### 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></th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>1. Is the total on Part I, line 1J greater than the amount in Part I, line 2G?</td>
<td>☐ ☐</td>
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<td>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?</td>
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<td>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?</td>
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<td>4. Was the corporation/LLC insolvent at the time of the transfer or did the transfer leave the corporation/LLC insolvent?</td>
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<td>5. Had the FTB exhausted all reasonable remedies against the corporation/LLC?</td>
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**Website**
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