

2024 College Access Tax Credit

3592

Attach to your California tax return.

Name(s) as shown on your California tax return	<input type="checkbox"/> SSN or ITIN <input type="checkbox"/> CA Corporation no. <input type="checkbox"/> FEIN
	California Secretary of State file number
Name of credit owner	<input type="checkbox"/> CA Corporation no. <input type="checkbox"/> FEIN
	California Secretary of State file number

Available Credit

1 a Credit amount issued by California Educational Facilities Authority (CEFA). See instructions. <input checked="" type="radio"/> 1a	00
b Credit certificate number <input checked="" type="radio"/>	
2 Pass-through College Access Tax Credit from Schedule K-1 (100S, 541, 565, or 568). See instructions. . . <input checked="" type="radio"/> 2	00
3 Total current year credit. Add line 1a and line 2 3	00
4 Credit carryover from prior year(s). <input checked="" type="radio"/> 4	00
5 Total available College Access Tax Credit. Add line 3 and line 4 5	00
6 a Credit claimed. Enter the amount of the credit claimed on the current year tax return. See instructions. (Do not include any assigned credit claimed on form FTB 3544, Part B.) <input checked="" type="radio"/> 6a	00
b Total credit assigned. Enter the total amount from form FTB 3544, Part A, column (g). If you are not a corporation, enter -0-. See instructions <input checked="" type="radio"/> 6b	00
c Credit amount to be elected as refundable in future years. See instructions. 6c	
7 Credit carryover available for future years. Add lines 6a, 6b, and 6c, subtract the result from line 5 . . <input checked="" type="radio"/> 7	00

What's New

Credit Limitation – For taxable years beginning on or after January 1, 2024, and before January 1, 2027, there is a \$5,000,000 limitation on the application of business credits. The total of all business credits including the carryover of any business credit for the taxable year may not reduce the “net tax”, for personal income filers, or “tax”, for corporate filers, by more than \$5,000,000. Business credits should be applied against “net tax” before other credits. For taxpayers included in a combined report, the limitation is applied at the group level.

For each taxable year of the limitation, taxpayers may make an irrevocable election to receive an annual refundable credit amount for the credits disallowed due to the limitation. Taxpayers may claim 20% of this refundable credit in each year of a five-year refundable period. The refundable period begins the third taxable year after the taxable year in which the election is made. To make this irrevocable election, complete form FTB 3870, Election for Refundable Credit, and submit it with an original, timely filed return.

S corporations may **not** elect to make credits taken at the entity level refundable.

If a taxpayer does not choose to make the election outlined above, business credits disallowed due to the limitation may be carried over. The carryover period for disallowed credit is extended by the number of taxable years the credit was not allowed. For more information, refer to California Revenue and Taxation Code (R&TC) Sections 17039.4, 17039.5, 23036.4 and 23036.5 and get form FTB 3870.

General Information

A Purpose

Use form FTB 3592, College Access Tax Credit, to report the credit amount earned and claimed for the current year and the amount to carryover to future years. Also, use this form to claim pass-through credits received from S corporations, estates, trusts, partnerships, or limited liability companies (LLCs) classified as partnerships.

S corporations, estates, trusts, partnerships, and LLCs classified as partnerships should complete form FTB 3592 to figure the amount of credit to pass through to shareholders, beneficiaries, partners, or members. Attach this form to Form 100S, California S Corporation Franchise or Income Tax Return; Form 541, California Fiduciary Income Tax Return; Form 565, Partnership Return of Income; or Form 568, Limited Liability Company Return of Income. Show the pass-through credit for each shareholder, beneficiary, partner, or member on Schedule K-1 (100S, 541, 565, or 568), Share of Income, Deductions, Credits, etc.

B Description

For taxable years beginning on and after January 1, 2017, and before January 1, 2028, the College Access Tax Credit (CATC) is available to entities awarded the credit from the California Educational Facilities Authority (CEFA). The credit is 50% of the amount contributed by the taxpayer for the taxable year to the CATC Fund. The total amount that the CEFA can allocate for the CATC each year is \$500 million. The amount of the credit is allocated and certified by the CEFA. For more information, go to the CEFA website at treasurer.ca.gov and search for **catc**.

C Qualifications

Any business can apply for the CATC. The credit application is available statewide to all industries. To claim the CATC, you must have made a contribution to the CATC Fund administered by the CEFA. You must have received a certificate from the CEFA documenting the amount of the contribution and the credit amount in order to claim the credit. The credit is allocated by taxable year as set forth in the credit agreement. The credit agreement specifies the terms and conditions which must be met in order to claim a credit for the taxable year.

D Limitations

For taxable years beginning on or after January 1, 2024, and before January 1, 2027, there is a \$5,000,000 limitation on the application of business credits, including carryover. For taxpayers included in a combined report, the limitation is applied at the group level.

S corporations may claim only 1/3 of the credit against the 1.5% entity-level tax (3.5% for financial S corporations). The remaining 2/3 must be disregarded and may not be used as carryover. In addition, S corporations may pass through 100% of the credit to their shareholders.

If a taxpayer owns an interest in a disregarded business entity [a single member limited liability company (SMLLC) not recognized by California, and for tax purposes is treated as a sole proprietorship owned by an individual or a branch owned by a corporation], the credit amount a taxpayer receives from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity.

For more information on SMLLC, get Form 568, Limited Liability Company Tax Booklet.

This credit cannot reduce the minimum franchise tax (corporations and S corporations), the annual tax (limited partnerships, limited liability partnerships, and LLCs), the alternative minimum tax (corporations, exempt organizations, individuals, and fiduciaries), the built-in gains tax (S corporations), or the excess net passive income tax (S corporations).

If a C corporation had unused credit carryovers when it elected S corporation status, the carryovers were reduced to 1/3 and transferred to the S corporation. The remaining 2/3 were disregarded. The allowable carryovers may be used to offset the 1.5% tax on net income in accordance with the respective carryover rules. These C corporation carryovers may not be passed through to shareholders. For more information, get Schedule C (100S), S Corporation Tax Credits.

This credit can reduce regular tax below the tentative minimum tax (TMT). Get Schedule P (100, 100W, 540, 540NR, or 541), Alternative Minimum Tax and Credit Limitations, for more information.

This credit is not refundable.

E Assignment of Credits

Assigned Credits to Affiliated Corporations – Credit earned by members of a combined reporting group may be assigned to an affiliated corporation that is an eligible member of the same combined reporting group. A credit assigned may only be claimed by the affiliated corporation against its tax liabilities. For more information, get form FTB 3544, Assignment of Credit, or go to ftb.ca.gov and search for **credit assignment**.

F Carryover

If the available credit exceeds the current year tax liability, the unused credit may be carried over for up to six years or until the credit is exhausted, whichever occurs first. In no event can the credit be carried back and applied against a prior year's tax. If you have a carryover, retain all records that document this credit and carryover used in prior years. The Franchise Tax Board may require access to these records.

Specific Line Instructions

Name of credit owner – Enter the name of the credit owner or the name of the entity that generated the tax credit. Also, enter the California corporation number, federal employer identification number (FEIN), or the California Secretary of State file number of the credit owner in the space provided. If the name shown on the California return is the same name as the credit owner, enter "same".

Available Credit

Skip line 1a and line 1b, if you are only claiming a credit that was allocated to you from a pass-through entity (S corporation, estate, trust, partnership, or LLC).

Line 1a – Credit amount issued by California Educational Facilities Authority (CEFA)

Enter the credit amount for the current year as allocated by CEFA. In order to take the credit the taxpayer must have met the terms and conditions under the "Credit Allocation" and "Reporting Requirements" sections of the credit agreement, as applicable.

S corporations, estates, trusts, partnerships or LLCs (classified as a partnership) allocate the line 1a credit to each shareholder, beneficiary, partner or member in the same way that income and loss is divided.

Line 2 – Pass-through College Access Tax Credit

If you received more than one pass-through credit from S corporations, estates, trusts, partnerships, or LLCs, add the amounts and enter the total on line 2. Attach a schedule listing the entity name, entity identification number, and credit amount for all credits passed through to you.

Line 6a – Credit claimed

Do not include assigned credits claimed on form FTB 3544, Part B, List of Assigned Credit Received and/or Claimed by Assignee.

This amount may be less than the amount on line 5 if your credit is limited by your tax liability. For more information, see General Information D, Limitations, and refer to the credit instructions in your tax booklet. Use credit code **235** when you claim this credit.

Line 6b – Total credit assigned

Corporations that assign credit to other corporations within the same combined reporting group must complete form FTB 3544, Part A, Election to Assign Credit Within Combined Reporting Group. Enter the total amount of credit assigned from form FTB 3544, Part A, column (g) on this line.

Line 6c – Credit amount to be elected as refundable in future years

You may elect to make credits that are disallowed due to the \$5,000,000 credit limitation refundable in future years. If you make this election on form FTB 3870, enter the amount of credit that would have otherwise been available to reduce tax in this tax year but for the \$5,000,000 credit limitation. Do not include credit limited by your tax.

You may not elect to have a partial amount of your disallowed credit be refundable. If you elect to make the amount this credit that is disallowed due to the \$5,000,000 credit limitation refundable, you must make the same election for all other credits you claimed this year that were also disallowed due to the \$5,000,000 credit limitation. If you enter a value on this line, you must also enter the same amount on form FTB 3870 line 1, column (c). Attach your complete form FTB 3870 to your original, timely filed tax return.

Line 7 – Credit carryover available for future years. Do **not** include any amount you will be electing as a refundable credit on form FTB 3870.

Credit limited by your tax liability cannot be included in an election for refundable credit. These amounts would not have otherwise been able to be claimed, regardless of the \$5,000,000 credit limitation and therefore are not eligible for an election to be made refundable. They can, however, be carried over for future years. Include any such amounts here.

Franchise Tax Board Privacy Notice on Collection

Our privacy notice can be found in annual tax booklets or online. Go to ftb.ca.gov/privacy to learn about our privacy policy statement, or go to ftb.ca.gov/forms and search for **1131** to locate FTB 1131 EN-SP, Franchise Tax Board Privacy Notice on Collection - Aviso de Privacidad del Franchise Tax Board sobre la Recaudación. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.