



# California

Forms & Instructions

# 3500

## 2009

Exemption Application Booklet

Members of the Franchise Tax Board

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**This booklet contains:**

**FTB 3500**, Exemption Application

Use form FTB 3500 to apply for exemption from California income or franchise taxes.



STATE OF CALIFORNIA  
**FRANCHISE TAX BOARD**

# Instructions for Form FTB 3500

## Exemption Application

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 Information

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**.

Use the most current version of the form FTB 3500, Exemption Application. The use of a prior version of the form may delay the processing of your exemption application.

All corporations and unincorporated associations, even if organized on a nonprofit basis, are subject to California corporation franchise or income tax until the Franchise Tax Board (FTB) grants tax-exempt status to the organization. The fact that the organization is exempt from federal income tax does not automatically exempt it from California tax. Nonprofit **does not** mean tax-exempt.

To be exempt from corporate franchise or income tax, an organization must file form FTB 3500, Exemption Application with all required documentation and the FTB must grant the exemption. Until the exemption is granted, the organization remains taxable and the requirement to file a state income return continues. Before the FTB grants tax-exempt status, the FTB may require the organization to file exempt returns for the period of time the exemption is requested.

Because California and federal laws are similar in this area, it is recommended that the organization obtain federal exemption application forms and draft articles for both the state and federal applications at the same time. In some cases, California may require that the organization obtain a federal determination of its tax-exempt status prior to issuing a state exemption determination letter.

If the organization has obtained a federal exemption, under Internal Revenue Code Section (IRC) 501(c)(3), the organization may file form FTB 3500A, Submission of Exemption Request. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **3500A**.

An unincorporated association that has tax-exempt status must reapply for exemption if it incorporates.

#### Disclosure of Application Materials

Until the FTB grants tax-exempt status, the application and all associated documentation is confidential. The FTB may not discuss the application with any unauthorized person. However, once exemption is granted, the application, and supporting documents, shall be open to public inspection.

Upon the organization's request, public disclosure of documents relating to any trade secrets, patents, process, style of work, or apparatus may be withheld if the FTB determines that disclosure would adversely affect the organization. Additionally, public disclosure of documents may also be withheld if the disclosure would adversely affect national defense.

#### Acknowledging Federal Exempt Status

California legislation allows federally tax exempt 501(c)(3) organizations to be exempt from state income taxes after submitting a form FTB 3500A and a federal determination letter to the FTB.

The organization must notify the FTB when the Internal Revenue Service revokes the IRC Section 501(c)(3) federal tax-exempt status. The FTB will revoke the tax-exempt status if the entity fails to meet certain state provisions governing exempt organizations.

To establish state tax-exempt status using the federal determination letter under IRC Section 501(c)(3), file the form FTB 3500A. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **3500A**.

#### 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 spouse, husband, or wife also refer to a California registered domestic partner, 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

The purpose of form FTB 3500 is to apply for tax-exempt status from California franchise and income tax. If the organization provides all answers and documents required in question 1 through question 7i and the appropriate information required on Side 2 through Side 7, the FTB will be able to make a determination as to whether or not the organization qualifies for tax-exempt status. If the organization does not furnish all required information, the FTB will have to request the additional information resulting in a delay in the determination, or denial of the application.

### B When, What, and Where to File

To apply for tax-exempt status, submit form FTB 3500 at least 90 calendar days before exemption is needed.

The organization must include:

1. A completed form FTB 3500, with an original signature of an authorized individual, such as:
  - An elected officer
  - A director
  - An authorized representative
  - A trustee (if the organization is a trust)
2. A \$25 application fee. Using blue or black ink, make a check or money order payable to the "Franchise Tax Board." Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.
3. The information and documents requested on Side 2, item 7a through item 7i.
4. The information and documents required on Side 2, item 8 through Side 6, item 25d, related to the Revenue and Taxation Code (R&TC) section under which exemption is being sought.

Mail form FTB 3500, with the supporting documents to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-4041

If you have questions about these forms, call 916.845.4171.

If the articles of incorporation need to be amended to meet the requirements for tax-exempt status, or if additional information is required, the FTB will contact the officer or representative designated on form FTB 3500.

If the organization qualifies for tax-exempt status, the FTB will mail a determination letter to the organization. The determination letter is proof of tax-exempt status. California **does not** issue a "tax-exempt ID number."

Failure to furnish ALL required information may delay the determination of exempt status or result in the denial of the application.

Allow 90 calendar days for the FTB to review the application.

### C Incorporated Organizations

If the organization is incorporated, follow the instructions in General Information B, When, What, and Where to File.

If the organization is not incorporated and wishes to do so, the organization must first incorporate, then follow the instructions in General Information B.

**To incorporate in California the organization must submit to the California Secretary of State (SOS):**

1. The original plus three copies of the articles of incorporation.
2. A \$30 check payable to the "California Secretary of State" (SOS) for the fees for filing the articles of incorporation.

The SOS certifies two copies of the filed document without charge, if the copies are submitted to the Secretary of State with the document to be filed. Additional certified copies cost \$8 each.

Address:

DOCUMENT FILING SUPPORT UNIT  
SECRETARY OF STATE  
PO BOX 944260  
SACRAMENTO CA 94244-2600

**Do not send form FTB 3500, to the California Secretary of State.**

If the proposed articles satisfy the requirements of the California Corporations Code, the SOS files the original articles of incorporation, endorses any copies, and returns the endorsed copies to the organization. If the proposed articles do not satisfy the requirements of the Corporations Code, the SOS notifies the organization of the failure and advises how to remedy it. For more information go to [sos.ca.gov](http://sos.ca.gov) or call 916.657.5448.

The articles of incorporation must not only meet the requirements of the California Corporations Code, they must also meet the requirements of the R&TC. Guidelines are provided on page 14. Sample articles that meet the requirements of both laws begin on page 16.

After the organization receives the endorsed articles of incorporation, mail one copy of the endorsed articles and the items listed under General Information Section B to:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-4041

## D Unincorporated Associations

If the organization is an unincorporated association and does not wish to incorporate, follow the instructions under General Information B.

## E Foreign Corporations

If the organization is incorporated in another state or country, it is considered a foreign corporation.

The organization may qualify to do business in California if it complies with the requirements of the California Corporations Code requirements.

If the organization has qualified through the California SOS, follow the instructions under General Information B.

**To qualify to do business in California**

- a. Follow the instructions to incorporate (General Information C, Incorporated Organizations), and submit the following documents, in lieu of the articles of incorporation, to the SOS:
  - A certificate of good standing from the state or country having custody of the original articles.
  - A completed Statement and Designation by Foreign Corporation (available on request from the SOS).
- b. If the SOS is satisfied that the organization meets the requirements of the California Corporations Code, the SOS will file the original Statement and Designation by Foreign Corporation, endorse any extra copies, and issue a Certificate of Qualification to the organization.
- c. After the organization receives the endorsed copy of the Statement and Designation by Foreign Corporation, send the following to the FTB:
  - The items listed in General Information B.
  - A copy of the endorsed Statement and Designation by Foreign Corporation.
  - A copy of the federal exemption determination letter.
  - Copies of the federal information returns for the last three years of operation. This will satisfy the financial data requirements.

Address:

FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-4041

## F Trusts

**Trusts must furnish a copy of the federal determination letter before state exemption will be granted.** If the trust has not applied for a federal exemption, it should do so. Attach a statement to form FTB 3500 stating

when the federal application was submitted. Follow the instructions under General Information B.

Trusts that organize and operate for purposes described in R&TC Section 23701d are treated as nonprofit corporations for tax-exempt purposes. If the organization already has federal tax-exemption under IRC Section 501(c)(3) and seeks tax-exemption under R&TC Section 23701d, get form FTB 3500A.

Pension plans described in IRC Section 401(a) are not required to file form FTB 3500 with the FTB. They must file Form 109, California Exempt Organization Business Income Tax Return, if the unrelated business income for the taxable year exceeds \$1,000. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **109** for more information.

## G Limited Liability Company

Limited liability companies (LLCs) classified as a partnership or as a disregarded entity that meet all of the requirements of R&TC Section 23701h or 23701x may qualify for exemption from tax as title-holding companies.

California Corporations Code Section 17002 allows LLCs to engage in any lawful business activity, whether or not for profit. Accordingly, an LLC that elects to be taxed as a corporation may qualify for tax-exempt status, if it meets all the other requirements of R&TC Section 23701. The election of classification for tax purposes must be the same for California state tax purposes as for federal tax purposes. The federal election to be classified as a corporation for tax purposes may be demonstrated by a federal tax-exempt determination letter or the federal Form 8832, Entity Classification Election, submitted to the IRS. The organization must submit one of these documents with the Exemption Application. To qualify for tax-exempt status, the articles of organization of an LLC must contain language similar to the Sample Creating Documents shown on Page 18.

## H Political Organizations

A political organization meeting the requirements of R&TC Section 23701r is not required to file form FTB 3500 with the FTB. The organization must obtain a letter from the FTB certifying tax-exempt status if it wants to incorporate and avoid the annual payment of the minimum franchise tax. For more information about political organizations, get FTB Pub. 1075, Exempt Organizations — Guide for Political Organizations. Go to [ftb.ca.gov](http://ftb.ca.gov) and search for **1075**.

To obtain a letter certifying tax-exempt status, the political organization must submit a written request to the FTB's Exempt Organizations Unit. The organization's request must include a description of the political organization's activities. Mail the request to:

EXEMPT ORGANIZATIONS UNIT MS F120  
FRANCHISE TAX BOARD  
PO BOX 1286  
RANCHO CORDOVA CA 95741-1286  
or call 916.845.4171

## I Groups

**Group Exemption Application**

A parent organization desiring group exemption for its California subordinates must first establish its own tax-exempt status. Then it must file a separate form FTB 3500 (complete Side 1) and write "Group Exemption" in red in the top margin of the form. The group exemption application must include:

- A cover letter stating that the subordinates are affiliated and are subject to the parent's general supervision and control.
- A sample copy of a uniform charter.
- An affirmation that the subordinates are operating in accordance with their stated purposes.
- A statement that the subordinates have furnished written authorization to be included with the group exemption application.
- A list of California subordinates, their organization number (if any), and current mailing address.
- The federal employer identification number (FEIN).
- The accounting period used.
- A statement whether the organization receives unrelated business income (if so, include the gross amount).

The subordinates must be exempt under the same lettered section under R&TC Section 23701 although not necessarily exempt under the same section as the national, state, or parent central organization.

## J Retroactive Exempt Status

The FTB may grant tax-exempt status retroactively for periods in which the organization substantiates that it was organized and operated for exempt purposes.

## K Sample Articles of Incorporation, Creating Documents, and Instructions

### 1. Incorporated organizations

The sample articles of incorporation that begin on page 16 are structured to meet the California SOS requirements for incorporating and the requirements necessary for exemption. Guidelines are provided on page 14. Generally, organizations incorporating as nonprofit must do so under one of the three sections of the California Corporations Code Sections 5110, 7110, or 9110.

**Exception:** Organizations seeking exemption under R&TC Section 23701h or Section 23701x that have members must incorporate under the stock provisions of the California Corporations Code. (See California Corporations Code Section 202.) The articles of incorporation must contain a statement that the activities will be limited to those permitted under whichever section of the R&TC the exemption is being sought. If the organization does not have any members, it may incorporate as a mutual benefit corporation.

If an unincorporated association is being incorporated, an article (like the following) must be added: "The name of the existing unincorporated association now being incorporated by the filing of the articles is (state name of your association)." Attach an affidavit of subscribing persons to the articles. See California Corporations Code Sections 5121, 7121, and 9121.

The details of the internal operations of the organization should be covered in the bylaws. See page 19 for Guidelines in Writing Bylaws.

### 2. Unincorporated association creating document – An unincorporated association must have a creating document that meets certain minimum requirements. The document must contain:

- The name of the organization.
- The specific and primary purpose of the organization.
- A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit from the organization.
- The original signature of each member of the board of directors.

The samples of unincorporated association creating documents on page 18 are structured to meet these requirements. Guidelines are provided on page 14.

## Specific Instructions

The following are specific line instructions to complete Form 3500.

- California Corporation number (seven digits) or California SOS file number (12 digits)
- Federal Employer identification number (FEIN)
- Organization's name as shown in the organization's creating document
- Address

If the organization is not incorporated, provide the organization's FEIN. If the exemption application is approved, FTB will assign a corporation number.

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

### Line 1a – Revenue and Taxation Code

Enter the California R&TC section tax-exempt status is requested under.

### Comparable State and Federal Code Sections

An organization must be organized and operated for purposes described in one of the following R&TC Sections:

R&TC	IRC	Purpose
23701a	501(c)(5)	Labor, agricultural, or horticultural organizations
23701b	501(c)(8)	Fraternal beneficiary societies
23701c	501(c)(13)	Cemeteries, crematoriums
23701d	501(c)(3)	Religious, charitable, scientific, literary, or educational organizations
23701e	501(c)(6)	Business leagues, chambers of commerce, etc.
23701f	501(c)(4)	Civic leagues or social welfare and local association of employees
23701g	501(c)(7)	Social and recreational organizations
23701h	501(c)(2)	Title holding corporations
23701i	501(c)(9)	Voluntary employee's beneficiary organizations
23701j	501(c)(11)	Teachers' retirement funds
23701k	501(d)	Apostolic organizations
23701l	501(c)(10)	Fraternal societies
23701n	501(c)(17)	Supplemental unemployment compensation trusts
23701r	527	Political organizations
23701t	528	Homeowners' association
23701u	None	Public facility financial corporations
23701v	None	Mobile home park association
23701w	501(c)(19)	War veterans' organizations
23701x	501(c)(25)	Title holding organizations
23701y	501(c)(14)	Credit unions
23701z	501(n)	Self-insurance pools for charitable organizations

### Line 1b – Primary activity

Enter the specific and primary purpose of the entity.

### Line 2a – Legal form of organization

Check the box for the entity type and the date the entity was formed.

- Corporation: The entity has endorsed articles of incorporation from the SOS, or is a foreign entity that has articles of incorporation on file in another state or country.
- Unincorporated Association: The entity is not incorporated in California, another state or country.
- Trust: A trust may be created by language in a will or in a written trust instrument. The trust creates legal obligations for the person (trustee) who manages the assets of the trust.
- Limited Liability Company: An LLC that elects to be taxed as a corporation. See General Instruction G for more detail.

### Line 2b – Entity formed in another state.

If entity is a foreign corporation that is qualified in California (1) Enter date entity was qualified in California.

If entity is a foreign corporation (2) Enter state which entity was formed.

### Line 3a – Previously exempt

Check the box to indicate if the entity previously applied for exemption.

If "Yes":

- Complete line 3b, Check box that applies and enter date of "grant" or "denial."
- Complete line 3c, enter R&TC section exemption was "granted" or "denied."

### Line 3d – Another entity number

If FTB assigned another entity number, enter number assigned.

### Line 4a – Federal tax returns

Check box if entity filed federal tax returns. If "Yes," enter on line 4b the type of federal returns filed.

### Line 5 – Accounting period

Enter the annual accounting period used by the entity. The accounting period must end on the last day of the month.

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# Procedural Checklist

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## Has the organization:

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- \_\_\_\_\_ Completed Side 1, including item 1a through item 6h?  
**Note:** Attach a statement if the organization needs to clarify an answer to any of these questions.
- \_\_\_\_\_ Included the information and documents requested on Side 2, item 7a through item 7i?
- \_\_\_\_\_ Completed the appropriate lines for the organization's needs on Side 2, item 8 through Side 6, item 25d?
- \_\_\_\_\_ Included the \$25 application fee?
- \_\_\_\_\_ Signed the application?  
The application must be signed by an officer or an authorized representative of the organization. The signature must be the original, not a copy.

## Make sure the organization's application is complete.

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If the organization does not complete all applicable parts of form FTB 3500, or does not provide all required attachments, additional correspondence will be necessary in order to complete the review of its application. This will delay the determination of exempt status or result in denial of the application.

Retain a copy of the completed form FTB 3500 and all attachments for the organization's permanent records.



## Guidelines for Creating Document

Use the samples on pages 16 through 18, to draft the organization's creating document. The table below provides direction as to which sample and related specific instruction to use to ensure the organization's creating document contains all required statements for the section of law under which the organization is applying for exemption.

If applying for exemption under R&TC Section	And the organization is	If incorporating		If <u>not</u> incorporating, use sample	Limited liability company
		Use sample	See note		
23701d	Exclusively religious	A	1 & 3	G	See note 8
23701d	Other than exclusively religious	B	1, 2, & 3	H	
23701f	Civic league, social welfare organization, and local association of employees	C	1 & 4	I	
23701h or 23701x	Title holder	D	5	J	
23701u	Public facility financing corporation	E	1		
23701y	Credit union		6		
Any other section		F	1 & 7	J	

### Notes:

1. In Article III: Complete the sentence by describing the specific and primary purpose of the organization. Limit it to those activities permitted by the R&TC section under which the exemption is desired.

2. In Article V and VI: Complete the sentence by describing the specific and primary purposes permitted by R&TC Section 23701d (i.e., charitable, educational, scientific, etc.)

3. In Article VII: Organizations wanting to distribute their assets to a specific organization must provide for an alternate distributee. This is needed because the specific organization may not be in existence or may not be exempt under the appropriate section of law at the time of distribution. The exception to this rule is when the assets are to be distributed to federal, state, county, or city government for public purposes.

Where designation of a specific distributee is desired and the welfare exemption from property taxation will be claimed, the organization may use the following sample clause to replace Article VII.

"Upon the dissolution or winding up of this organization, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this organization, shall be distributed to (Enter the name of the organization) if it is then in existence and organized and operated exclusively for charitable and/or religious purposes and exempt under IRC Section 501(c)(3), but if not then in existence or so organized and operated or exempt, to another organization which is organized and operated exclusively for charitable and/or religious purposes and which has established its tax-exempt status under IRC Section 501(c)(3)."

4. In Article VII: Organizations wishing to distribute their assets to a specific organization must provide for an alternate distributee. This is needed because the specific organization may not be in existence or may not be exempt under the appropriate section of law at the time of distribution. The exception to this rule is when the assets are to be distributed to federal, state, county, or city government for public purposes.

Where designation of a specific distributee is desired and the welfare exemption from property taxation will be claimed, the organization may use the following sample clause to replace Article VII.

"Upon the dissolution or winding up of this organization, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this organization, shall be distributed to (Enter the name of the organization) if it is then in existence and organized and operated exclusively for charitable and/or social welfare purposes and exempt under IRC Section 501(c)(3) or 501(c)(4), but

if not then in existence or so organized and operated or exempt, to another organization which is organized and operated exclusively for charitable and/or social welfare purposes and which has established its tax-exempt status under IRC Section 501(c)(3) or 501(c)(4)."

5. See Article V. If the organization has any members, it must use articles that provide for the issuance of stock AND include the following statement: "The activities of this corporation will be limited to those permitted under R&TC Section \_\_\_\_\_. (Enter 23701h or 23701x, as appropriate.)"

6. Credit unions must follow the requirements set forth in the Financial Code.

7. Dedication of assets:

a. Generally, organizations using these articles are not required to include a clause dedicating assets to charitable purposes. However, any organization may elect to distribute its assets to charitable organizations upon dissolution without restricting the assets to such use during the organization's existence.

**Exception:** Veteran's organizations are entitled to the welfare (property tax) exemption but must dedicate their assets to "charitable" purposes. See Articles VI and VII in Sample Articles B.

b. Organizations applying for exemption under R&TC Section 23701g, social or recreational clubs, must be operated for the enjoyment of members and supported primarily by dues, fees, and assessments paid by members. Any income from nonmember sources may be taxable as unrelated business income and, if it is substantial, the club may lose its exempt status.

A social club may have a fund raising event for a charitable organization and pay over the net proceeds to the charity without losing its exempt status. Social clubs contemplating fund raising drives should include the following in their articles of incorporation or creating document:

"If this organization holds any events to which the general public is invited to observe or participate in for a fee, the income from the general public, less a proportional share of the expenses which will not benefit members, will be paid over to an organization, which is exempt from income tax under IRC Section 501(c)(3), on an annual basis."

8. A limited liability company uses Form LLC-1, Limited Liability Company Articles of Organization, as its creating document. To get this form go to [sos.ca.gov](http://sos.ca.gov).

On Form LLC-1, item 6, attach a page to include language similar to the sample creating documents shown on page 18. Follow the guidelines under "If Not Incorporating" in the table shown above.

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**Sample A Articles** (nonprofit **RELIGIOUS** corporation).  
To be used by exclusively religious organizations seeking exemption  
under R&TC Section 23701d.

#### ARTICLES OF INCORPORATION

I

The name of this corporation is \_\_\_\_\_.

II

This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes.

III

The specific purpose of this corporation is to \_\_\_\_\_.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: \_\_\_\_\_.

V

This corporation is organized and operated exclusively for religious purposes within the meaning of IRC Section 501(c)(3).

VI

The property of this corporation is irrevocably dedicated to religious purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private person.

VII

Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under IRC Section 501(c)(3).

VIII

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

\_\_\_\_\_  
(Signature of Incorporator)

\_\_\_\_\_  
(Typed name of Incorporator), Incorporator

**Sample B Articles** (nonprofit **PUBLIC BENEFIT** corporation).  
To be used by organizations other than exclusively religious  
organizations, seeking exemption under R&TC Section 23701d.

#### ARTICLES OF INCORPORATION

I

The name of this corporation is \_\_\_\_\_.

II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for (public) (charitable), (public and charitable) purposes.

III

The specific purpose of this corporation is to \_\_\_\_\_.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: \_\_\_\_\_.

V

This corporation is organized and operated exclusively for \_\_\_\_\_ purposes within the meaning of IRC Section 501(c)(3).

VI

The property of this corporation is irrevocably dedicated to \_\_\_\_\_ purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private person.

VII

Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for \_\_\_\_\_ purposes and which has established its tax-exempt status under IRC Section 501(c)(3).

VIII

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

\_\_\_\_\_  
(Signature of Incorporator)

\_\_\_\_\_  
(Typed name of Incorporator), Incorporator

**Sample C Articles** (nonprofit **PUBLIC BENEFIT** corporation).  
To be used by civic leagues, social welfare organizations, and local associations of employees seeking exemption under R&TC Section 23701f.

#### ARTICLES OF INCORPORATION

I

The name of this corporation is \_\_\_\_\_.

II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purposes.

III

The specific purpose of this corporation is to \_\_\_\_\_.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: \_\_\_\_\_.

V

This corporation is organized and operated exclusively for social welfare purposes within the meaning of IRC Section 501(c)(4).

VI

The property of this corporation is irrevocably dedicated to social welfare purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private person.

VII

Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for social welfare purposes and which has established its tax-exempt status under IRC Section 501(c)(4).

(Signature of Incorporator)

(Typed name of Incorporator), Incorporator

**Sample D Articles** To be used by **TITLE HOLDING** corporations that have members seeking exemption under R&TC Section 23701h or 23701x.

ARTICLES OF INCORPORATION

I

The name of this corporation is \_\_\_\_\_.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is: \_\_\_\_\_.

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is \_\_\_\_\_.

V

The activities of this corporation will be limited to those permitted under R&TC Section \_\_\_\_\_.

(Signature of Incorporator)

(Typed name of Incorporator), Incorporator

**Sample E Articles** To be used by **PUBLIC FACILITY FINANCING ORGANIZATIONS** seeking exemption under R&TC Section 23701u.

ARTICLES OF INCORPORATION

I

The name of this corporation is \_\_\_\_\_.

II

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purposes.

III

The specific purpose of this corporation is to \_\_\_\_\_.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: \_\_\_\_\_.

V

This corporation is organized and operated exclusively for social welfare purposes within the meaning of IRC Section 501(c)(4).

VI

The property of this corporation is irrevocably dedicated to public purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer, or member thereof, or to the benefit of any private person.

VII

Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for public purposes and which has established its tax-exempt status under R&TC Sections 23701d, 23701f, or 23701u, or IRC Sections 501(c)(3), or 501(c)(4).

(Signature of Incorporator)

(Typed name of Incorporator), Incorporator

**Sample F Articles** (nonprofit **MUTUAL BENEFIT** corporation). To be used by organizations seeking exemption under an R&TC section other than 23701d, 23701f, or 23701u.

ARTICLES OF INCORPORATION

I

The name of this corporation is \_\_\_\_\_.

II

This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

III

The specific purpose of this corporation is to \_\_\_\_\_.

IV

The name and address in the State of California of this corporation's initial agent for service of process is: \_\_\_\_\_.

V

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

(Signature of Incorporator)

(Typed name of Incorporator), Incorporator

### Sample G Creating Document

Unincorporated Association or Limited Liability Company  
R&TC Section 23701d  
Exclusively Religious Organizations

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit therefrom. The following is acceptable:  
This organization is a nonprofit religious organization and is not organized for the private gain of any person.
4. A political limitation clause. The following is acceptable:  
No substantial part of the activities of this organization shall consist of carrying on propaganda or otherwise attempting to influence legislation, and the organization shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.
5. A dedication clause. The following is acceptable:  
The property of this organization is irrevocably dedicated to religious purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or private person.
6. A dissolution clause. The following is acceptable:  
Upon the dissolution or winding up of the organization, its assets remaining after payment, or provision for payment, of all debts and liabilities of this organization shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under IRC Section 501(c)(3).

### Sample H Creating Document

Unincorporated Association or Limited Liability Company  
R&TC Section 23701d  
Other than Exclusively Religious Organizations

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit therefrom. The following is acceptable:  
This organization is a nonprofit public benefit organization and is not organized for the private gain of any person.
4. A political limitation clause. The following is acceptable:  
No substantial part of the activities of this organization shall consist of carrying on propaganda or otherwise attempting to influence legislation, and the organization shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.
5. A dedication clause. The following is acceptable:  
The property of this organization is irrevocably dedicated to charitable purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or private person.

6. A dissolution clause. The following is acceptable:

Upon the dissolution or winding up of the organization, its assets remaining after payment, or provision for payment, of all debts and liabilities of this organization shall be distributed to a nonprofit fund, foundation, or corporation, which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under IRC Section 501(c)(3).

### Sample I Creating Document

Unincorporated Association or Limited Liability Company  
R&TC Section 23701f

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization. The following is acceptable:  
The specific purpose of this organization is to \_\_\_\_\_ within the meaning of R&TC Section 23701f.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit therefrom.  
The following is acceptable:  
This organization is a nonprofit public benefit organization and is not organized for the private gain of any person.
4. A dedication clause. The following is acceptable:  
The property of this organization is irrevocably dedicated to social welfare purposes and no part of the net income or assets of this organization shall ever inure to the benefit of any director, officer, or private person.
5. A dissolution clause. The following is acceptable:  
Upon the dissolution or winding up of the organization, its assets remaining after payment, or provision for payment, of all debts and liabilities of this organization shall be distributed to a nonprofit fund, foundation, or corporation, which is organized and operated exclusively for social welfare purposes and which has established its tax-exempt status under IRC Section 501(c)(4).

### Sample J Creating Document

Unincorporated Association or Limited Liability Company  
All Others

The creating document must contain:

1. The name of the organization.
2. The specific and primary purpose of the organization. The following is acceptable:  
The specific purpose of this organization is to \_\_\_\_\_ within the meaning of R&TC Section 23701\_\_\_\_.
3. A statement indicating that the organization is organized for nonprofit purposes and that the individual members will not derive profit from the organization. The following is suggested:  
The organization does not contemplate pecuniary gain or profit to the members thereof and is organized for nonprofit purposes.
4. A limitation clause. The following is acceptable:  
Notwithstanding any of the above statements of purposes and powers, this organization shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this organization.

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## Guidelines in Writing Bylaws

Bylaws set forth how an organization will operate. Following are some standard categories included in bylaws and descriptions of what may be addressed in each category. These are not mandatory categories, nor are they all inclusive. They are merely provided for guidance purposes. When the organization drafts its bylaws, include only those categories that meet the operational goals of the organization.

### NAME

The name of the organization. The form of the seal (if any). What is required for the organization to change its name (such as a vote of a certain percentage of the members).

### PURPOSES

Describe the purposes of the organization.

### MEMBERSHIP

Establish requirements regarding the membership including:

1. Basis for membership
2. Basis for terminating a person's membership

### MEETINGS

Describe activities or requirements for meetings, including:

1. When regular meetings will be held
2. How they are to be rescheduled if the need arises
3. How and when members will be notified of meetings
4. How special meetings are to be called
5. What percentage of membership constitutes a quorum in the event a vote is to be taken

### VOTING

Describe issues concerning voting, including:

1. When and how voting will be conducted
2. How the votes will be tallied and who will do the tallying
3. How board members and officers will be elected

### ORDER OF BUSINESS

Establish the order in which the meetings will be conducted.

### BOARD OF DIRECTORS

Describe the requirements of the board of directors, including:

1. How many board members there will be
2. How they will be chosen
3. How long they will serve
4. What their responsibilities will be
5. When they will meet
6. How many constitute a quorum
7. Basis for removal of a director

### OFFICERS

Describe the requirements of the officers, including:

1. How many officers there will be
2. How they will be chosen
3. How long they will serve
4. What their responsibilities will be
5. When they will meet
6. Basis for removal of an officer
7. Whether they will be compensated for their services

### SALARIES

Describe issues concerning salaries, including:

1. Who will establish the amount
2. Options for revising the amount

### COMMITTEES

Describe issues associated with committees, including:

1. What the committees will be responsible for doing
2. How new committees will be created
3. Who may serve on a committee
4. How long members will serve on a committee
5. Basis for removing committee members

### DUES

Describe issues associated with dues, including:

1. The amount of dues
2. When they are to be paid
3. Consequences of failing to pay the dues
4. How the amount is established and/or revised

### RECORDS AND REPORTS

Describe the accounts, books, and records to be maintained by the organization. Describe the minutes to be kept at each meeting, whether or not they will be opened for inspection and, if open, when they will be available.

### AMENDMENTS

Describe issues associated with how the bylaws will be amended, include:

1. Who can initiate an amendment
2. When the amendment will be made
3. If a vote is to be taken will a majority or quorum be required

### OTHER

Include any other provisions you may want to include as guidance in how the organization will operate.

## 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 ready to take notes.

Telephone: 800.338.0505 from within the United States  
916.845.6600 from outside the United States

## 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 – Prefiling Assistance

- 715 – If my actual tax is less than the minimum franchise tax, what figure do I put on line 24 of Form 100 or Form 100W?
- 717 – What are the current tax rates for corporations?
- 718 – How do I get an extension of time to file?
- 722 – When does my corporation 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?

### Dissolution

- 724 – How do I dissolve my corporation?

### Miscellaneous

- 700 – Who do I need to contact to start a business?
- 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 your letter includes the California corporation number, or FEIN, your daytime and evening telephone numbers, and a copy of the notice. Send your letter to:

EXEMPT ORGANIZATIONS UNIT MS F-120  
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

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).

**By phone** – 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 below, when prompted. To order prior year forms, call the number listed under “Assistance,” and select option five to speak with a representative.

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

### Code

- 817 – California Corporation Tax Forms and Instructions. This booklet includes: Form 100, California Corporation Franchise or Income Tax Return
- 814 – Form 109, California Exempt Organization Business Income Tax Return
- 815 – Form 199, Exempt Organization Return
- 818 – Form 100-ES, Corporation Estimated Tax
- 802 – FTB 3500, Exemption Application
- 831 – FTB 3500A, Submission of Exemption Request
- 934 – FTB Pub. 4058, California Taxpayer's 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.

**Note:** 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

