Income, Deductions, Credits, etc.
• Schedule QS, Qualified Subchapter S Subsidiary (QSub) Information Worksheet
• FTB 3539, Payment Voucher for Automatic Extension for Corporations and Exempt Organizations
• FTB 3805Q, Net Operating Loss (NOL) Computation and NOL Disaster Loss — Corporations

814 Form 109 Booklet, California Exempt Organization Business Income Tax Return
818 Form 100-ES, Corporation Estimated Tax
815 Form 199, California Exempt Organization Annual Information Return and Instructions
820 FTB Pub. 1068, Exempt Organizations — Requirements for Filing Returns and Paying Filing Fees
802 FTB 3500, Exemption Application
803 FTB 3555, Request for Tax Clearance Certificate — Corporations
831 FTB 3534, Joint Strike Fighter Credits
835 FTB 3805D, Net Operating Loss (NOL) Carryover Computation and Limitation – Pierce’s Disease

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 Pub. 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” on this page.
Our automated toll-free phone service is available 24 hours a day, 7 days a week, in English and Spanish to callers with touch-tone telephones. To order Business Entity forms, the automated service is available from 6 a.m. to 8 p.m. Monday through Friday, except state holidays. You can:

- Order current year California income tax forms, and
- Hear recorded answers to many of your questions about California taxes.

Have paper and pencil ready to take notes.

Call from within the United States  (800) 338-0505
Call from outside the United States (not toll-free)  (916) 845-6600

To Order Forms

See “Where to Get Tax Forms and Publications” on the previous page.

To Get Information

If you need an answer to any of the following questions, call (800) 338-0505, select “Business Entity Information,” then “General Tax Information,” follow the recorded instructions, and enter the three-digit code when instructed.

Code Filing Assistance

715 If my actual tax is less than the minimum franchise tax, what figure do I put on line 23 of Form 100 or Form 100W?
717 What are the tax rates for corporations?
718 How do I get an extension of time to file?
722 When does my corporation have to file a short-period return?
734 Is my corporation subject to franchise tax or income tax?

S Corporations

704 Is an S corporation subject to the minimum franchise tax?
705 Are S corporations required to file estimated payments?
706 What forms do S corporations file?
707 The tax for my S corporation is less than the minimum franchise tax. What figure do I put on line 22 of Form 100S?

Exempt Organizations

709 How do I get tax-exempt status?
710 Does an exempt organization have to file Form 199?
736 I have exempt status. Do I need to file Form 100 or Form 109 in addition to Form 199?