

Forms & Instructions

California 540 2EZ

2011 Personal Income Tax Booklet

**Members of the
Franchise Tax Board**

John Chiang, Chair
Jerome E. Horton, Member
Ana J. Matosantos, Member



Advance Draft
as of 09.19.12

FRANCHISE
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Table of Contents

What's New and Other Important Information for 2011	3	Additional Information	13
Qualifying to Use Form 540 2EZ	4	Privacy Notice	13
Steps to Determine Filing Requirements	4	Use Tax	13
Frequently Asked Questions	5	Need Assistance? We're Here to Help	14
Instructions for Form 540 2EZ	6	2EZ Single Tax Table	15
Filing Status Check List	6	Form FTB 3519 , Payment for Automatic Extension for Individuals	19
Paying Your Taxes	9	Form 540 2EZ , California Resident Income Tax Return 2011	21
Direct Deposit	10	2EZ Married/RDP Filing Jointly or Qualifying Widow(er) Tax Table	27
Assembling Your Tax Return	10	2EZ Head of Household Tax Table	38
Mailing Your Tax Return	10		
Voluntary Contribution Fund Descriptions	11		
Nonrefundable Renter's Credit	12		

What's New and Other Important Information for 2011

Tax Decrease

~~Beginning on January 1, 2011, the tax rate decreased by 0.25%.~~

Dependent Exemptions Credits

~~Beginning on January 1, 2011, the dependent exemption credit increased from \$99 to \$315 per dependent.~~

Use Tax Table

For taxable years beginning on or after January 1, 2011, you may be eligible to use the Estimated Use Tax Table to estimate and report the use tax due on individual non-business items you purchased for less than \$1,000 each.

Voluntary Contributions

~~For taxable years beginning on or after January 1, 2011, you may contribute to the following new funds:~~

- ~~• Municipal Shelter Spay-Neuter Fund~~
- ~~• ALS/Lou Gehrig's Disease Research Fund~~
- ~~• Child Victims of Human Trafficking Fund~~

Mandatory Electronic Payments

You are required to remit all your payments electronically once you make an estimate or extension payment exceeding \$20,000 or you file an original tax return with a total tax liability over \$80,000 for any taxable year that begins on or after January 1, 2009. Once you meet this threshold, all subsequent payments regardless of amount, tax type, or taxable year must be remitted electronically. The first payment that would trigger the mandatory e-pay requirement does not have to be made electronically. Individuals who do not send the payment electronically may be subject to a one percent noncompliance penalty.

You can request a waiver from mandatory e-pay if one or more of the following is true:

- You have not made an estimated tax or extension payment in excess of \$20,000 during the current or previous taxable year.
- Your total tax liability reported for the previous taxable year did not exceed \$80,000.
- The amount you paid is not representative of your total tax liability.

Electronic payments can be made using Web Pay on Franchise Tax Board's (FTB's) website, electronic funds withdrawal (EFW) as part of the e-file tax return, or your credit card. For more information or to obtain the waiver form, go to ftb.ca.gov and search for **mandatory epay**.

Registered Domestic Partners (RDP)

Under California law, RDPs must file their California income tax return using either the married/RDP filing jointly or married/RDP

filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you entered into a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, you are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status.

For purposes of California income tax, references to a spouse, husband, or wife also refer to an 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.

Same Sex Married Couples

Married couples must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. Same-sex marriages performed in California after 5:00 p.m. on June 16, 2008, and before November 5, 2008, have been recognized as valid marriages for California purposes. For more information, get FTB Pub. 776, Tax Information for Same-Sex Married Couples, or go to ftb.ca.gov and search for **same sex married couples**.

ReadyReturn

If your filing status is single or head of household and your income is only from wages, you may qualify for ReadyReturn. It simplifies the filing process by pre-filing a tax return with information the state already has. For more information and to see if you qualify, go to ftb.ca.gov and search for **readyreturn** or call 800.338.0505.

MyFTB Account

Make tax time less taxing! Check MyFTB Account for information about your FTB-issued 1099-Gs, 1099-INTs, California wage and withholding data, and more! Go to ftb.ca.gov and search for **myftb account**.

Direct Deposit Refund

For a faster refund you can request a direct deposit refund on your tax return whether you e-file or file a paper return. Be sure to fill in the routing and account numbers carefully and double-check the numbers for accuracy.

Qualifying to Use Form 540 2EZ

Check the table below to make sure you qualify to use Form 540 2EZ.

General	<ul style="list-style-type: none"> California resident entire year Not blind
Filing Status	<ul style="list-style-type: none"> Single Head of household Married/RDP filing jointly Qualifying widow(er)
You May	<ul style="list-style-type: none"> Be claimed as a dependent by another taxpayer (See Note below) Be 65 or older and claim the senior exemption. If your (or your spouse's/RDP's) 65th birthday is on January 1, 2012, you are considered to be age 65 on December 31, 2011.
Dependents	0 – 3 allowed
Types of Income	<ul style="list-style-type: none"> Wages, salaries, and tips Taxable scholarship and fellowship compensation grants (only if reported on Form W-2) Capital gains from mutual funds (reported on Form 1099-DIV, box 2a only) Interest and Dividend Pension Unemployment Paid Family Leave U.S. Social Security Tier 1 and Tier 2 Railroad Retirement
Total Income	<ul style="list-style-type: none"> \$100,000 or less (single or head of household) \$200,000 or less (married/RDP filing jointly or qualifying widow(er)) <p>Total income includes wages, salaries, tips, taxable scholarship or fellowship grants, interest, dividends, pensions, and capital gains from mutual funds.</p>
Adjustments to Income	No adjustments to total income, such as student loan interest deduction, IRA deduction, etc.
Deduction	Standard deduction only. If you use the modified standard deduction for dependents, see Note below.
Payments	<ul style="list-style-type: none"> Form W-2 or Form 1099-R Withholding – Yes Estimated Tax Payment – No Real Estate Withholding – No
Exemptions	<ul style="list-style-type: none"> Personal exemption (see Note below) Senior exemption Up to three dependent exemptions
Credits	Nonrefundable renter's credit only

Note: You cannot use Form 540 2EZ if you can be claimed as a dependent and any of the following are true:

- You have a dependent of your own.
- You are single and your total income is less than or equal to \$12,519.
- You are married/RDP filing jointly or a qualifying widow(er) and your total income is less than or equal to \$25,088.
- You are head of household and your total income is less than or equal to \$17,788.
- You are required to use a modified standard deduction for dependents. See page 5, question 1, Do I have to file?

If you do not qualify, go to ftb.ca.gov for information about **CalFile** and **e-file** or download and print Form 540A or Form 540.

If you are a nonresident or part-year resident, get the Long or Short Form 540NR. See page 14, Automated Phone Service, or go to ftb.ca.gov.

Steps to Determine Filing Requirements

Step 1: Is your gross income (all income you received in the form of money, goods, property, and services from all sources that are not exempt from tax) more than the amount shown in the Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, go to Step 2.

Step 2: Is your adjusted gross income (federal adjusted gross income from all sources reduced or increased by all California income adjustments) more than the amount shown in the Adjusted Gross Income chart below for your filing status, age, and number of dependents? If yes, you have a filing requirement. If no, you do not have a filing requirement. If you do not have a filing requirement, you must file a tax return to claim your withholding. You may be eligible for the federal Earned Income Tax Credit; see page 14 for more information.

On 12/31/11, my filing status was:	and on 12/31/11, my age was: (If your 65th birthday is on January 1, 2012, you are considered to be age 65 on December 31, 2011.)	California Gross Income			California Adjusted Gross Income		
		Dependents			Dependents		
		0	1	2 or more	0	1	2 or more
Single or Head of Household (Get FTB Pub. 1540, California Head of Household Filing Status Information.)	Under 65	15,152	25,652	33,527	12,122	22,622	30,497
	65 or older	20,252	28,127	34,427	17,222	25,097	31,397
Married/RDP filing jointly (The income of both spouses/RDPs must be combined.)	Under 65 (both spouses/RDPs)	30,305	40,805	48,680	24,244	34,744	42,619
	65 or older (one spouse/RDP)	35,405	43,280	49,580	29,344	37,219	43,519
	65 or older (both spouses/RDPs)	40,505	48,380	54,680	34,444	42,319	48,619
Qualifying widow(er)	Under 65		25,652	33,527		22,622	30,497
	65 or older		28,127	34,427		25,097	31,397
Dependent of another person – Any filing status	Any age	More than your standard deduction, see page 5, question 1.					

Frequently Asked Questions

1. Do I have to file?

In general, you must file a [California tax return](#) if you are:

Single, or head of household, and either of the following apply:

- Gross income is more than [\\$15,152](#)
- Adjusted gross income is more than [\\$12,122](#)

Married/RDP filing jointly and either of the following apply:

- Gross income is more than [\\$30,305](#)
- Adjusted gross income is more than [\\$24,244](#)

Qualifying widow(er) and either of the following apply:

- Gross income is more than [\\$25,652](#)
- Adjusted gross income is more than [\\$22,622](#)

You can be claimed as a dependent of another taxpayer and either your gross income or adjusted gross income is more than your standard deduction.

You cannot use Form 540 2EZ if your total wages, salaries, and tips are less than the following amounts based on your filing status:

Single	\$3,469
Married/RDP filing jointly, head of household, or qualifying widow(er)	\$7,238

The amounts above represent the standard deduction minus \$300.

Get Forms 540/540A at [ftb.ca.gov](#) or file online through [CalFile](#) or [e-file](#).

See page 4 for Steps to Determine Filing Requirements.

2. How can I get help?

Throughout California, more than 1,200 sites provide trained volunteers offering free help during the tax filing season to persons who need to file simple federal and state income tax returns. Many military bases also provide this service for members of the U.S. Armed Forces. Go to [ftb.ca.gov](#) and search for [vita](#) to find a list of participating locations or call the FTB at 800.852.5711 to find a location near you.

3. When do I have to file?

File and pay by April 17, 2012, but if you can't file by that date, you get an automatic, paperless extension to file by October 15, 2012. Any tax due must be paid by April 17, 2012, to avoid penalties and interest, see form FTB 3519 on page 19. Due to the Emancipation Day holiday on April 16, 2012, tax returns filed and payments mailed or submitted on April 17, 2012 will be considered timely. You cannot use Form 540 2EZ if you make an extension payment with form FTB 3519. You can CalFile, e-file, or use Form 540A, Form 540, or the Long or Short Form 540NR when you file your tax return.

If you are in the military, you may be entitled to certain extensions. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

4. I don't have my W-2s. What do I do?

If all your Forms W-2 were not received by January 31, 2012, contact your employer. Only an employer issues or corrects a Form W-2. California Wage and Withholding information is available on MyFTB Account at [ftb.ca.gov](#). For more information, call 800.338.0505, select personal income tax, then frequently asked questions, and enter code [204](#) when instructed.

5. Is direct deposit safe and faster?

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Form 540 2EZ, Side 2, line 29 and line 30. Fill in the routing and account numbers and indicate the account type. For the fastest refund file electronically and use direct deposit.

6. I discovered an error on my tax return. What should I do?

If you discover an error on your California income tax return after you filed it (paper or e-file), use Form 540X, Amended Individual Income Tax Return, to correct your tax return. Get Form 540X online at [ftb.ca.gov](#) or call 800.338.0505 and enter code [908](#). You cannot e-file an amended tax return.

7. I owe tax, but don't have the money. What can I do?

If you cannot pay on or before the due date, you may request approval to make monthly installments. You may pay using Web Pay or a credit card. See page 9, for information on Web Pay, Credit Card, and Request Monthly Installments.

8. How can I find out about the status of my refund?

Go to [ftb.ca.gov](#) and search for [refund status](#) or call 800.338.0505.

9. How long do I keep my tax records?

Generally, keep your California income tax records for at least four years from the due date of the tax return or four years from the date the tax return is filed, whichever is later. However, an extended period may apply for California or federal tax returns related or subject to federal audit.

10. I will be moving after I file my tax return. How do I notify the FTB of my new address?

Notify the FTB of your new address online by using MyFTB account. Go to [ftb.ca.gov](#) and search for [myftb account](#). You may also call 800.852.5711, select "Personal Income Tax," then select option 6 to report a change of address or use form FTB 3533, Change of Address. This form is available at [ftb.ca.gov](#). If you change your address online or by phone, you do not need to file form FTB 3533.

11. The Internal Revenue Service (IRS) made changes to my federal tax return. What should I do?

If your federal income tax return is examined and changed by the IRS and you owe additional tax, report these changes to the FTB within six months of the date of the final federal determination. If the changes the IRS made result in a refund due for California, claim a refund within two years of the date of the final federal determination. Either use Form 540X to correct the California income tax return you already filed, or send a copy of the federal changes to:

ATTN RAR/VOL MS F310
FRANCHISE TAX BOARD
PO BOX 1998
RANCHO CORDOVA CA 95741-1998

or Fax the information to 916.843.2269.

If you have a question relating to the IRS audit adjustment call 916.845.4028.

For general tax information or questions, please call 800.852.5711.

Regardless of which method you use to notify the FTB, you must include a copy of the final federal determination along with all data and schedules on which the federal adjustment was based. Get FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California, for more information. See Automated Phone Service on page 14.

Additional Information

Privacy Notice

The Franchise Tax Board (FTB) considers the privacy of your tax information to be of the utmost importance.

Reasons for Information Requests:

We ask for tax return information so that we can administer the tax law fairly and correctly.

Rights and Responsibility:

You have the right to see our records that contain your personal information. To obtain information about your records, you may write to:

DISCLOSURE OFFICER MS A181
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468

or call: 800.852.5711 within the United States, or 916.845.6500 outside of the United States.

Your Responsibility:

California Revenue and Taxation Code Sections 18501 and 18621 require you to file a tax return on the forms we prescribe if you meet certain requirements. It is mandatory that you furnish all requested information. You may be charged penalties and interest, and in certain cases, you may be criminally prosecuted, if you do not provide the information we ask for or you provide fraudulent information.

Information Disclosures:

As provided by law, we may give your tax information to other tax officials to determine your tax liability or collect tax amounts you owe. If you owe the FTB money, we may also give your information to employers, financial institutions, county recorders, or others who hold assets belonging to you.

For the full text of the FTB's Privacy Notice, get form FTB 1131.

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 to request written advice from the FTB on whether a particular transaction is taxable.

Innocent Joint Filer Relief

You may qualify for relief from liability for tax on a joint tax return if (1) there is an understatement of tax because your spouse/RDP omitted income or claimed false deductions or credits, (2) you are divorced, legally separated, terminated your registered domestic partnership, or no longer living with your spouse/RDP, and (3) given all the facts and circumstances, it would be unfair to hold you liable for the tax. For more information, get FTB Pub. 705, Innocent Joint Filer – Relief From Paying California Income Taxes, at ftb.ca.gov, or by calling 916.845.7072, Monday - Friday between 8 a.m. and 5 p.m.

California Use Tax General Information

The use tax has been in effect in California since July 1, 1935. It applies to purchases from out-of-state sellers and is similar to the sales tax paid on purchases you make in California. If you have not already paid all use tax due to the State Board of Equalization, you must report and pay the use tax due on your state income tax return. See the following information and the instructions for line 25 of your income tax return.

In general, you 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, and
- You use, give away, store, or consume the item in this state.

Example: You live in California and purchase a dining table from a company in North Carolina. The company ships the table from North Carolina to your home for your use and does not charge California sales or use tax. You owe use tax for the purchase.

Complete the Use Tax Worksheet on page 8 to calculate the amount due.

Extensions to file. If you request an extension to file your income tax return, wait until you file your tax return to report your purchases subject to use tax and make your use tax payment.

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

Changes in use tax reported. Do not file an Amended Income Tax Return to revise the use tax previously reported. If you have changes to the amount of use tax previously reported on the original tax return, contact the State Board of Equalization.

For assistance with your use tax questions, go to boe.ca.gov or call their Taxpayer Information Section at 800.400.7115, or **California Relay Service (CRS) number 711** (for hearing and speech disabilities). Income tax information is not available at this number.

Voting Is Everybody's Business

You may register to vote if you meet all of these requirements:

- You are a United States citizen.
- You are a resident of California.
- You will be 18 years old by the date of the next election.
- You are not in prison or on parole for the conviction of a felony.

You need to re-register every time you move, change your name, or wish to change political parties. In order to vote in an election, you must be registered to vote at least 15 days before that election. If you need to obtain a Voter Registration Card, call the Secretary of State's office voter hotline at 800.345.VOTE, or go to sos.ca.gov.

It's Your Right . . . Register and Vote.

Write To Us

If you write to us, be sure your letter includes your social security number or individual taxpayer identification number, and your daytime and evening telephone numbers. If you have a question about a notice that we sent to you, be sure to include a copy of the notice. Send your letter to:

FRANCHISE TAX BOARD
PO BOX 942840
SACRAMENTO CA 94240-0040

We will respond within ten weeks. In some cases, we may call you to respond to your inquiry, or to ask you for additional information. **Do not attach correspondence to your tax return unless the correspondence relates to an item on your return.**

Need Assistance? We're Here To Help!

Want to e-file?

Have a question?

Want to check on your refund?

Need a tax form?



Online Services

Go to ftb.ca.gov for:

- **MyFTB Account** – view payments, balance due, and withholding information.
- **Web Pay** to pay income taxes. Choose your payment date up to one year in advance.
- **CalFile** – e-file your personal income tax return.
- **Refund Status** – find out when we authorize your refund.
- **Installment Agreement** – request to make monthly payments.
- **Subscription Services** – sign up to receive emails on a variety of tax topics.
- Tax forms and publications.
- FTB legal notices, rulings, and regulations.
- FTB's analysis of pending legislation.
- Internal procedure manuals to learn how we administer law.

ReadyReturn

If your filing status is single or head of household and your income is only from wages, you may qualify for ReadyReturn. It provides you with a pre-filled 2011 tax return. To see if you qualify:

- Go to ftb.ca.gov and search for **readyreturn** or
- Call 800.338.0505



Automated Phone Service

Order tax forms and get recorded answers to your tax questions 24 hours a day, 7 days a week, at no charge to you. Call us at 800.338.0505, select "**Personal Income Tax**," then select "**Frequently Asked Questions**" or "**Forms and Publications**." Follow the recorded instructions and enter the 3-digit code, listed below, when prompted.

Code Frequently Asked Questions:

- 100 Do I need to file a tax return?
- 111 Which form should I use?
- 201 How can I get an extension to file?
- 203 What is the nonrefundable renter's credit and how do I qualify?
- 204 I never received a Form W-2, what do I do?
- 215 Who qualifies me to use the head of household filing status?
- 619 How do I report a change of address?
- 506 How do I get information about my Form 1099-G?

Code California Forms and Publications:

- 900 California Resident Income Tax Booklet (includes Form 540 and Form 540A)
- 965 Form 540 2EZ Tax Booklet
- 903 Schedule CA (540), California Adjustments – Residents
- 932 FTB 3506, Child and Dependent Care Expenses Credit
- 907 Form 540-ES, Estimated Tax for Individuals
- 908 Form 540X, Amended Individual Income Tax Return
- 914 California Nonresident or Part-Year Resident Income Tax Booklet (includes Long and Short Form 540NR)
- 921 FTB 3519, Payment for Automatic Extension for Individuals
- 922 FTB 3525, Substitute W-2 Wage Statement
- 949 FTB 3567, Installment Agreement Request
- 946 FTB Pub. 1008, Federal Tax Adjustments and Your Notification Responsibilities to California
- 934 FTB Pub. 1540, California Head of Household Filing Status Information
- 943 FTB Pub. 4058, California Taxpayers' Bill of Rights

Telephone Assistance

Our customer service representatives are available to help you.

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

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 bilingüe en español

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

Telefono: 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

\$\$
For You

Federal Earned Income Tax Credit (EITC)

If you earned less than \$43,998 (less than \$18,740 if you do not have any qualifying children), you may be eligible to get the EITC to reduce the federal tax you owe, or get a refund if you do not owe any federal tax. Call the IRS at 800.829.4477 and enter topic 601 when instructed, visit irs.gov and search for **eitc**, or see your federal tax booklet for more information. There is no comparable state credit.

