

SAMPLE — This information comes from the 2015 edition

Chart 21-2			
Quick Guide to California Nonconformity for Taxable Year 2014			
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.). • Disaster benefits: California does not conform to any of the special benefits provided to taxpayers affected by a specific federal disaster — e.g., Liberty Zone, KETRA, and 2008 Midwestern disasters — nor to any of the Emergency Economic Stabilization Act of 2008 (P.L. 110-343) disaster relief provisions. The differences will mean different deductions, taxable income, and gains and losses. • At press time, Congress had not acted on the expiring provisions. These are designated with an asterisk.* 			
	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: ¶22-100	2	18521	N/A
• One spouse is a nonresident with California no source income;	N/A	18521	N/A
• One spouse is a nonresident military servicemember; or	N/A	18521	N/A
• They are in a registered domestic partnership (RDP).	N/A	18521	N/A
In the first two cases above, the spouses may elect to file married filing separate for California and married filing joint for federal purposes.	N/A	18521	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
Dependent exemption			
A parent who elects to forgo the exemption for a child in order to claim an education credit may claim the child for California purposes. ¶25-111	152	17056	N/A
Phaseouts			
California phases out exemption credits and itemized deductions based on 6% of federal AGI.	151	17054	N/A
Wages, Salaries, Tips, Etc.			
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
Income earned by a qualified nonmilitary spouse with the same domicile as his or her servicemember spouse is excluded from income. (Military Spouses Residency Relief Act (P.L. 111-97)) ¶22-700	N/A	P.L. 111-97	N/A
Sick pay under the Federal Insurance Contributions Act and Railroad Retirement Act — Excludable from California wages. ¶21-112	86	17087	N/A

Reference for more information within book

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<i>Wages, Salaries, Tips, Etc. — continued</i>	IRC§	PITL R&TC§	CTL R&TC§
Income exempt by U.S. treaties — Taxable by California unless the treaty specifically excludes the income for state purposes.	N/A	FTB Pub 1001	N/A
Employer-provided transportation benefits — California exclusions are different from federal. ¶21-234	132	17149 17090	24343.5
California qualified stock option income — Not taxable by California if exercised by certain individuals. ¶21-101	N/A	17502	N/A
Employer-provided medical insurance and reimbursements for RDPs who are not dependents — Not taxable by California. ¶21-216	105 106	17021.7	N/A
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.	N/A	FTB Pub 1001	N/A
Clergy housing — Exclusion not limited to the fair rental, 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
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
HRA rollover to an HSA — Included in California income. ¶21-325	106	17131.4 17131.5	N/A
Employer-paid HSA contributions — Included in California wages. ¶21-325	106	17131.4 17131.5	N/A
Graduate education reimbursement by employer — California limits deduction to undergraduate education.	127	17151	N/A
Tip income — actual amount if federal amount is estimated. ¶51-207	N/A	N/A	N/A
Reimbursement by employer for federal tax cost of RDP medical §§105 and 106 expenses not taxable by California. ¶122-504	105 106	17141	N/A
Interest			
Interest from the following is not taxable by California			
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
Ottoman Turkish Empire Settlement Payments.	N/A	17131.2	24272
Interest earned on qualified tax credit bonds (for example, Build America Bonds). ¶21-201	54	17143	24272
Interest from the following is taxable by California			
Bonds issued by other states and the government of America Samoa. ¶21-201	N/A	17143	24272
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
District of Columbia obligations issued after December 27, 1973. ¶21-201		17143	24272
HSAs. ¶21-325	223	17215.4	N/A
Canadian RRSPs. ¶21-511	N/A	17501	N/A
Dividends			
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
Non-cash patronage dividends from farmers' cooperative or mutual associations — California amounts may be different if election is made.	1385	17086	24273.5

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<i>Dividends — continued</i>	IRC§	PITL R&TC§	CTL R&TC§
Controlled foreign corporation dividends — Taxable by California in the year distributed rather than the year earned.	N/A	FTB Pub 1001	FTB Pub 1001
Distributions of pre-1987 earnings from S corporations — Taxable by California.	N/A	FTB Pub 1001	FTB Pub 1001
Undistributed capital gains from a regulated investment company — Taxable by California in the year distributed rather than earned.	N/A	17088	N/A
Dividends from HSAs invested in stocks or mutual funds — Taxable by California. ¶21-325	223	17215.4	N/A
State Tax Refund			
State income tax refunds — Not taxable to California.	N/A	17142	24345
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
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			
Prior to 1999 and after 2002, California's IRC §179 expense is less than federal. This could cause a depreciation and basis adjustment. ¶21-604*	179	17250 17255	24356
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. ¶21-604*	179	17250 17255	24356
Off-the-shelf computer software expensing — California does not conform. ¶21-601*	179	17255	24349 24356
\$8,000 bonus depreciation for luxury auto — Not allowed for California. ¶21-601*	168	17250 17255	24349 24356
50%/100% bonus depreciation — Not allowed for California. ¶21-601*	168	17250 17255	24349 24356
Economic development area business property expensing (EZ, LAMBRA, TTA) — California allows expensing up to \$40,000 for the cost of qualified property for taxable years beginning before January 1, 2014. ¶21-603	N/A	17276.2 17276.6 17268	24356.6 24356.7 24359.8
Federal film and television cost expensing — California does not conform. ¶21-601*	181	17201.5	24356
Mine safety equipment expensing — California does not conform.	179E	17250 17257.4	24349 24356
Refinery property expensing — California does not conform.	179C	17201 17250	24356
Reforestation cost expensing — California does not conform.	194	17278.5	24372.5
Additional first-year depreciation for cellulosic biomass ethanol plant property placed in service before January 1, 2014 — California does not conform.*	168	17250	24349

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<i>Business Expensing and Depreciation — continued</i>	IRC§	PITL R&TC§	CTL R&TC§
Depreciation that will create a basis difference			
Recovery period for nonresidential real 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
Recovery period for qualified leasehold improvements, retail improvement property, and qualified restaurant property placed in service before January 1, 2014, is 15 years for federal purposes — California’s recovery period is 39 years. ¶21-601*	168	17250	24349
Business property moves into California — If depreciation method or useful life is unacceptable to California before the move, you must use the straight-line method.	N/A	17250	24349
Recovery period for property on Indian reservations placed in service after 1993 and before 2014 is shorter depending on the property class — California does not conform. ¶21-601*	168	17250	24349
Five-year recovery period for grapevines 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
Three year recovery period for racehorses, California recovery period is seven years. Conform for personal income tax purposes only for years beginning January 1, 2010.*	168	17250	24349
Water utility property — California does not conform to special MACRS.	168		24354.1
Small aircraft recovery method — California does not conform.	168	17250	24349
Expensing of energy-efficient commercial building — California does not conform.*	179D	17024.5	23031.5
Commercial revitalization — Difference in depreciation if taxpayer claimed or took the 120-month amortization.	1400I	17250	24349
Seven-year recovery period for motorsports entertainment complexes placed in service prior to January 1, 2014 — California did not conform.*	168	17250	24369
Basis different when insolvency elected for California but not federal and depreciable basis (tax attribute) is reduced. ¶21-212	108	17144	24307
Basis difference on asset acquired from decedent dying in 2010 if no estate tax was elected — California basis is equal to FMV rather than adjusted carryover basis.	1022	18035.6	N/A
Federal ten-year depreciation for qualified smart electric meters and grids — California does not conform. Note: California conforms for personal income tax.	168	17201 17250	24349
California generally conforms to the federal repair regulations for PITL but not CTL. ¶21-606	TD 9636	17250	24422 24349
Amortization			
The following will create a basis difference			
California did not conform to election to amortize start-up costs for amounts incurred prior to January 1, 2005, and limits the maximum expense to \$5,000 with a limit of \$50,000 rather than \$10,000/\$60,000 in 2010. ¶21-607	195	17201	24417
Intangibles — IRC §197 property acquired before January 1, 1994 — California requires amortization over the remaining federal amortization period. ¶21-607	197	17279	24355
Music costs — California did not conform to five-year amortization election until the 2009 taxable year. ¶21-607	167(g) (8)	17250 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
Geological and geophysical costs — Starting in 2010, California does not conform.	167(h)	17250.5	24349
Research and development — California conforms.	174	17201	24365

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	IRC§	PITL R&TC§	CTL R&TC§
Other Business Expense Differences			
Taxpayers may need to adjust federal amounts for these California differences			
Increase California deduction for any federal credits taken when expense must be reduced by credit amount.	Var	Var	Var
Decrease California deduction for any California credits taken when expense must be reduced by credit amount.	Var	Var	Var
Cell phones — California continues to treat cell phones as listed property.	280F	17024.5	23051.5
Club dues — California does not allow a deduction for payments made to clubs that discriminate. ¶21-301	274	17269	24443
No Form W-2 or 1099 filed for personal services — California does not allow a deduction. ¶29-103	N/A	17299.8	24447
Tertiary injectants expenses incurred in the crude oil industry — California allows depreciation; federal allows expensing. ¶21-315	193	17260	24341 24401
Abandonment or tax-recoupment fees for open space easements and timberland preserves.	N/A	17275	24441
Domestic production activities federal deduction — California does not conform. ¶21-320	199	17201.6	24341 24401
Illegal activities — For corporations all deductions are allowed. However, California disallows all deductions and cost of goods sold if taxpayer is subject to statutory court action for specified crimes. ¶¶21-301, 21-342	280E	17024.5 17282	24436.1
Research and development expenses. ¶¶21-310, 25-125	41 280C 174	17052.12 17201	24365 24440 23609
Percentage depletion for oil and gas wells and geothermal deposits. ¶21-608	611– 638	17681.6	24831.6
Qualified environment (remediation) clean-up costs paid or incurred before January 1, 2012 California did not conform after 2003. ¶21-319	198	17279.4	24369.4
Enhanced deduction for food and book inventories. ¶21-306*	170	17275.2 17275.3	24357
Basis of vehicle acquired in an exchange using the Cash for Clunkers program may be higher for California purposes because California did not allow exclusion from income for government payment.	N/A	FTB Pub 1001	
Insolvency election — Reduction in tax attributes may change depreciable basis if California election is different from federal. ¶21-212	108	17144	24307
No deduction is allowed for penalties assessed against owners of a professional sports franchise by the professional sports league that includes the franchise.	162	17228	24343.8
Rents, Royalties, Partnerships, Estates and Trusts, etc.			
Deduction, depreciation, and basis differences			
Substandard housing — California does not allow a deduction for interest, taxes, depreciation, or amortization. ¶21-301	N/A	17274	24436.5
Passive activity loss rules for real estate professionals — California does not conform to the federal law that treats certain passive income as nonpassive. ¶27-005	469	17561	N/A
Although California conforms to federal passive rules, there may be differences in depreciation that will make the California numbers different from federal numbers.			
Difference in basis due to COD for S corporations for distributions after October 11, 2001, and before January 1, 2003.	108		24307
Differences in K-1 income due to net income differences.			
Differences in accumulation distributions to beneficiaries.			
Difference in basis due to insolvency provision elected for COD. ¶21-212			
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

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	IRC§	PITL R&TC§	CTL R&TC§
Capital Gains and Losses			
The gains/losses can be different in the following situations			
Gain realized on the exchange of qualified small business stock — California does not allow. ¶21-414	1045	18038.4 18038.5 18044	N/A
Exclusion on gain of small business stock — California does not allow. ¶21-426	1202	18152.5	N/A
Basis differences resulting from prior-year differences between California and federal law.			
Basis difference on asset acquired from decedent dying in 2010 who used adjusted carryover basis for federal purposes — California basis is equal to FMV. ¶31-101	1022	18035.6	N/A
Different IRC §121 exclusion on property sold by estate, trust, or beneficiary for decedent dying in 2010 and elected out of estate tax. ¶21-226	121	17152(f)	N/A
Basis differences due to basis adjustments due to federal or California credits.	Var.	Var.	Var.
Gain or loss on stock and bond transactions due to basis difference.			
Installment sale gain — Basis differences or different elections. ¶27-003	453	17551	24667 24668.1
Gain on the sale or disposition of a qualified housing project that provided rental or cooperative housing for low-income families. ¶21-401	N/A	18041.5	24955
Gain on the sale of a principal residence when depreciation was allowable and different methods or rates were used for California and federal purposes. ¶21-226	121	17152	N/A
Different capital loss carryovers. ¶21-427	1211– 1260	18151	24990 24990.5
Undistributed capital gains from a regulated investment company are taxable for California purposes.	852(b)	17088	24871
Gain or loss on the sale of property inherited before January 1, 1987.	N/A	18035.6 FTB Pub 1039	N/A
Passthrough gain or loss from a partnership, S corporation, trust, or LLC.			
Gain on disposition of S corporation stock may be different.			
Different election for 2001 deemed sale. (Tax Reform Act of 1997 §311(e))		17024.5	N/A
Gain realized on disposition of stock acquired from a California qualified stock option. ¶22-605	N/A	17502	N/A
Capital loss carryover adjustment for part-year resident year. ¶22-605	N/A	17041	N/A
Differences in gain on sale of QSub stock to unrelated parties.			
Difference in basis if taxpayer claimed the commercial revitalization deduction.	1400I	17250	24349
Difference in basis for stock acquired under a California mini-ISO.	N/A	17502	N/A
IRA Distributions			
Pre-1987 IRA and SEP contributions commonly have a higher California basis. ¶21-505	219	17203	N/A
Lower IRA deduction for California purposes due to self-employment or farm income for 1987–1995. ¶21-505	219	17203	N/A
Basis difference due to different election to treat IRA contributions as nondeductible for federal but not California or vice versa. ¶21-506	219	17203	N/A
Basis difference due to catch-up contributions in 2005–2009 for former employees of bankrupt companies.	219(b) (5)	17501	N/A
Basis difference due to lower California AGI limitations in 2007–2009. ¶21-505	219	17024.5	N/A
IRA rolled over to an HSA is taxable to California. ¶21-510	408	17215.4	N/A

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Pensions and Annuities			
Railroad retirement benefits — Tier 1 and Tier 2 are not taxable to California. ¶21-112	N/A	17087	N/A
U.S. Social Security benefits — Not taxable to California. ¶21-112	86	17081	N/A
Basis differences:			
<ul style="list-style-type: none"> ● Pre-1987 Keogh and SEP deductions may have been higher for federal than for California purposes. ¶21-505 	219	17085	N/A
<ul style="list-style-type: none"> ● After 1986 and before 1996, if California self-employment or farm income was lower. 	219	17507	N/A
<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. 	219	FTB Pub 1001	N/A
<ul style="list-style-type: none"> ● 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
Canadian RRSP earnings — Taxable by California in the year earned. ¶21-511	408	17501	N/A
Foreign Social Security and foreign pensions exempt by treaty — California taxes these distributions. ¶21-112	86	17071	N/A
Other Income/Exclusions/Deductions			
State tax refunds are not taxable to California.		17142	24345
Unemployment compensation — Not taxable to California. ¶21-111	85	17083	N/A
Paid family leave benefits — Not taxable to California. ¶21-111	85	17083	N/A
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			
\$250 educator expense deduction — California does not allow. ¶21-325*	222	17024.7	N/A
California lottery winnings — Not taxable to California. (Gov't. Code §8880.68)			
Disaster loss carryovers — May be different due to different election or basis difference. ¶21-304	165	17201 17207	24347 24347.5
Differences in California and federal NOLs. ¶21-308	172	17201 17276.05– 17276.22	24416.05– 24416.22
Differences in federal and state COD and principal residence exclusion. California does not allow COD exclusion for qualified principal residence indebtedness beginning January 1, 2014. ¶21-212*	108	17144.5	N/A
Insolvency election — Reduction in tax attributes may change depreciable basis if California election is different from federal. ¶21-212	108	17144	24307
COD: California did 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. ¶21-212	108(i) (1)	17144	24307
Federal exclusion for prescription drug subsidies — California does not conform.	139A	17139.6	N/A
Crime hotline rewards — Not taxable to California. ¶21-205	N/A	17147.7	N/A
Beverage container recycling income — Not taxable to California. ¶21-207	N/A	17153.5	24315
Cost share payments for forest landowners — Not taxable to California.	N/A	17153.5	24308.5
Federal foreign-earned income or housing exclusion — Not allowed by California. ¶21-210	911	17024.5	N/A
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
Rebates from water agencies and suppliers — Not taxable to California.	N/A	17138 17138.1	24323

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<i>Other Income/Exclusions/Deductions — continued</i>	IRC§	PITL R&TC§	CTL R&TC§
Wrongful incarceration payments — Not taxable to California.	N/A	17157	N/A
Nonresident aliens must include worldwide income on California return. ¶22-606	N/A	17954	N/A
Commodity Credit Corporation loans — Different elections for income exclusion. ¶21-114	77	17081	24273
California conforms to claim-of-right provisions for personal, but not corporate tax purposes. ¶21-221	1341	17049	N/A
Percentage depletion for oil and gas wells and geothermal deposits. ¶21-608	611–638	17681.6	24831.6
HSA funds withdrawn for nonqualified purposes are not taxable for California due to basis in HSA. ¶21-325	223	17215.4	N/A
Different election to include child’s income on parent’s return. ¶26-305	1	17041	N/A
California exclusion for death benefits received from the California National Guard, State Military Reserve, or Naval Militia.		17132.4	N/A
Distributions from IRC §529 plans in 2009 and 2010 used for computer-related expenses were nonqualified distributions for California purpose. ¶26-303	529	17024.5	N/A
Relocation payments — California conforms, but also allows an exclusion for tenant relocation assistance payments if they are required by state law or local ordinance.	P.L. 91-646	Gov’t. Code §7269	
Native American 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
Rebates issued to individual or business who participate in a turf removal water conservation program.	N/A	17138.2	24308.2
COD Student loan forgiveness under the income-based repayment program is excludable from California taxable income.	108(f)	17132.7	N/A
Adjustments to Income			
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
Student loan interest deduction — Non-California domiciled military taxpayers exclude military wages, which may increase deduction.	221	P.L. 108–109	N/A
Self-employed health insurance paid on behalf of a nondependent RDP deductible for California. ¶22-504	N/A	17021.7	N/A
Contributions to HSA not deductible. ¶21-325	223	17215.4	N/A
Grants paid to low-income individuals for energy efficient construction — Not taxable to California.		PUB 1001	
Deductions for tuition and related expenses — Not excludable for California purposes. ¶21-326	222	17024.5	N/A
Difference in self employed health insurance deduction due to ACA premium credit or penalty.	162I	17024.5	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			
Medical expenses paid on behalf of a nondependent RDP — Deductible for California purposes. ¶22-504		17021.7	N/A
Medical expenses paid with HSA funds are deductible. ¶21-325	220	17215	
Difference in health insurance deduction due to ACA premium credit or penalty	162I	17024.5	N/A
Adoption-related medical expenses — Adjust for differences between California and federal Adoption Credit rules.		17052.25	N/A

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State and local 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
Federal Mortgage Interest Credit — Interest deductible for California. ¶21-302		FTB Pub 1001	N/A
Qualified interest paid to public utility — Deductible for California as a miscellaneous itemized deduction not subject to 2%. ¶21-302		17073 17208.1	N/A
Deduction for mortgage insurance premiums — California does not conform. ¶21-302	163	17225	N/A
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.	265	FTB Pub 1001	
Investment interest differences. ¶21-302	163	17280	24425
Different elections to capitalize carrying charges.	266	17201	24426
Different election to include capital gain and dividends as investment income. ¶21-302	163	17201	N/A
Differences in employee education expense due to federal education credits/deduction or difference in federal exclusion for graduate education.	127	17151	N/A
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
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
State Legislators' travel expenses incurred while at legislative session pursuant to IRC §162(h) — Not deductible for California.	N/A	17270	N/A
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	17201 17207	24347 24347.5
Enhanced deduction for charitable contributions of food and book inventories through 2013 — California does not conform. ¶21-306*	170(c) (3)	17275.2 17275.3	24357.1
Provisions Applicable Only to Corporations			
Income			
Interest received on all government (federal, state, municipal, and tax credit bond) obligations (franchise taxpayers only)	N/A	N/A	24272
Difference in basis due to COD for S corporations for distributions after October 11, 2001, and before January 1, 2003.	108	N/A	24307
Differences due to built-in gains tax holding periods for federal and California. ¶23-405	1374	N/A	23809
ACRS and MACRS — California does not conform for C corporations.	168	N/A	24349 24349.1 24350 24356
Bonus depreciation — In lieu of electing IRC §179 expensing California allows additional \$2,000 first-year depreciation for C corporations, but no other general bonus depreciation.	N/A	N/A	24356
California's §179 property expensing limited to \$25,000 and \$200,000 in assets. ¶21-604*	179	17255	24356
Luxury automobiles and listed property — C corporations must use California corporate depreciation methods. ¶21-601	280F	17201 17250	24349.1
Organizational expenses incurred prior to January 1, 2005, and years beginning after 2009 must be amortized. ¶21-607	248 709	N/A	24349
Charitable deduction limited to 10% of California income.	170	N/A	24358

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