

# Instructions for Form 199

## California Exempt Organization Annual Information Return

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005**, and to the California Revenue and Taxation Code (R&TC).

### General Instructions

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to [ftb.ca.gov](http://ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

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

Organizations that do not hold a current R&TC Section 23701 tax-exempt status should not file Form 199, California Exempt Organization Annual Information Return, unless the organization is a nonexempt charitable trust described under General Instruction B, Who Must File.

Exempt organizations are **not** required to attach a copy of federal Form 990, Return of Organization Exempt from Income Tax. However, federal Form 990 may be attached to Form 199 in lieu of completing Part II of Form 199 unless otherwise provided in these instructions.

#### Round Cents to Dollars

Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25. If you do not round, the Franchise Tax Board (FTB) will disregard the cents.

#### California Acknowledgement of Tax-Exempt Status

Effective January 1, 2008, R&TC Code Section 23701d allows organizations that have a federal determination letter of tax-exempt status under IRC Section 501(c)(3) to be acknowledged in California as tax-exempt. Get form FTB 3500A, Submission of Exemption Request for more information.

#### California Registered Domestic Partners

For California purposes, Registered Domestic Partners (RDPs) have the same legal benefits, protections and responsibilities as married couples, unless otherwise specified. For purposes of California income tax, references to a spouse, husband, or wife also refer to a California Registered Domestic Partner RDP, unless otherwise specified. When we use the initials RDP they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

#### Third Party Designee

Beginning on or after January 1, 2008, the organization can designate a third party to discuss the tax return with the Franchise Tax Board (FTB). For more information, go to Specific Line Instructions, Third Party Designee.

### A Purpose

Form 199 is used by both of the following organizations:

- Organizations that have been granted tax-exempt status by the FTB.
- Organizations that received a federal exemption under IRC Section 501(c)(3) and submitted FTB 3500A, with a copy of the IRS determination letter.

### B Who Must File

Answer the following questions to determine if the organization should file Form 199.

1. Did the organization receive a letter from the FTB granting tax-exempt status to the organization, or did the organization receive a federal exemption under IRC Section 501(c)(3) and submit a copy of its federal determination letter along with form FTB 3500A to FTB? ☐ Yes ☐ No
2. Is the organization a nonexempt charitable trust as described in IRC Section 4947(a)(1)? ☐ Yes ☐ No

If the answer to both of these questions is "No," STOP HERE, DO NOT FILE THIS FORM.

**Exception:** When processing an Exemption Application, we may request the Form 199 to be filed.

If the answer to one of the questions is "Yes," then the organization may be required to file a Form 199 depending on:

- The type of exempt organization. See below and General Instruction C, Exceptions.
- The amount of the organization's normal gross receipts. See General Instruction E, Gross Receipts.

Except for those organizations excluded from filing under General Instruction C, an annual return using Form 199 is required from every organization exempt from tax under R&TC Section 23701. These organizations include:

**Private foundations** must file a completed Form 199 and pay the applicable filing fee. However, they may furnish one of the following substitute information for Part II:

1. A complete copy of federal Form 990-PF, with appropriate schedules.
2. A complete copy of the current report filed with the Registry of Charitable Trusts (including federal Form 990).

**Nonexempt charitable trusts** as defined in IRC Section 4947(a)(1) must file form 199 regardless of the amount of gross receipts. A nonexempt charitable trust is a trust which:

- Is not exempt from taxation under R&TC Section 23701d.

- Has all the unexpired interests devoted to charitable purposes described in IRC Section 170(c).
- Had a charitable contribution deduction allowed for all the unexpired interests under the R&TC.

A **split-interest trust** is a trust which:

- Is not exempt from taxation under R&TC Section 23701d.
- Has some of the unexpired interests devoted to one or more charitable purposes as described in IRC Section 170(c).
- Has amounts in trust for which a charitable contributions deduction was allowed under the R&TC. Pooled income funds, IRC Section 642(c)(5); charitable remainder annuity trusts, IRC Section 664(d)(1); and remainder unitrusts, IRC Section 664(d)(2); are considered split-interest trusts for which the trustee must file Form 541-B, Charitable Remainder and Pooled Income Trusts, for the taxable year. For more information regarding the filing requirements for these types of trusts, get Form FTB 541-B.

**Simple trusts** which received a letter from the FTB granting tax-exempt status under R&TC Section 23701d are considered to be corporations for tax purposes. The trust may be required to file Form 199.

**Religious or apostolic organizations** described in R&TC Section 23701k must attach a completed Form 565, Partnership Return of Income, to Form 199.

### C Exceptions

Except for a private foundation, organizations with gross receipts that are normally less than \$25,000 are not required to file Form 199. See General Instruction E, Gross Receipts.

Use this table to decide if the organization must file Form 199.

| Normally less than \$25,000 means:     |   |
|--|---|
| IF IN EXISTENCE FOR –                  | GROSS RECEIPTS/ PLEDGES EQUAL   |
| 1 year or less                         | \$37,500 or less  |
| More than 1 year but less than 3 years | \$30,000 or less (average for current year and immediately preceeding year)         |
| 3 years or more                        | \$25,000 or less (average for current year and immediately preceding 2 prior years) |

In addition, the following are not required to file Form 199:

- Churches, interchurch organizations of local units of a church, conventions or associations of churches, or integrated auxiliaries of churches.
- Religious orders.
- Organizations formed to carry out a function of a state, or a public body that is carrying out that function and is controlled by the state, or a public body.

- Political organizations exempt under R&TC Section 23701r.
- Qualified state tuition programs exempt under R&TC Section 23711.
- Coverdell ESA exempt under R&TC Section 23712.
- Stock bonus, pension, or profit sharing trusts exempt under R&TC Section 17631.

#### Noncharitable Trusts

A Charitable Remainder Trust (CRT) files Forms 541-A Trust Accumulation of Charitable Amounts, or 541-B Charitable Remainder and Pooled Income Trusts, depending upon the type of CRT. Get Forms 541-A and Form 541-B for more information. However, if the trust is classified by the Internal Revenue Service (IRS) as IRC Section 4947(a)(1) (Nonexempt Charitable Trust) then it must file California Form 199.

## D Homeowners' Associations

Homeowners' associations exempt under R&TC Section 23701t include condominium management associations, residential real-estate management associations, cooperative housing corporations, and timeshare associations.

Gross receipts for a homeowners' association are defined as gross receipts from all sources **before** deductions.

Use the chart under General Instruction C, to determine whether the homeowners' association must file Form 199. Also, homeowners' associations with gross nonexempt function income in excess of \$100 are required to file Form 100, California Corporation Franchise or Income Tax Return. Nonexempt function income is taxable and is defined as all income received during the taxable year other than amounts received from membership fees, dues, or assessments.

For more complete details regarding filing requirements, get FTB Pub. 1028, Guidelines for Homeowners' Associations.

## E Gross Receipts

Gross receipts are the total amounts received by the organization during the annual accounting period from all sources before subtracting costs or expenses. Gross receipts include, but are not limited to.

- The gross amount received as contributions, gifts, grants, and similar amounts.
- The gross amount received as dues and assessments from members or affiliated organizations.
- Gross sales or receipts from business activities, including business activities unrelated to the purpose of the organization.
- The gross amount received from the sale of assets.
- The gross amount received as investment income such as interest, dividends, rents, and royalties.

## F Payment of Filing Fee

Organizations required to file Form 199 must pay a \$10 filing fee. If the \$10 fee is not paid by the due date (including extensions), an additional \$15 is assessed for a total fee of \$25. (If the return is filed on or before the original due date, there is no extension of time in which the fee may be paid.)

**Exception.** The filing fee does not apply to the following organizations exempt under R&TC Section 23701d:

- **Exclusively religious organizations.**
- **An exclusively educational organization** if the organization normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where its educational activities are regularly carried on.
- **An exclusively charitable organization, or an organization for the prevention of cruelty to children or animals,** if the organization is supported, in whole or in part, by funds contributed by the United States or any state or political subdivision thereof, or is primarily supported (50% or more) by contributions of the general public.
- **An organization** operated, supervised, or controlled by or in connection with an exclusively religious organization.

Organizations required to file Form 199 but not required to pay the filing fee **must** check the box to Question G on Form 199, Side 1.

## G Miscellaneous Forms to File

1. **Form 109**, California Exempt Organization Business Income Tax Return, must be filed by:

- **Exempt organizations**, when gross income derived from unrelated business is \$1,000 or more. (Form 109 must be filed whether or not Form 199 is filed.)

**Exception.** Political organizations (exempt under R&TC Section 23701r), homeowners' associations (exempt under R&TC Section 23701t), and organizations controlled by the state or other governmental municipalities are not required to file Form 109.

- **Stock bonus, pension, or profit sharing trusts exempt under R&TC Section 17631** with unrelated business income of \$1,000 or more.

2. **Form 100**, Corporation Franchise or Income Tax Return, must be filed by:

- **Political organizations** (exempt under R&TC Section 23701r) with taxable income in excess of \$100. There is no requirement to file Form 199.
- **Homeowners' associations** (exempt under R&TC Section 23701t) with homeowners' association nonexempt gross income in excess of \$100. Form 100 must be filed whether or not Form 199 is required to be filed. See General Instruction D, Homeowners' Associations.
- **Some mutual and cooperative organizations** that are exempt under federal law but not exempt under California law.

3. **Form 565**, Partnership Return of Income, must be completed by all religious or apostolic organizations described in R&TC Section 23701k, and attached to Form 199.

4. The organization must file federal Form 1099 series information returns with the FTB as well as the IRS to report certain payments made or received by your organization. Reportable payments include, but are not limited to:

- All amounts paid to an attorney whether or not the services are performed for the payer, and all amounts paid by a broker or barter exchange.
- Payments exceeding \$10 annually for interest (earned) and dividends.
- Payments exceeding \$600 annually for compensation for services that are 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.
- Cash payments over \$10,000 received in a trade or business.

For more information, see the IRS General Instructions for Forms 1099, 1098, 5498, and W-2-G; federal Publication 1220, Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically or Magnetically; form FTB 4227A, Guide to Information Returns Filed With California; and form FTB 8305, Reporting Requirements for Forms 1098, 1099, 5498, W-2G.

5. All corporations and exempt organizations incorporated or qualified to do business in California must file Statement of Information (Form SI-100) with the Secretary of State (SOS).

In addition, every domestic nonprofit corporation formed to manage a common interest development must file a Statement by Common Interest Development Association (Form SI - CID) with the SOS.

R&TC Section 19141 requires the FTB to assess a penalty for failure to file a Statement of Information (Form SI-100) and Statement by Common Interest Development Association (Form SI - CID). The FTB has no authority to waive this penalty except as directed by the California SOS.

For more information regarding the Statement of Information, contact:

STATEMENT OF INFORMATION UNIT  
ATTENTION: PENALTY  
CALIFORNIA SECRETARY OF STATE  
PO BOX 944230  
SACRAMENTO CA 94244-2300  
TELEPHONE: 916.653.1742

Or, go to [sos.ca.gov](http://sos.ca.gov).

6. The Attorney General's Form RRF-1, Registration/Renewal Fee Report, must be filed if the organization is organized for public benefit purposes. R&TC Section 23703 requires the FTB to disallow exemption and assess the minimum tax for any year(s) in which the organization fails to properly file this form. The FTB has no authority to reinstate exemption or cancel the tax except as directed by the California Registry of Charitable Trusts.

For more information, contact the California Attorney General's Office:

REGISTRY OF CHARITABLE TRUSTS  
PO BOX 903447  
SACRAMENTO CA 94203-4470  
TELEPHONE: 916.445.2021  
FAX: 916.444.3651

Or, go to [ag.ca.gov](http://ag.ca.gov).

## H When and Where to File

File Form 199 by the 15th day of the 5th month after the accounting period ends.

Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

If payment is included with the completed form, mail it to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0701

Include the California corporation number and "2009 Form 199" on the check or money order.

If payment is not required with the completed form, mail it to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0700

If the organization is sending more than one return, use separate envelopes and separate checks or money orders to make sure the returns and payments are processed correctly.

## I Extension of Time to File

If Form 199 cannot be filed by the 15th day of the 5th month after the accounting period ends, the exempt organization has an additional seven months to file without filing a written request for extension. However, an organization that is not in good standing or suspended on the original due date of the return will not be given an extension of time to file. For more information, get form FTB 3539, Payment for Automatic Extension for Corporations and Exempt Organizations.

If the return is not filed and/or the filing fee is not paid by the extended due date, penalties, additional fees, and interest may be imposed as explained in General Instruction J, Penalties.

## J Penalties

**Failure to File a Timely Return** — An organization that fails to file the return on or before the original due date, or extended due date, is assessed a penalty of \$5 for each month, or part of the month, the return is late. If the return is not filed by the extended due date, the automatic extension will not apply. The penalty may not exceed \$40.

Organizations exempt from the \$10 filing fee are **not** exempt from this penalty. See General Instruction F, Payment of Filing Fee.

**Late Payment of Fee** — An organization that fails to pay the \$10 filing fee by the original due date, or extended due date, is assessed an additional filing fee of \$15.

**Failure to Furnish Information** — In the case of a private foundation, the FTB may make a written demand that a delinquent return or foundation report be filed within a reasonable amount of time after mailing a demand notice. The person who fails to file after such demand is subject to a penalty of \$5 for each month, or part of the month, (not to exceed \$25) after the period expires. The penalty is in addition to the late filing penalty described above.

**Waiver** — The law provides the FTB with the authority to waive the above penalties and late payment fee if it is shown that the failure was due to reasonable cause and not due to willful neglect.

**Suspension/Revocation** — The corporate rights, powers, and privileges may be suspended, or the exemption from tax may be revoked, for failure to file a return or pay the filing fee, penalties, or interest.

**Interest** — Interest accrues on the delinquent penalty from the original due date of the return until the penalty is paid. Get FTB Pub. 1138, Business Entity Refund/Billing Information, for more information.

## K California Use Tax

The use tax has been in effect in California since July 1, 1935. It applies to purchases from out-of-state or Internet sellers and is similar to the sales tax paid on purchases made in California.

In general, exempt organizations must pay California use tax on purchases made from out of state (for example, by telephone, over the Internet, by mail, or in person) if:

- The seller does not collect California sales or use tax.
- The organization uses, gives away, stores, or consumes the item in this state.

**Example:** The exempt organization purchases a conference table from a company in North Carolina. The company ships the table from North Carolina to the organization's office in California for its use and does not charge California sales or use tax. The organization owes use tax on the purchase.

**Complete the Use Tax Worksheet** on page 4 to calculate the amount due.

**Extensions to file.** If the exempt organization requests an extension to file its annual information return, wait until the exempt organization files its annual information return to report the purchases subject to use tax and to make the use tax payment.

**Penalty:** To avoid late payment penalties for use tax, the organization must report and pay the use tax with a timely filed annual information return.

**Changes in use tax reported.** Do not file an amended return to revise use tax previously reported. If the exempt organization has changes to the amount of use tax previously reported on the original return, contact the State Board of Equalization.

For assistance with your use tax questions, go to [boe.ca.gov](http://boe.ca.gov), or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929. Income tax information is not available at this number.

## L Group Filing

A central, parent, or like organization can file a group return for two or more local organizations that:

- Are tax-exempt under a group exemption letter that is still in effect.
- Are affiliated with the central organization at the time its annual accounting period ends.

- Are subject to the central organization's general supervision or control.
- Have the same accounting period as the central organization.

Every year, each local organization must authorize the central organization in writing to include it in the group return and must declare, under penalty of perjury, that the authorization and the information it submits to be included in the group return are true and complete.

If the central organization prepares a group return for its affiliated organizations, check the "Yes" box in Question D(a), and indicate the number of organizations for which the group return is filed in Question D(b).

For Question D(c), check "Yes," to indicate that the group return includes all affiliated organizations covered by the group ruling. If the organization answers "No" to D(c), attach a list showing the name, address, and FEIN of each affiliated organization included in the group return. If either box in D(a) or D(d) is checked "Yes," enter the four-digit group exemption number issued by the IRS in Question D(e).

The group return filed should include a list of names, current mailing addresses, and California corporate, or association numbers (if assigned), and FEINs of all of the subordinates.

An affiliated organization covered by a group ruling may file a separate return instead of being included in the group return. In such case, check the "Yes" box in item D(d).

All subordinates must have tax-exempt status before being included in a group return. A separate form FTB 3500, Exemption Application, or form FTB 3500A, Submission of Exemption Request, can be filed with the FTB to request tax-exempt status for all subordinates. Otherwise, subordinates must file form FTB 3500 and be granted tax-exempt status before it can be included in the group return.

## M Questions About Filing

If the organization has questions about filing, write to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286

Organizations may also call 916.845.4171 or refer to the last page of these instructions for telephone assistance and the FTB internet address.

Include the organization's identifying number and telephone number on all correspondence.

## Specific Line Instructions

### Entity Information

Make sure entries have been made for the following:

- California corporation or organization number (seven digits).
- Federal employer identification number (FEIN)
- Organization's legal name
- Address

**Private Mail Box (PMB)** — Include PMB number in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.



## Accounting Period

If filing Form 199 on a fiscal year, fill in the taxable year information including the month, day, and year in the spaces provided at the top of Side 1.

### Questions A through N

Answer all applicable questions. Use the following instructions when answering:

#### Question D - Group Return

Refer to General Information Section L, Group Filing for more information.

#### Question H - Accounting Method

The method used to compute income should be made in accordance with the accounting regularly used by the organization in maintaining its books and records.

#### Question I - Influencing Legislation

Organizations that are exempt under R&TC Section 23701d by virtue of either filing form FTB 3500 and receiving a letter from the FTB granting tax-exempt status to the organization, or an organization receiving a federal exemption under IRC Section 501(c)(3) and submitting a copy of its federal determination letter along with form FTB 3500A to FTB, is prohibited from supporting or opposing candidates for public office. However, an R&TC Section 23701d organization may elect to make limited expenditures to influence legislation within the limitations set by R&TC Section 23704.5. Organizations making this election must complete form FTB 3509, and attach it to Form 199.

#### Line 1 - Gross Sales or Receipts from Other Sources

Enter the amount from Side 2, Part II, line 8.

See General Instruction E, Gross Receipts, for the definition of gross receipts. Homeowners' associations see General Instruction D, Homeowners' Associations.

Do not include amounts for gross dues and assessments from members and affiliates or amounts from gross contributions, gifts, grants, and similar amounts received. These amounts are reported on Part I, line 2 and line 3.

#### Line 3 - Gross Contributions, Gifts, Grants, and Similar Amounts Received

Attach an itemized schedule if money, securities, or other property aggregating \$5,000 or more is received directly or indirectly from one person in one or more transactions during the year. The schedule must show the name, address, date received, and the total amount received from each person.

In determining whether a person has contributed \$5,000 or more, organizations must total gifts of \$1,000 or more from that person. Separate and independent gifts need not be totaled if less than \$1,000. Also, if a contribution is in the form of property (other than securities), the organization must furnish a description of the property. If the property consists of securities for which market quotations are readily available, the description and fair market value of the securities must be submitted.

Person means individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations.

Organizations that are not private foundations must report the name and address of the contributor who gave more than \$5,000 in money, securities, or other property during the year only if it has actual knowledge of the contributor. For example, an organization need not require an employer who withholds contributions from the compensation of employees and pays over to the organization periodically the total amounts withheld, to specify the amounts paid over with respect to a particular employee. In such case, unless the organization has actual knowledge that a particular employee gave more than \$5,000, the organization must report only the name and address of the employer and the total amount paid over by the employer.

Organizations described in R&TC Sections 23701b, 23701g, and 23701i that receive contributions or gifts to be used exclusively for the purposes described in IRC Section 170 must attach a statement with respect to all gifts which total \$1,000 from any one person showing:

- The name of the donor.
- The amount of the contribution.
- The specific purpose of the contribution.
- The specific use of the contribution.

If the contribution or gift is transferred to another organization, the statement must include:

- The name of the transferee organization.
- A description of the nature of the transferee organization.
- A description of the relationship between the transferee and transferor organizations. Such organizations must also attach a statement showing the total dollar amount of contributions and gifts received.

#### Line 14 - Use Tax

As explained under General Information K, California use tax applies to purchases from out of state sellers (for example, purchases made by telephone, over the Internet, by mail, or in person). For questions on whether a purchase is taxable, go to State Board of Equalization's website at [boe.ca.gov](http://boe.ca.gov), or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929.

**Note:** The following businesses must continue to report purchases subject to use tax directly to the State Board of Equalization:

- Businesses that have a California seller's permit.
- Businesses that are not required to hold a California seller's permit, but receive at least \$100,000 in gross receipts.

An exempt organization that is not required to report purchases subject to use tax directly to the State Board of Equalization may report use tax on Form 199. To report use tax on Form 199, complete the Use Tax Worksheet below.

If the exempt organization owes use tax but does not report it on Form 199, the exempt organization must report and pay the tax to the State Board of Equalization. For information on reporting use tax directly to the State Board of Equalization, go to their website at [boe.ca.gov](http://boe.ca.gov).

Failure to timely report and pay the use tax due may result in the assessment of penalties.

### Use Tax Worksheet

Round all amounts to the nearest whole dollar.

1. Enter purchases from out-of-state or Internet sellers made without payment of California sales/use tax. See worksheet instructions below . . . . . \$ \_\_\_\_\_ .00
2. Enter the decimal equivalent of the applicable sales and use tax rate. See worksheet instructions below . . . . . \_\_\_\_\_
3. Multiply line 1 by the tax rate on line 2. Enter result here . . \$ \_\_\_\_\_ .00
4. Enter any sales or use tax paid to another state for purchases included on line 1. See worksheet instructions below . . . . . \$ \_\_\_\_\_ .00
5. Total Use Tax. Subtract line 4 from line 3. Enter the amount here and on Form 199, line 14. If the amount is less than zero, enter -0- . . . . . \$ \_\_\_\_\_ .00

#### Worksheet, Line 1, Purchases Subject to Use Tax

- Report items that would have been taxable in a California store, such as office equipment and supplies.
- Include handling charges.
- Do not include any other state's sales or use tax paid on the purchases.
- Enter only purchases made during the year that corresponds with the tax return you are filing.

**Note:** Report and pay any use tax the organization owes on the following purchases to the State Board of Equalization, not on the organization's annual information return.

- Vehicles, vessels, and trailers that must be registered with the Department of Motor Vehicles.
- Mobile homes or commercial coaches that must be registered annually as required by the Health and Safety Code.
- Vessels documented with the U.S. Coast Guard.
- Aircraft.
- Leases of machinery, equipment, vehicles, and other tangible personal property.

#### Worksheet, Line 2, Sales and Use Tax Rate

- Enter the decimal equivalent of the sales and use tax rate applicable to the place in California where the property is used, stored, or otherwise consumed. For example, the decimal equivalent of 8.25% is 0.0825, and the decimal equivalent of 8.375% is 0.08375.
- If the organization does not know the applicable rate, see the table, "Sales and Use Tax Rates by County." If the organization has questions regarding the use tax rate in effect in your area, go to [boe.ca.gov](http://boe.ca.gov) or call their Taxpayer Information Section at 800.400.7115 or TTY/TDD 800.735.2929.

#### Worksheet, Line 4, Credit for Tax Paid to Another State

- This is a credit for tax paid to other states. The organization cannot claim a credit greater than the amount of tax that would have been due if the purchase had been made in California. For example, if the organization paid \$8.00 sales

tax to another state for a purchase, and would have paid \$6.00 in California, it can claim a credit of only \$6.00 for that purchase.

**Sales and Use Tax Rates by County**  
(includes state, local, and district taxes)  
As of December 31, 2009

**Note:** All tax rates listed include the 1 percent statewide sales and use tax increase effective April 1, 2009. Tax rates were 1 percent less prior to April 1, 2009 unless otherwise noted. (For example, the tax rate in San Francisco effective April 1, 2009 is 9.50%. The tax rate prior to April 1, 2009 was 8.50%).

| County                     | Rate   | County                       | Rate   |
|----------------------------|--------|------------------------------|--------|
| Alameda                    | 9.75%  | Orange <sup>1</sup>          | 8.75%  |
| Alpine                     | 8.25%  | Placer                       | 8.25%  |
| Amador <sup>2</sup>        | 8.75%  | Plumas                       | 8.25%  |
| Butte                      | 8.25%  | Riverside                    | 8.75%  |
| Calaveras                  | 8.25%  | Sacramento <sup>1</sup>      | 8.75%  |
| Colusa <sup>1</sup>        | 8.25%  | San Benito <sup>1</sup>      | 8.25%  |
| Contra Costa <sup>1</sup>  | 9.25%  | San Bernardino <sup>1</sup>  | 8.75%  |
| Del Norte                  | 8.25%  | San Diego <sup>1</sup>       | 8.75%  |
| El Dorado <sup>1</sup>     | 8.25%  | San Francisco                | 9.50%  |
| Fresno <sup>1</sup>        | 8.975% | San Joaquin <sup>1</sup>     | 8.75%  |
| Glenn                      | 8.25%  | San Luis Obispo <sup>1</sup> | 8.25%  |
| Humboldt <sup>1</sup>      | 8.25%  | San Mateo                    | 9.25%  |
| Imperial                   | 8.75%  | Santa Barbara                | 8.75%  |
| Inyo                       | 8.75%  | Santa Clara <sup>1</sup>     | 9.25%  |
| Kern <sup>1</sup>          | 8.25%  | Santa Cruz <sup>1</sup>      | 9.00%  |
| Kings                      | 8.25%  | Shasta                       | 8.25%  |
| Lake <sup>1</sup>          | 8.25%  | Sierra                       | 8.25%  |
| Lassen                     | 8.25%  | Siskiyou                     | 8.25%  |
| Los Angeles <sup>1,3</sup> | 9.75%  | Solano                       | 8.375% |
| Madera                     | 8.75%  | Sonoma <sup>1,4</sup>        | 9.00%  |
| Marin <sup>1,4</sup>       | 9.00%  | Stanislaus <sup>1</sup>      | 8.375% |
| Mariposa                   | 8.75%  | Sutter                       | 8.25%  |
| Mendocino <sup>1</sup>     | 8.25%  | Tehama                       | 8.25%  |
| Merced <sup>1</sup>        | 8.25%  | Trinity                      | 8.25%  |
| Modoc                      | 8.25%  | Tulare <sup>1</sup>          | 8.75%  |
| Mono <sup>1</sup>          | 8.25%  | Tuolumne <sup>1</sup>        | 8.25%  |
| Monterey <sup>1</sup>      | 8.25%  | Ventura <sup>1</sup>         | 8.25%  |
| Napa                       | 8.75%  | Yolo <sup>1</sup>            | 8.25%  |
| Nevada <sup>1</sup>        | 8.375% | Yuba                         | 8.25%  |

- Many cities in California impose a district tax which results in a higher sales and use tax rate than in other parts of the county. If you are reporting an item that was purchased for use in one of these counties, please check the following city list to see if a higher rate applies to your city. The tax rates shown apply if you live within the city limits of the listed community.
- The tax rate in the county of Amador prior to April 1, 2009 was 7.25%.
- The tax rate in the county of Los Angeles prior to April 1, 2009 was 8.25%.  
The tax rate in the county of Los Angeles between April 1, 2009 and June 30, 2009 was 9.25%.
- The tax rate in the counties of Marin and Sonoma prior to April 1, 2009 was 7.75%.

| County       | City                            | Citywide Rate |
|--------------|---------------------------------|---------------|
| Colusa       | Williams                        | 8.75%         |
| Contra Costa | El Cerrito                      | 9.75%         |
| Contra Costa | Pinole                          | 9.75%         |
| Contra Costa | Richmond                        | 9.75%         |
| El Dorado    | Placerville                     | 8.50%         |
| El Dorado    | So. Lake Tahoe                  | 8.75%         |
| Fresno       | Reedley                         | 9.475%        |
| Fresno       | Sanger                          | 9.725%        |
| Fresno       | Selma                           | 9.475%        |
| Humboldt     | Arcata                          |               |
|              | (effective 4/1/09) <sup>1</sup> | 9.00%         |
| Humboldt     | Eureka                          |               |
|              | (effective 4/1/09) <sup>2</sup> | 8.50%         |
| Humboldt     | Trinidad                        |               |
|              | (effective 4/1/09) <sup>3</sup> | 9.00%         |

|                 |                                      |        |
|-----------------|--------------------------------------|--------|
| Kern            | Arvin                                |        |
|                 | (effective 4/1/09) <sup>4</sup>      | 9.25%  |
| Kern            | Delano                               | 9.25%  |
| Lake            | Clearlake                            | 8.75%  |
| Lake            | Lakeport                             | 8.75%  |
| Los Angeles     | Avalon                               | 10.25% |
| Los Angeles     | El Monte                             |        |
|                 | (effective 7/1/09) <sup>5</sup>      | 10.25% |
| Los Angeles     | Inglewood                            | 10.25% |
| Los Angeles     | Pico Rivera                          |        |
|                 | (effective 7/1/09) <sup>6</sup>      | 10.75% |
| Los Angeles     | South Gate                           | 10.75% |
| Marin           | San Rafael                           | 9.50%  |
| Mendocino       | Fort Bragg                           | 8.75%  |
| Mendocino       | Point Arena                          | 8.75%  |
| Mendocino       | Ukiah                                | 8.75%  |
| Mendocino       | Willits                              | 8.75%  |
| Merced          | Los Banos                            | 8.75%  |
| Merced          | Merced                               | 8.75%  |
| Mono            | Mammoth Lakes                        | 8.75%  |
| Monterey        | Del Rey Oaks                         | 9.25%  |
| Monterey        | Pacific Grove                        | 9.25%  |
| Monterey        | Salinas                              | 8.75%  |
| Monterey        | Sand City                            | 8.75%  |
| Monterey        | Seaside                              | 9.25%  |
| Nevada          | Nevada City                          | 8.875% |
| Nevada          | Truckee                              | 8.875% |
| Orange          | La Habra                             |        |
|                 | (effective 4/1/09) <sup>7</sup>      | 9.25%  |
| Orange          | Laguna Beach                         |        |
|                 | (effective 7/1/09) <sup>15</sup>     | 8.75%  |
| Sacramento      | Galt (effective 4/1/09) <sup>8</sup> | 9.25%  |
| San Benito      | Hollister                            | 9.25%  |
| San Benito      | San Juan Bautista                    | 9.00%  |
| San Bernardino  | Montclair                            | 9.00%  |
| San Bernardino  | San Bernardino                       | 9.00%  |
| San Diego       | El Cajon                             |        |
|                 | (effective 4/1/09) <sup>9</sup>      | 9.75%  |
| San Diego       | La Mesa                              |        |
|                 | (effective 4/1/09) <sup>10</sup>     | 9.50%  |
| San Diego       | National City                        | 9.75%  |
| San Diego       | Vista                                | 9.25%  |
| San Joaquin     | Manteca                              | 9.25%  |
| San Joaquin     | Stockton                             | 9.00%  |
| San Luis Obispo | Arroyo Grande                        | 8.75%  |
| San Luis Obispo | Grover Beach                         | 8.75%  |
| San Luis Obispo | Morro Bay                            | 8.75%  |
| San Luis Obispo | Pismo Beach                          | 8.75%  |
| San Luis Obispo | San Luis Obispo                      | 8.75%  |
| Santa Clara     | Campbell                             |        |
|                 | (effective 4/1/09) <sup>11</sup>     | 9.50%  |
| Santa Cruz      | Capitola                             | 9.25%  |
| Santa Cruz      | Santa Cruz                           | 9.50%  |
| Santa Cruz      | Scotts Valley                        |        |
|                 | (effective 4/1/09) <sup>12</sup>     | 9.25%  |
| Santa Cruz      | Watsonville                          | 9.25%  |
| Sonoma          | Santa Rosa                           | 9.25%  |
| Sonoma          | Sebastopol                           | 9.25%  |
| Stanislaus      | Ceres                                | 8.875% |
| Tulare          | Dinuba                               | 9.50%  |
| Tulare          | Farmersville                         | 9.25%  |
| Tulare          | Porterville                          | 9.25%  |
| Tulare          | Tulare                               | 9.25%  |
| Tulare          | Visalia                              | 9.00%  |
| Tuolumne        | Sonora                               | 8.75%  |
| Ventura         | Oxnard                               |        |
|                 | (effective 4/1/09) <sup>13</sup>     | 8.75%  |
| Ventura         | Port Hueneme                         |        |
|                 | (effective 4/1/09) <sup>14</sup>     | 8.75%  |
| Yolo            | Davis                                | 8.75%  |
| Yolo            | West Sacramento                      | 8.75%  |
| Yolo            | Woodland                             | 8.75%  |

- The tax rate in Arcata prior to April 1, 2009 was 7.25%.
- The tax rate in Eureka prior to April 1, 2009 was 7.25%.
- The tax rate in Trinidad prior to April 1, 2009 was 7.25%.
- The tax rate in Arvin prior to April 1, 2009 was 7.25%.

- The tax rate in El Monte prior to April 1, 2009 was 8.25%.  
The tax rate in El Monte between April 1, 2009 and June 30, 2009 was 9.75%.
- The tax rate in Pico Rivera prior to April 1, 2009 was 8.25%.  
The tax rate in Pico Rivera between April 1, 2009 and June 30, 2009 was 10.25%.
- The tax rate in La Habra prior to April 1, 2009 was 7.75%.
- The tax rate in Galt prior to April 1, 2009 was 7.75%.
- The tax rate in El Cajon prior to April 1, 2009 was 8.25%.
- The tax rate in La Mesa prior to April 1, 2009 was 7.75%.
- The tax rate in Campbell prior to April 1, 2009 was 8.25%.
- The tax rate in Scotts Valley prior to April 1, 2009 was 8.50%.
- The tax rate in Oxnard prior to April 1, 2009 was 7.25%.
- The tax rate in Port Hueneme prior to April 1, 2009 was 7.25%.
- The tax rate in Laguna Beach prior to April 1, 2009 was 8.25%.  
The tax rate in Laguna Beach between April 1, 2009 and June 30, 2009 was 9.25%.

## Signature

**Corporations and Associations** — A corporate officer such as the president, vice president, treasurer, assistant treasurer, chief accounting officer, or trustee must sign the return. In the case of homeowners' association, a person who has similar authority and who is authorized to sign must sign the return.

**Trusts** — The return must be signed by the individual fiduciary or by the authorized officer of the trust receiving or having custody or control and management of the income of the trust. If two or more individuals act jointly as fiduciaries, the return may be signed by any one of them. A receiver, trustee, or assignee must sign any return that must be filed on behalf of the organization.

## Third Party Designee

If the organization wants to allow the FTB to discuss its 2009 return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of the return. It does not apply to the firm, if any, shown in that section.

If the "Yes" box is checked, the organization is authorizing the FTB to call the paid preparer to answer any questions that may arise during the processing of its return. The organization is also authorizing the paid preparer to:

- Give the FTB any information that is missing from the return
- Call the FTB for information about the processing of the return or the status of any related refund or payments.
- Respond to certain FTB notices about math errors, offsets, and return preparation.

The organization is not authorizing the paid preparer to receive any refund check, bind the organization to anything (including any additional tax liability), or otherwise represent the organization before the FTB.

The authorization will automatically end no later than the due date (without regard to extensions) for filing the organization's 2010 tax return. If the organization wants to expand the paid preparer's authorization, see form FTB 3520, Power of Attorney Declaration for the Franchise Tax Board. If the organization wants to revoke the authorization before it ends, notify the FTB in writing or call 800.852.5711.

## Side 2, Part II

Exempt organizations must either:

- Complete Part II of Form 199.
- Attach a completed copy of federal Form 990, including all appropriate schedules.
- Attach a completed copy of federal Form 990-PF for private foundations, including all appropriate schedules.

Labor organizations exempt under R&TC Section 23701a, attach a copy of the Department of Labor Form LM-2 or LM-3, Labor Organization Annual Report, as appropriate, in lieu of completing Part II.

### Line 1 – Gross Sales or Receipts from All Business Activities

See General Instruction E for the definition of gross receipts. Homeowners' associations see General Instruction D.

Do not include amounts for gross dues and assessments from members and affiliates or amounts from gross contributions, gifts, grants, and similar amounts received. Report these amounts on Side 1, Part I, line 2 and line 3, respectively.

### Line 6 – Gross Amount Received from Sale of Assets

Attach a schedule showing for each asset (whether or not depreciable) sold or exchanged:

- The date acquired, manner of acquisition, date sold, and to whom sold.
- The gross sales price.
- The cost or other basis, or value at time of acquisition if received by donation (state how received).
- The expense of sale and cost of improvements subsequent to acquisition.
- If depreciable property, depreciation since acquisition.

Enter the gross sales price on Side 2, Part II, line 6 and total and enter the cost or other basis, expenses, etc. (less depreciation if applicable), on Side 1, Part I, line 6.

### Line 7 – Other income

Attach a schedule showing other income not listed in line 1 through line 6.

### Line 8 – Total Gross Sales or Receipts from Other Sources

Add line 1 through line 7. Enter on line 8 and on Side 1, Part I, line 1.

### Line 9 – Contributions, Gifts, Grants, and Similar Amounts Paid

Private foundations, regardless of gross receipts, and other organizations required to file Form 199, must attach a schedule to support contributions, gifts, grants, scholarships, etc., showing all of the following:

- Each class of activity.
- Separate totals for each activity.
- Name and address of the donee and the amount of the distribution to the donee.
- Relationship of the donee, if related by blood, marriage, RDP, adoption, or employment (including children of employees) to any person or corporation having an interest in the organization (such as creator, donor, director, trustee, officer, etc.).

Classify activities according to purpose in greater detail than merely charitable, educational, religious, or scientific. For example, payments for nursing service, laboratory construction, fellowships, or assistance to indigent families should be so identified.

Private foundations making contributions, etc., to a trust, association, or corporation shall also indicate the organizational status of each donee; such as private foundation, operating private foundation, or other public charity, etc.

When the fair market value of the property at the time of disbursement is used to measure a contribution, the schedule must also show all of the following:

- Description of the contributed property.
- Book value of the contributed property.
- Method used to determine the book value.
- Date of the gift.

In such a case, the difference between fair market value and book value should be reflected in the books of account.

### Line 11 – Compensation of Officers, Directors, and Trustees

All organizations must attach a schedule of officers, directors, trustees, or individuals having similar responsibilities. The schedule must show for each: name, business or personal address, position, compensation, and time devoted to the position.

### Line 16 – Depreciation and Depletion

**Corporations and Associations** — California law is generally the same as federal law.

California differences:

1. California has not adopted the federal Modified Accelerated Cost Recovery System (MACRS).
2. California prohibits the use of the 20% Asset Depreciation Range (ADR). Only the mid-range asset guideline period is allowed.
3. California allows the special additional first-year depreciation. (R&TC Section 24356, not IRC Section 179.)

Complete form FTB 3885, Corporation Depreciation and Amortization, to figure the difference between state and federal depreciation.

Exempt corporations claiming depreciation deductions must attach a schedule showing all of the following:

- Description of property.
- Date acquired.
- Cost or other basis (exclude land).
- Depreciation allowed or allowable in prior years.
- Method of computation.
- Rate (%) or life (years).
- Depreciation this year (total additional first-year depreciation claimed must be shown on a separate line of the depreciation schedule).

**Trusts** — In 1987, California changed the rules for depreciation by conforming to the federal MACRS. Estates and trusts are not eligible to take the IRC Section 179 deduction. The California MACRS applies to assets placed in service on or after January 1, 1987.

Complete form FTB 3885F, Depreciation and Amortization, to figure the difference between state and federal depreciation.

Enter the total from form FTB 3885F, line 6, on Form 199, Side 2, Part II, line 16 and attach form FTB 3885F to Form 199.

### Line 17 – Other Expenses and Disbursements

Attach a schedule showing expenses and disbursements not listed in line 9 through line 16.

### Schedule L – Balance Sheets

The balance sheets should agree with the books of account. Any difference should be reconciled on Schedule M-1 of Form 199.



# How to Get California Tax Information

(Keep this page for future use)

## Automated Phone Service

Use our Automated Phone Service to get recorded answers to many of your questions about California taxes and to order current year California Business Entity tax forms and publications. This service is available in English and Spanish to callers with touch-tone telephones.

Have paper and pencil handy to take notes.

Call from within the  
United States 800.338.0505

Call from outside the  
United States 916.845.6600

## Where to get General Tax Information

**By Internet** – You can get answers to Frequently Asked Questions at [ftb.ca.gov](http://ftb.ca.gov).

**By Phone** – You can hear recorded answers to Frequently Asked Questions 24 hours a day, 7 days a week. Call our automated phone service at the number listed above. Select "Business Entity Information," then select "Frequently Asked Questions." Enter the 3-digit code, listed below, when prompted.

### 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 a 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?

### Minimum Tax and Estimate Tax

- 712 – What is the minimum franchise tax?
- 714 – My corporation is not doing business; does it have to pay the minimum franchise tax?

### Billings and Miscellaneous Notices

- 723 – I received a bill for \$250. What is this for?

### Miscellaneous

- 701 – I need a state employer ID number for my business. Who do I contact?
- 703 – How do I incorporate?
- 737 – Where do I send my payment?

## Letters

If you write to us, be sure to include the California corporation number or federal employer identification number (FEIN), your daytime and evening telephone numbers, and a copy of the notice with your letter. Send your letter to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286

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 it relates to an item on the return.

## Your Rights As A Taxpayer

The FTB's goals include making certain that your rights are protected so that you 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 request written advice from the FTB on whether a particular transaction is taxable. See "Where To Get Income Tax Forms and Publications," on this page.

## Where to Get Tax Forms and Publications

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

You can order current year California Business Entity tax forms between 6 a.m. and 8 p.m. Monday through Friday. Call our automated phone service at the number listed above. Select "Business Entity Information," then select "Forms and Publications." Follow the recorded instructions and enter the 3-digit code, listed in the next column, when prompted. To order prior year forms, call the number listed under "Assistance."

Allow two weeks to receive your order. If your corporation's mailing address is outside California, allow three weeks.

### Code –

- 817 – California Corporation Tax Form & Instructions. This booklet contains: Form 100, Corporation Franchise or Income Tax Return
- 814 – Form 109, Exempt Organization Business Income Tax Return
- 815 – Form 199, Exempt Organization Annual Information Return
- 818 – Form 100-ES, Corporation Estimated Tax
- 802 – FTB 3500, Exempt Application
- 831 – FTB 3500A Submission of Exemption Request
- 943 – FTB Pub. 4058, California Taxpayers' Bill of Rights

**In person** – Many libraries now have internet access. A nominal fee may apply to download, view, and print California forms and publications.

Employees at libraries and post offices 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

## Internet and Telephone Assistance

Telephone assistance is available year-round from 8 a.m. until 5 p.m. Monday through Friday, except holidays. Hours subject to change.

Website: [ftb.ca.gov](http://ftb.ca.gov)

Telephone: 800.852.5711 from within the  
United States  
916.845.6500 from outside the  
United States

TTY/TDD: 800.822.6268 for persons with  
hearing or speech impairments

## Asistencia Por Internet y Teléfono

Asistencia telefónica está disponible todo el año durante las 8 a.m. y las 5 p.m. lunes a viernes, excepto días festivos. Las horas están sujetas a cambios.

Sitio web: [ftb.ca.gov](http://ftb.ca.gov)

Teléfono: 800.852.5711 dentro de los  
Estados Unidos  
916.845.6500 fuera de los  
Estados Unidos

TTY/TDD: 800.822.6268 personas con  
discapacidades auditivas y del  
habla



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