

2014

Parents' Election to Report Child's Interest and Dividends

3803

Attach to Parents' Form 540 or Long Form 540NR

Name(s) as shown on return

Your SSN or ITIN

Child's name (first, initial, and last)

Child's SSN or ITIN

If more than one form FTB 3803 is attached, check here

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Part I — Child's interest and dividend income to report on your return (the child must be under age 19 or under age 24 and a full time student, see instructions).

- 1 a Enter your child's **taxable** interest income **1a** 00
- b Enter your child's **tax-exempt** interest income. **Do not** include this amount
on line 1a. **1b** 00
- 2 Enter your child's ordinary dividends. If none, enter -0-. If your child received any dividends as a nominee,
see instructions **2** 00
- 3 Enter your child's capital gain distributions. If your child received any capital gain distributions as a nominee,
see instructions **3** 00
- 4 Add line 1a, line 2, and line 3. If the total is \$2,000 or less, skip line 5 and line 6 and go to line 7.
If the total is \$10,000 or more, **do not** file this form. Your child **must** file his or her own return to report the income. . . . **4** 00
- 5 Base amount. **5** \$ 2,000 00
- 6 Subtract line 5 from line 4. See instructions for where to report this amount **6** 00
Go to line 7 below

Part II — Tax on the first \$2,000 of child's interest and dividend income.

- 7 Amount not taxed **7** \$ 1,000 00
- 8 Subtract line 7 from line 4. If zero or less, enter -0- **8** 00
- 9 **Tax.** Is the amount on line 8 less than \$1,000?
No. Enter \$10.00 here and see the **Note** below.
Yes. Multiply line 8 by 1% (.01). Enter the result here and see the **Note** below **9** 00

Note: Add the amount of tax from each form FTB 3803, line 9 to any tax you enter on Form 540 or Long Form 540NR, line 31 and check the box labeled "FTB 3803."

2014 Instructions for Form FTB 3803

Parents' Election to Report Child's Interest and Dividends

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 2009, and to the California Revenue and Taxation Code (R&TC).

General Information

In general, for taxable years beginning on or after January 1, 2010, California law conforms to the Internal Revenue Code (IRC) as of January 1, 2009. 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 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.

For taxable years beginning on or after January 1, 2010, California conforms to the provision of the Small Business and Work Opportunity Tax Act of 2007 which increased the age of children to under age 19 or a student under age 24 for elections made by parents reporting their child's interest and dividends.

Registered Domestic Partners (RDP)

For purposes of California income tax, references to a spouse, husband,

or wife also refer to a California 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.

A Purpose

Parents may elect to report their child's income on their California income tax return by completing form FTB 3803, Parents' Election to Report Child's Interest and Dividends. If you make this election, the child will not have to file a return. You may report your child's income on your California income tax return even if you do not do so on your federal income tax return. You may make this election if your child meets all of the following conditions:

- Was under age 19 or a student under age 24 at the end of 2014. A child born on January 1, 1996, is considered to be age 19 at the end of 2014. A child born on January 1, 1991, is considered to be age 24 at the end of 2014.
- Is required to file a 2014 income tax return.
- Does not file a joint return for 2014.
- Had income only from interest and dividends, including capital gain distributions.
- Had gross income for 2014 that was less than \$10,000.
- Made no estimated tax payments for 2014.
- Did not have any overpayment of tax shown on his or her 2013 return applied to the 2014 estimated taxes.
- Had no state income tax withheld from his or her income (backup withholding).

As a parent, you must also qualify as explained in Section B.

B Parents Who Qualify to Make the Election

You qualify to make this election if you file Form 540, California Resident Income Tax Return, or Long Form 540NR, California Nonresident or Part-Year Resident Income Tax Return, and if any of the following applies to you:

- You and the child's other parent were married to each other or in a registered domestic partnership and you file a joint return for 2014.
- You and the child's other parent were married to each other or in a registered domestic partnership but you file separate returns for 2014 AND you had the higher taxable income. If you do not know if you had the higher taxable income, get federal Publication 929, Tax Rules for Children and Dependents.
- You were unmarried, treated as unmarried for state income tax purposes, or separated from the child's other parent by a divorce, separate maintenance decree, or termination of a domestic partnership and you had custody of your child for most of the year (you were the custodial parent). If you were the custodial parent and you remarried or entered into another registered domestic partnership, you may make the election on a joint return with your new spouse/RDP (your child's stepparent). But if you and your new spouse/RDP do not file a joint return, you qualify to make the election only if you had higher taxable income than your new spouse/RDP.

If you and the child's other parent were not married or in a registered domestic partnership but you lived together during the year with the child, you qualify to make the election only if you are the parent with the higher taxable income.

If you elect to report your child's income on your return, you may not reduce that income by any deductions that your child would be entitled to claim on his or her own return, such as the penalty on early withdrawal of child's savings or any itemized deductions. For more information, get the instructions for federal Form 8814, Parents' Election to Report Child's Interest and Dividends.

C How to Make the Election

To make the election, complete and attach form FTB 3803 to your Form 540 or Long Form 540NR and file your return by the due date (including extensions).

File a separate form FTB 3803 for each child whose income you choose to report.

Specific Line Instructions

Use Part I to figure the amount of the child's income to report on your return. Use Part II to figure any additional tax that must be added to your tax.

Name and Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN). Enter your name as shown on your tax return. If filing a joint return, include your spouse's/RDP's name but enter the SSN or ITIN of the person whose name is shown first on the return.

For more information about interest, dividends, and capital gain distributions taxable by California, get the instructions for Schedule CA (540), California Adjustments — Residents, or Schedule CA (540NR), California Adjustments — Nonresidents or Part-Year Residents.

Part I Child's Interest and Dividend Income to Report on Your Return

Line 1a

Enter **all** interest income taxable by California and received by your child in 2014. If, as a nominee, your child received interest that actually belongs to another person, write the amount and the initials "ND" (for "nominee distribution") on the dotted line to the left of line 1a. **Do not** include amounts received by your child as a nominee in the total entered on line 1a.

If your child received Form 1099-INT, Interest Income, showing California tax-exempt interest or Form 1099-OID, Original Issue Discount, get the instructions for federal Form 8814.

Line 1b

If your child received any interest income exempt from California tax, such as interest on United States savings bonds or California municipal bonds, enter the total tax-exempt interest on line 1b. Also include any exempt-interest dividends your child received as a shareholder in a mutual fund or other regulated investment company. **Do not** include this interest on line 1a. Get the instructions for Schedule CA (540 or 540NR), line 8, for more information.

Line 2

Enter ordinary dividends received by your child in 2014. Ordinary dividends should be shown on Form 1099-DIV, Dividends and Distributions, box 1. Also, include ordinary dividends your child received through a partnership, an S corporation, an estate, or trust.

If your child received, as a nominee, ordinary dividends that actually belong to another person, enter the amount and the initials "ND" on the dotted line to the left of line 2. **Do not** include amounts received as a nominee in the total for line 2.

Line 3

Enter the capital gain distributions taxable by California and received by your child in 2014. Capital gain distributions should be shown on Form 1099-DIV, box 2a. Also, see the instructions for line 6. If your child received, as a nominee, capital gain distributions that actually belong to another person, enter the amount and the initials "ND" on the dotted line to the left of line 3. **Do not** include amounts received as a nominee in the total for line 3.

Line 6

If the total amount on line 6 of all form(s) FTB 3803 is **less** than the total amount on line 6 of all your federal Form(s) 8814, enter the difference on Schedule CA (540 or 540NR), line 21f, column B and write "FTB 3803" on line 21f.

If the total amount on line 6 of all form(s) FTB 3803 is **more** than the total amount on line 6 of all your federal Form(s) 8814, enter the difference on Schedule CA (540 or 540NR), line 21f, column C and write "FTB 3803" on line 21f.

If you did not file federal Form 8814, enter the amount from form FTB 3803, line 6, on Schedule CA (540 or 540NR), line 21f, column C and write "FTB 3803" on line 21f.

If your child received capital gain distributions (shown on Form 1099-DIV, box 2a and box 2b) and you have other gains or losses to report on your Schedule D, California Capital Gain or Loss Adjustment, you must report part or all of your child's capital gain distributions on your Schedule D instead of on form FTB 3803, line 6. Get federal Publication 929 for more information on how to figure the amount to report on your Schedule D.

Part II Tax on the First \$2,000 of Child's Interest and Dividend Income

Line 9

Add the amount of tax from each form FTB 3803, line 9 to any tax you enter on Form 540 or Long Form 540NR, line 31 and check the box labeled "FTB 3803."