

Chart 21-2			
Quick Guide to California Nonconformity for Taxable Year 2017			
General notes			
The following potential differences are not reflected in this guide:			
<ul style="list-style-type: none"> • Qualified nonmilitary spouses of nonresident military servicemembers stationed in California are not subject to California tax on income they earn in California. As California nonresidents, qualified spouses may also exclude from California income their interest and dividends and other intangible income, which is taxed to the state of residence. (Military Spouses Residency Relief Act (P.L. 111-97)); • Registered domestic partners (RDPs): There will be a number of differences between federal and California because the couple will file as single for federal purposes and as married for California. This means that phaseouts, limitations, and computations will be different (e.g., taxable Social Security, deductible passive losses, mortgage interest, etc.); and • California does not conform to any of the provisions in the Disaster Relief and Airport and Airway Extension Act of 2017 provided to victims of Hurricanes Harvey, Irma, and Maria. 			
	IRC §	PITL R&TC §	CTL R&TC §
Filing Status and Personal Exemptions			
Taxpayers must use the same filing status on the California return that they used on the federal return, unless: <ul style="list-style-type: none"> • One spouse is a nonresident with no California source income; • One spouse is a nonresident military servicemember; or • They are in a registered domestic partnership (RDP). In the first two cases above, the spouses may elect to file married filing separate for California and married filing joint for federal purposes. ¶22-100	2	18521	N/A
Dependent — Taxpayers must forgo the federal exemption for a child in order to claim an education credit for California purposes. ¶25-111	152	17056	N/A
Exemption deductions. — Taxpayers may elect to claim personal and dependency exemption credits rather than deductions.	151	17054	N/A
Phaseouts — California phases out exemption credits and itemized deductions based on 6% of federal AGI.	151	17054	N/A
RDPs — RDPs must file as single taxpayers for federal purposes, and must file their California income tax returns as married taxpayers (generally either married/RDP filing joint or married/RDP filing separate). ¶22-101	N/A	18521	N/A
Wages, Salaries, Tips, Etc.			
California qualified stock option income — Not taxable by California if exercised by certain individuals. ¶21-101	N/A	17502	N/A
Clergy housing — Exclusion not limited to the fair rental value, and California allows state-employed clergy to allocate up to 50% of their salary to either the rental value or the rental allowance. (Gov't Code §19827.5) ¶21-218	107	17131.6	N/A
Employer-paid HSA contributions — Included in California wages. ¶21-325	106	17131.4 17131.5	N/A
Employer-provided transportation benefits — California exclusions are different from federal. ¶21-234	132	17090 17149	24343.5
Military pay — Military wages earned by nonresident military domiciled in a state other than California are not included in federal AGI when computing California tax. ¶22-701	N/A	P.L. 108– 189 17140.5	N/A
MSA rollover to an HSA — Included in California income. ¶21-325	106	17131.4 17131.5	N/A

Reference for more information within book

SAMPLE — This information comes from the 2018 edition

<i>Wages, Salaries, Tips, Etc. — continued</i>	IRC §	PITL R&TC §	CTL R&TC §
Native Americans — Earnings not taxable by California when earned by tribal members who live on their tribal reservation and receive income earned on their tribal land or who receive military compensation — Excludable from California wages. ¶22-703	N/A	FTB Pub. 1001	N/A
Nonmilitary spouse income is excluded if the spouse has same domicile as his or her servicemember spouse. (Military Spouses Residency Relief Act (P.L. 111-97)) ¶22-701	N/A	P.L. 111-97	N/A
Nonresident wages — Not taxable by California when a taxpayer earned wages while a resident, but receives the wages after becoming a nonresident and services were not performed in California. ¶22-600	N/A	17951	N/A
RDP medical and expense reimbursements and accident and health insurance paid by an employer is not taxable by California. ¶¶21-101, 22-504	105 106	17021.7, 17141– 17141.3	N/A
Sick pay under the Federal Insurance Contributions Act and Railroad Retirement Act is excludable from California wages. ¶21-112	86	17087	N/A
Tip income — Actual amount if the federal amount is estimated. ¶51-207	N/A	N/A	N/A
U.S. treaties exempt income — Taxable by California unless the treaty specifically excludes the income for state purposes.	N/A	FTB Pub. 1001	N/A
Work Colleges Program income — California does not conform to exclusion.	117	17024.5 17131	N/A
Interest			
Interest from the following is not taxable by California			
Qualified tax credit bonds (for example, Build America Bonds). ¶21-201	54	17143	24272
U.S. savings bonds, U.S. Treasury bills, notes, or any other bonds or obligations (excluding Fannie Mae, Ginnie Mae, and FHLMC bonds or securities) of the U.S. and its territories, including California. ¶21-201	103 141–150	17133	24272
Interest from the following is taxable by California			
Canadian RRSPs — Interest on Canadian RRSPs included currently in California income. ¶21-511	N/A	17501	N/A
District of Columbia obligations issued after December 27, 1973. ¶21-201		17143	24272
HSAs — Interest on HSAs included in California income. ¶21-325	223	17215.4	N/A
Municipal bonds issued by a county, city, town, or other local government unit in a state other than California. ¶21-201	N/A	17143	24272
State bonds issued by other states and the government of American Samoa. ¶21-201	N/A	17143	24272
Dividends			
Controlled foreign corporation dividends — Taxable by California in the year distributed rather than the year earned.	N/A	FTB Pub. 1001	FTB Pub. 1001
Exempt-interest dividends — Dividends that relate to exempt interest from tax exempt assets are excludable if the mutual fund has at least 50% of its assets invested in tax-exempt government obligations. Fully taxable if less than 50%. ¶21-201	N/A	17145	24272
HSAs — Dividends from HSAs invested in stocks or mutual funds taxable by California. ¶21-325	223	17215.4	N/A
Non-cash patronage dividends from farmers' cooperative or mutual associations — California amounts may be different if election is made.	1385	17086	24273.5
RIC undistributed capital gains — Taxable by California in the year distributed rather than earned.	N/A	17088	N/A
S corporation distributions of pre-1987 earnings — Taxable by California.	N/A	FTB Pub. 1001	FTB Pub 1001
State Tax Refund			
State income tax refunds , including refunds from other states — Not taxable to California. ¶21-104	N/A	17131 17220	24345

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Alimony			
Nonresident aliens with alimony income — Taxable by California. ¶21-322	71	FTB Pub 1001	N/A
Business Income and Loss			
Income differences			
Business conducted partially in California — Worldwide income included in nonresident's AGI from all sources; California-source business income determined using an apportionment formula.	N/A	17951	N/A
Prevention of certain losses from tax-indifferent parties — California does not conform.	267	17201	24427
Credits that may create basis differences			
Income may be different due to different basis adjustments for federal and/or California credits.	Var	Var	Var
Business Expensing and Depreciation			
Expensing			
Economic development area business property (EZ, LAMBRA, TTA) — California allowed expensing up to \$40,000 for the cost of qualified property for taxable years beginning before January 1, 2014. May create basis difference.	N/A	17276.2 17276.6 17268	24356.6 24356.7 24356.8
Energy-efficient commercial building expensed for buildings placed in service prior to 2017 — California did not conform. May create basis difference.	179D	17257.2	24349
Environment (remediation) clean-up costs expensed if paid or incurred before January 1, 2012. California did not conform after 2003. May result in basis differences ¶21-319	198	17279.4	24369.4
Federal film and television cost expensing for pre-2017 productions — California did not conform. May result in basis difference. ¶21-601	181	17201.5	24356
IRC §179 expensing — California modifies IRC §179 as follows: <ul style="list-style-type: none"> ● California's IRC §179 deduction limited to \$25,000 and \$200,000 in assets. ● IRC §179 for qualified property (leasehold improvement, restaurant, and retail improvement property) placed in service on or after January 1, 2010 — Not allowed for California. ● Prior to 1999 and after 2002, California's IRC §179 expense is less than federal. This could cause a depreciation and basis adjustment. ● IRC §179 off-the-shelf computer software expensing — California does not conform. Revocation of IRC §179 election without IRS consent — California does not conform. ¶21-604 	179	17250 17255	24349 24356
Mine safety equipment expensing for property placed in service prior to 2017 — California did not conform. May result in basis difference.	179E	17250 17257.4	24349 24356
Reforestation cost expensing — California does not conform.	194	17278.5	24372.5
Depreciation that will create a basis difference			
Bonus depreciation (50%/100%), including \$8,000 bonus depreciation for luxury auto — Not allowed for California. ¶21-601	168	17250 17255	24349 24356
Business property moved into California — If depreciation method or useful life is unacceptable to California before the move, you must use the straight-line method. Applies also to former nonresidents who become California residents.	N/A	17250	24349
Cellulosic biomass ethanol plant property placed in service before January 1, 2017 — California did not conform to additional first-year depreciation.	168	17250	24349
Commercial revitalization for buildings placed in service prior to 2010 — Difference in depreciation if taxpayer claimed or took the 120-month amortization.	1400I	17250	24349
Grapevines — Five-year recovery period if replaced in a California vineyard for phylloxera infestation and for Pierce's Disease. ¶21-603	168	17250	24349
Income forecast method — California conforms to the federal income forecast method, except for the treatment of participations and residuals and the treatment of distribution costs for property placed in service after October 22, 2004. ¶21-601	167	17250 17250.5	24349 24356

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<i>Business Expensing and Depreciation — continued</i>	IRC §	PITL R&TC §	CTL R&TC §
Indian reservations — Recovery period for property placed in service after 1993 and before 2017 is shorter depending on the property class. California does not conform. ¶21-601	168	17250	24349
Insolvency creates a basis difference when elected for California but not federal and depreciable basis (tax attribute) is reduced. ¶21-212	108	17144	24307
Leasehold improvements , retail improvement property, and qualified restaurant property have a life of 15 years for federal purposes. California’s recovery period is 39 years. ¶21-601	168	17250	24349
Motorsports entertainment complexes — Seven-year recovery period if placed in service prior to January 1, 2017. California does not conform.	168	17250	24349
Nonresidential real property – Recovery period for property placed in service on or after May 13, 1993, but before January 1, 1997 — California’s recovery period is 31.5 years; the federal recovery period is 39 years. ¶21-601	168	17250	24349
Racehorses — Three-year recovery period if placed in service in 2015 and 2016. California does not conform.	168	17250	24349
Small aircraft recovery method. California does not conform.	168	17250	24349
Smart electric meters and grids — Federal 10-year depreciation. California does not conform. Note: California conforms for personal income tax.	168	17201 17250	24349
Water utility property — California does not conform to special MACRS.	168		24354.1
Amortization			
The following will create a basis difference			
Geological and geophysical costs — Starting in 2010, California does not conform.	167(h)	17250.5	24349
Pollution control facilities — California conforms to the federal accelerated write-offs, but only for facilities located in California.	169	17250	24372.3 24449
Start up costs — California limited the maximum first year expense to \$5,000 with a limit of \$50,000 rather than \$10,000/\$60,000 in 2010, with the remainder amortized over 180 months. ¶21-607	195	17201	24414
Other Business Expense Differences			
Taxpayers may need to adjust federal amounts for these California differences			
Abandonment or tax-recoupment fees for open space easements and timberland preserves not deductible for California purposes.	N/A	17275	24441
Club dues – California does not allow a deduction for payments made to clubs that discriminate.	274	17269	24333
Credits – Increase California deduction for any federal credits taken when expense must be reduced by credit amount. Decrease deduction for any California credits taken when expense must be reduced by credit amount.	Var	Var	Var
Domestic production activities federal deduction — California does not conform. ¶21-320	199	17201.6	24341 24401
Food inventories — California does not allow an enhanced charitable deduction. ¶21-306	170	17275.2	24357
Illegal activities — For PIT, conformity to IRC §280E. For CTL, all deductions are allowed. No COGS or deductions if taxpayer subject to a state statutory court actions for profiteering. ¶¶21-301, 21-342	280E	17024.5 17282	24436.1
Insolvency election — Reduction in tax attributes may change depreciable basis if California election is different from federal. ¶21-212	108	17144	24307
Percentage depletion for oil and gas wells and geothermal deposits. California did not conform to temporary suspensions of taxable income limit. ¶21-608	611–638	17681.6	24831.6
Research credit — Differences in what may be claimed for research credit will result in different research expenses that may be deducted. ¶¶21-310, 25-125	41 280C 174	17052.12 17201	24365 24440 23609
Tertiary injectants expenses incurred in the crude oil industry — California allows depreciation; federal allows expensing. ¶21-315	193	17260	24341 24401

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<i>Other Business Expense Differences — continued</i>	IRC §	PITL R&TC §	CTL R&TC §
1099 or Form W-2 not filed for personal services — California does not allow a deduction. ¶29-103	N/A	17299.8	24447
Rents, Royalties, Partnerships, Estates and Trusts, etc.			
Deduction, depreciation, and basis differences			
Accumulation distribution differences to beneficiaries.			
Depreciation differences will make the California numbers different from federal numbers.			
K-1 income differences due to net income differences.			
Real estate professionals — California does not conform to the federal law that treats certain passive income as nonpassive. ¶27-005	469	17561	N/A
Substandard housing — California does not allow a deduction for interest, taxes, depreciation, or amortization. ¶21-301		17274	24436.5
Farm Income and Loss			
Same as items listed in the “Business Income and Loss” section. In addition:			
Federal limit of farm loss — California does not conform.	461(j)	17560.5	N/A
Capital Gains and Losses			
Basis differences can create differences in amount of gains/losses — in addition to items listed below			
Adjustments for federal or California credits or deductions claimed.			
Decedent dying in 2010 if no estate tax was elected — beneficiary has carryover basis — California basis is equal to FMV rather than adjusted carryover basis.	1022	18035.6	N/A
Gain or loss on stock and bond transactions.			
Prior-year differences between California and federal law.			
Other differences			
California qualified stock option — Gain may be different. ¶22-605	N/A	17502	N/A
Capital loss carryover adjustment for part-year resident year. ¶22-605	N/A	17041	N/A
Deemed sale election (2001) was different. (Tax Reform Act of 1997 §311(e))		17024.5	N/A
Installment sale — Different election or basis. ¶27-003	453	17551	24667 24668.1
Inherited property — Gain or loss on the sale of property inherited before January 1, 1987.	N/A	18035.6, FTB Pub. 1001	N/A
Passthrough gain or loss from a partnership, S corporation, trust, or LLC may be different.			
Principal residence gain — Differences due to differences in depreciation or exclusion amount (e.g., RDPs). ¶21-227	121	17152	N/A
Qualified housing project gain where project provided rental or cooperative housing for low-income families. ¶21-401	N/A	18041.5	24955
Qualified small business stock — California does not allow for a rollover on the exchange of qualified small business stock. ¶21-414	1045	18038.4 18038.5 18044	N/A
Qualified small business stock — California does not allow an exclusion on the gain. ¶21-414	1202	18152.5, FTB Notice 2012-03	N/A
S corporation stock gain may be different if the California S election date was later (pre-2002) or due to basis differences. ¶23-401	1362, 1367		23801, 23804

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<i>Other differences — continued</i>	IRC §	PITL R&TC §	CTL R&TC §
Undistributed capital gains from a regulated investment company are taxable for California purposes.	852(b)	17088	24871
IRA Distributions			
Basis differences due to <ul style="list-style-type: none"> ● Catch-up contributions in 2005–2009 for former employees of bankrupt companies. ● Different election to treat IRA contributions as nondeductible for federal but not California or vice versa. ¶21-506 ● Lower California AGI limitations in 2007–2009. ¶21-505 	219	17501, 17203, 17024.5	N/A
Contributions — Pre-1987 IRA and SEP contributions commonly have a higher California basis. ¶21-505	219	17203	N/A
HSA s — IRA rolled over to an HSA is taxable to California. ¶21-510	408	17215.4	N/A
Hurricane relief — Federal IRA distribution relief and penalty abatement due to 2017 DRAAE hurricane relief do not apply for California.	DRAAEA §§504(a) (4) & 502(a)	17024.5	
Self-employment or farm income — Lower IRA deduction for California purposes for 1987–1995. ¶21-505	219	17203	N/A
Pensions and Annuities			
Income exempt by U.S. treaties including foreign Social Security and foreign pensions — California does not conform to most U.S. treaties. (<i>Appeal of de Mey Van Streefkerk</i> (November 6, 1985) 85-SBE-135) ¶21-001			
Railroad retirement benefits — Tier 1 and Tier 2 are not taxable to California. ¶21-112	86	17087	N/A
U.S. Social Security benefits — Not taxable to California. ¶21-112	86	17081	N/A
Basis Differences			
California lottery winnings — Not taxable to California. ¶21-113	61	Gov't. Code §8880.68	
Canadian RRSP earnings — Taxable by California in the year earned. ¶21-511	408	17501	N/A
Contribution deductions — Pre-1987 Keogh and SEP deductions may have been higher for federal than for California purposes. ¶21-505	219	17085	N/A
MSA rolled into an HSA — Taxable by California, provides basis for California purposes.	220	Pub. 1001	N/A
Self-employment or farm income — After 1986 and before 1996, if California deductions for self-employment or farm income was lower.	219	17507	N/A
Starting dates: <ul style="list-style-type: none"> ● Annuity starting date after July 1, 1986, and before January 1, 1987, if the taxpayer elected to use the three-year recovery rule for California purposes. ● Annuities with a starting date after November 18, 1996, and before January 1, 1998, may have basis recovered under a different method. 	219	FTB Pub. 1001	N/A
Other Income/Deductions/Exclusions			
Income/Exclusions			
NOLs — Differences in California and federal NOLs. ¶21-308	172	17201 17276.05– 17276.22	24416.05– 24416.22
State tax refunds — Not taxable to California.	111	17131 17142	24345
Paid family leave benefits — Not taxable to California. ¶21-111	85	17083	N/A
Unemployment compensation — Not taxable to California. ¶21-111	85	17083	N/A

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<i>Other Income/Deductions/Exclusions — continued</i>	IRC §	PITL R&TC §	CTL R&TC §
Other income and deductions (Line 21 1040)			
Beverage container recycling income — Not taxable to California. ¶21-207	N/A	17153.5	24315
Canadian government settlement payments made by the Canadian government to redress injustices done during World War II to persons of Japanese ancestry — Not taxable to California. ¶21-202	N/A	17156.5	N/A
Cancellation of debt — Following differences between California/federal treatment: <ul style="list-style-type: none"> ● Insolvency election — Reduction in tax attributes may change depreciable basis if California election is different than federal. ● Principal residence exclusion — Federal does not allow after 2016 taxable year; California does not allow exclusion after 2013 taxable year. ¶21-212 ● Reacquisition of debt — California does not conform to IRC §108(i)(1), which allowed a taxpayer to elect to report applicable debt incurred in 2009 and 2010 to be reported ratably over a period of five years beginning in 2014. Subtraction from income. ● Student loan forgiveness — California excludes loans forgiven under income-based repayment (IBR) program and income-contingent repayment programs. 	108	17132.11, 17144, 17144.5	24307
Coal power grants — California does not allow an exclusion from gross income of certain clean coal power grants to noncorporate taxpayers	Uncodified Sec. 343 (P.L. 114-113)	N/A	N/A
Commodity Credit Corporation loans — Different elections for income exclusion. ¶21-114	77	17081	24273
Cost share payments for forest landowners — Not taxable to California.	N/A	17135.5	24308.5
Crime hotline rewards — Not taxable to California. ¶21-205	N/A	17147.7	N/A
Death benefits received from the California National Guard, State Military Reserve, or Naval Militia are excludable for California purposes.		17132.4	N/A
Disaster loss — Difference due to different elections or basis differences. ¶21-304	165(i)	17207.14	24347, 24347.14
Foreign-earned income or housing exclusion — Not allowed by California. ¶21-210	911	17024.5	N/A
HSA withdrawn for nonqualified purposes are not taxable for California due to basis in HSA. ¶21-325	223	17215.4	N/A
Kiddie tax — Different election to include child's income on parent's return. ¶26-305	1	17041	N/A
Nonresident aliens must include worldwide income on California return. ¶22-606	N/A	17954	N/A
Ottoman Turkish Empire Settlement Payments — California provides and exclusion.	N/A	17131.2	24272
Per capita payments — California does not tax Native Americans living on their tribal land receiving payments from their tribe.	N/A	FTB Pub. 1001	N/A
Prescription drug subsidies — California does not allow exclusion.	139A	17139.6	N/A
Rebates from water agencies and suppliers — Not taxable to California. ¶21-206	N/A	17138 17138.1	24323
Seismic retrofit assistance — Excluded from California gross income. ¶21-235	N/A	17138.3	24308.7
Turf removal rebates — Not taxable to California. ¶21-206	N/A	17138.2	24308.2
Wrongful incarceration payments — California allows maximum of \$140 per day prior to 2018. Conforms beginning 2018.	139F	17156.1, 17157, Penal Code 4904	N/A
§529 plan — California does not allow tax-free distributions for computers and equipment.	529	17140.3	N/A

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Adjustments to Income			
Educator expense \$250 deduction — California does not allow. ¶21-301	62(a)(2)(D)	17072	N/A
HSAs — Contributions not deductible. ¶21-325	223	17215.4	N/A
Nonresident aliens who did not deduct alimony payments on their federal return can deduct alimony payments on their California return. ¶22-606	N/A	17302	N/A
Self-employed health insurance paid on behalf of a nondependent RDP deductible for California. ¶22-504	N/A	17021.7	N/A
Student loan interest deduction — Non-California domiciled military taxpayers exclude military wages, which may increase deduction.	221	P.L. 108–189	N/A
Tuition and related expenses exclusion — Not excludable for California purposes. ¶21-326	222	17024.7	N/A
Itemized Deductions			
When using standard deductions on the federal return but itemizing on the California return, complete and attach a copy of the federal Schedule A (even though the taxpayer did not file one with his or her federal return).			
Itemized deduction phaseout amount is 6% of federal AGI for California purposes.	68	17077	N/A
Any deductions subject to AGI limitations may be different for RDPs because they must file as married for California and single for federal. ¶22-504			
Expenses related to income taxed under federal law but not taxed under California law — Not deductible for California. ¶21-302	265	FTB Pub. 1001	
Expenses related to income taxed under California law but not under federal law — Deductible for California. ¶21-302	265	FTB Pub. 1001	N/A
Medical expenses			
Adoption-related medical expenses — Adjust for differences between California and federal Adoption Credit rules.		17052.25	N/A
Federal and California AGI threshold for medical expenses 7.5% for 2017 and 2018. Federal, but not California, limit increased to 10% beginning in 2019. ¶21-321	213	17241	N/A
HSA – Payments made with funds are deductible. ¶21-325	223	17215.4	N/A
Taxes			
Federal estate tax — Not deductible for California.	N/A	FTB Pub. 1001	N/A
Generation-skipping transfer tax — Not deductible for California.	2601	17024.5	N/A
Income taxes or sales and use tax paid (including foreign income taxes, SDI, sales tax on vehicles, \$800 annual tax paid by LPs and LLCs, and income or franchise taxes paid by S corporations) — Not deductible for California. ¶21-303	164	17220	24345
Property tax — Different capitalization elections.	266	17201	24426
Interest			
Capital gain and dividends — Electing for California not to include as investment income may create a larger interest expense. ¶21-302	163	17201	N/A
Capitalizing carrying charges — Different elections.	266	17201	24426
Federal Mortgage Interest Credit — Interest deductible for California. ¶21-302		FTB Pub. 1001	N/A
Investment interest differences. ¶21-302	163	17280	24425
Mortgage insurance premiums — Not deductible for California. ¶21-302	163	17225	N/A

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Charitable contributions			
Agricultural research organizations — California does not conform to federal increased individual charitable contribution limits for contributions to agricultural research organizations.	170(b)(1)	17201	N/A
Food inventories — California does not conform to enhanced deduction for charitable contributions of food inventories. ¶21-306	170(e)(3)(C)	17275.2	24357.1, 24358
College Access Tax Credit Fund — No California deduction for contribution if a credit for the contribution was claimed. ¶25-108	170	17053.86	23686
Qualified conservation contributions — California deductions are different.	170(b)(1)(B), 170(b)(2)(B)	17201	24358
Miscellaneous itemized deductions			
Employee education expense — Increased California deduction due to federal education credits/deduction.	127	17151	N/A
Disaster loss — Different throwback elections for disaster victims under IRC §165(i), or where the California Governor declared a disaster but the President did not. ¶21-304	165	17207.14	24347.14
Gambling losses — May be different. California lottery losses are not deductible, or there may be a difference in taxable gambling income. ¶¶21-113, 21-304	N/A	FTB Pub. 1001	N/A
Interest paid to public utility — Qualified interest is deductible for California as a miscellaneous itemized deduction not subject to 2%. ¶21-302		17073 17208.1	N/A
Travel expenses — State Legislators' travel expenses incurred while at legislative session pursuant to IRC §162(h). Not deductible for California.	N/A	17270	N/A
Provisions Applicable Only to Corporations			
Basis adjustment to stock of S corporations making charitable contributions of property — California does not conform.	1367(a)(2)	N/A	23051.5, 23800
Cancellation of debt — Difference in basis due to COD for S corporations for distributions after October 11, 2001, and before January 1, 2003.	108	N/A	24307
Charitable contributions <ul style="list-style-type: none"> ● Charitable deduction limited to 10% of California income. ● Patents and intellectual property — Special treatment of these charitable does not apply for corporate purposes. For corporate purposes, the property is valued at basis. 	170(m)	N/A	24357.1, 24358
Depreciation <ul style="list-style-type: none"> ● ACRS and MACRS — California does not conform for C corporations. ● Bonus depreciation — In lieu of electing IRC §179 expensing California allows additional \$2,000. ● Luxury automobiles and listed property — C corporations must use California corporate depreciation methods.first-year depreciation for C corporations, but no other general bonus depreciation. 	168, 280F	N/A	24349, 24349.1, 24350, 24356
Health plans and insurers — California excludes certain income.	N/A	N/A	24330
Interest on government obligations - Interest received on all government (federal, state, municipal, and tax credit bond) obligations are taxable to franchise taxpayers only.	N/A	N/A	24272
REITs — Restriction on tax-free spin-offs involving REITs.	355(a)	N/A	24451

This chapter applies to personal (PITL) and corporate (CTL) tax law: PITL sections begin with a "1" and CTL sections begin with a "2."