WALKING AWAY FROM A CORPORATION/LLC QUALIFIER

Use this checklist to see if the FTB can hold the shareholder or LLC member liable for unpaid income and franchise taxes.

PART I

1. Compensation taken from corporation/LLC:
   A. Cash ................................................................. $__________
   B. Fair market value of tangible personal property ........... ____________
   C. Fair market value of real estate ................................. ____________
   D. Fair market value of inventory .................................... ____________
   E. Fair market value of accounts/notes payable .................. ____________
   F. Face value of loans to shareholder/member .................... ____________
   G. Fair market value of goodwill ...................................... ____________
   H. Fair market value of other intangibles ......................... ____________
   I. Other compensation taken ........................................... ____________
   J. Total compensation received by shareholder/member (Add lines A – I) $__________

2. Consideration given by shareholder/member:
   A. Wages or other compensation paid ...................................... $__________
   B. Loans from shareholder/member to corporation/LLC ........... ____________
   C. Liabilities assumed by shareholder/member ..................... ____________
   D. Corporate/LLC expenses paid by shareholder/member ....... ____________
   E. Other consideration ..................................................... ____________
   F. Capital stock at shareholder's cost (corporation) .............. ____________
   G. Member contributions (LLC) .......................................... ____________
   H. Total consideration given by shareholder/member (Add lines A – G) $__________

PART II

If the answers to ALL of the following questions are YES, the FTB may hold the shareholder/member liable for income or franchise taxes:

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Is the total on Part I, line 1J greater than the amount in Part I, line 2G? ................. ☐ ☐
2. At the time of the transfer and at the time the shareholder/member liability was asserted, was the corporation/LLC liable for the tax? ............................................................ ☐ ☐
3. Was the transfer made after liability for the tax was accrued, whether or not the tax was actually assessed at the time of the transfer? ............................................. ☐ ☐
4. Was the corporation/LLC insolvent at the time of the transfer or did the transfer leave the corporation/LLC insolvent? ............................................................ ☐ ☐
5. Had the FTB exhausted all reasonable remedies against the corporation/LLC? .... ☐ ☐

Website
To download a copy of this worksheet, go to: