

# Donated Fresh Fruits or Vegetables Credit

# 2016

# 3811

Attach to your California tax return.

Name(s) as shown on your California tax return

☐ SSN or ITIN ☐ CA Corporation no. ☐ FEIN

CA Secretary of State (SOS) file number

## Part I Information on Donated Fresh Fruits or Vegetables

	(a) Date of Donation (mm/dd/yyyy)	(b) Type of Donated Product	(c) Quantity Donated	(d) Location by County	(e) Estimated Value/Cost
1					
2	Total estimated value/cost. Add the amounts in column (e). Enter total here and on Part II, line 1. ....				

## Part II Available Credit

1	Estimated value/cost of donated fresh fruits or vegetables. See instructions. ....	1
2	Multiply line 1 by 10% (.10) .....	2
3	Credit received from pass through entities. See instructions. ....	3
4	Credit carryover from prior year .....	4
5	Total available credit. Add line 2, line 3, and line 4. ....	5
6 a	Enter the amount of the credit claimed on the current year tax return. See instructions. (Do not include any assigned credit claimed on form FTB 3544A.) .....	6a
b	Total credit assigned. Enter the total amount from form FTB 3544, column (g) If you are not a corporation, enter -0-. See instructions. ....	6b
7	Credit carryover to future years. Add line 6a and line 6b, subtract the result from line 5 .....	7

## Whats New

For taxable years beginning on or after January 1, 2017 and before January 1, 2022, qualified taxpayers may claim a new tax credit for donations of fresh fruits or vegetables made to California food banks. The amount of the tax credit is 15% of the qualified value of the donated item, based on weighted average wholesale price. The credit may be claimed only on a timely filed original return. However, any credit not used in the taxable year may be carried forward up to seven years.

## General Information

References in these instructions are to the Internal Revenue Code (IRC) as of January 1, 2015, and to the California Revenue and Taxation Code (R&TC).

This credit is for qualified taxpayers who donate fresh fruits or fresh vegetables to a food bank located in California under Chapter 5 of Part 1 of Division 21 of the Food and Agricultural Code.

**Registered Domestic Partner (RDP)** – For purposes of California income tax, references to a spouse, husband, or wife also refer to a California RDP, unless otherwise specified.

## A Purpose

Use form FTB 3811, Donated Fresh Fruits or Vegetables Credit, to figure and claim the amount of tax credit allowed for the donation of fruits or vegetables made by a qualified taxpayer to a food bank located in California. To qualify for this credit, a donor is a taxpayer who must be engaged in the trade or business of planting the crop, managing the crop, and harvesting the crop from the land. The credit is nonrefundable, and the unused credit may be carried forward for seven years.

S corporations, estates, trusts, partnerships, and limited liability companies (LLCs) classified as partnerships should complete form FTB 3811 to figure the amount of credit to pass through to shareholders, beneficiaries, partners, or members. Attach this form to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Show the pass-through credit for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

## B Description

The qualified taxpayer is allowed a credit in the amount equal to 10% of the value/cost of the donated fruits or vegetables, that would otherwise be included in inventory costs.

## C Qualifications

A qualified donor is a taxpayer that is engaged in the trade or business and is defined as the person responsible for planting the crop, managing the crop, and harvesting the crop from the land. The cost of the donated fresh fruits or vegetables would be the cost of those products that would otherwise be included in inventory costs. Generally inventory costs include both the direct costs and the allocated indirect cost required to produce the fruits and vegetables.

### Certification

The taxpayer must provide the recipient of the donation the estimated value of the donated fruits or vegetables and information regarding the origin of where the donated fruits or vegetables were grown.

Upon receipt of the donated fruits or vegetables, the recipient shall provide a certificate to the taxpayer substantiating the donation.

The certificate must contain the type and quantity of the products donated, the name of the donor or donors, the name and address of the donee nonprofit organization, and as initially provided by the taxpayer, the estimated value of the donated products and the location where the donated product was grown. The certificate should be provided to the Franchise Tax Board only upon request.

## D Limitations

No credit will be allowed unless the taxpayer received a certificate from the donee nonprofit organization certifying donation of the fruits or vegetables.

A taxpayer and spouse/RDP may claim only one credit. If separate returns are filed, the credit may be taken by either spouse/RDP or divided equally between them. If more than one taxpayer shares in the expenses eligible for the credit, each taxpayer may claim the credit in proportion to his or her share of the expenses paid or incurred. In the case of a partnership, the credit will be divided among the partners according to the partnership agreement.

S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). The remaining 2/3 must be disregarded and may not be used as carryover. S corporations may pass through 100% of the credit to their shareholders.

If a taxpayer owns an interest in a disregarded business entity [a single member limited liability company (SMLLC) not recognized by California, and for tax purposes is treated as a sole proprietorship owned by an individual or a branch owned by a corporation], the credit amount received from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity.

For more information on SMLLC, get Form 568, Limited Liability Company Tax Booklet.

This credit cannot reduce the minimum franchise tax (corporations and S corporations), annual tax (limited partnerships, limited liability partnerships, and LLCs classified as partnerships), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

This credit cannot reduce regular tax below tentative minimum tax. Get Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations, for more information.

**This credit is not refundable.**

## E Assignment of Credits

**Assigned Credits to Affiliated Corporations** – Credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is a member of the same combined reporting group. A credit assigned may only be claimed by the affiliated corporation against its tax liability. For more information, get form FTB 3544, Election to Assign Credit Within Combined Reporting Group, or form FTB 3544A, List of Assigned Credit Received and/or Claimed by Assignee or go to [ftb.ca.gov](http://ftb.ca.gov) and search for **credit assignment**.

## F Carryover

If the available credit exceeds the current year tax liability or is limited by tentative minimum tax, the unused credit may be carried over to reduce the tax in the following year and for the six succeeding years or until exhausted, whichever occurs first. Apply the carryover to the earliest taxable year possible. In no event can the credit be carried back and applied against a prior year's tax.

If you have a carryover, retain all records that document this credit and carryover used in prior years. The FTB may require access to these records.

## Instructions

### Part I – Information on Donated Fresh Fruits or Vegetables

Provide the date the products were donated, the type, the quantity, the county in which the products originated, and the estimated value/cost of the products.

When completing the table, if additional space is necessary, use additional forms FTB 3811 to report all products being donated and their respective information.

### Part II – Available Credit

**Line 1** – Enter the estimated value/cost of the donated fruits or vegetables included in inventory costs under IRC Section 263A, without regard to the exception for farming businesses.

**Note:** Generally, inventory costs include both the direct costs and the allocated indirect costs required to produce the fruits or vegetables. Any deduction allowed for these same costs must be reduced by the amount of credit figured for the current taxable year (the amount shown on line 5).

**Line 3** – If you received pass-through donated fresh fruits or vegetables credit(s) from S corporations, estates, trusts, partnerships, or LLCs classified as partnerships, add the amounts and enter the total.

**Line 4** – Enter the carryover amount from the fresh fruits or vegetables credit from the prior year.

#### Line 6a – Credit claimed

**Do not** include assigned credits claimed on form FTB 3544A.

This amount may be less than the amount on line 5 if your credit is limited by your tax liability. For more information, see General Information D, Limitations and refer to the credit instructions in your tax booklet. Use credit code **224** when you claim this credit.

#### Line 6b – Total credit assigned

Corporations that assign credit to other corporations within combined reporting group must complete form FTB 3544. Enter the total amount of credit assigned from form FTB 3544, column (g) on this line.