



Application for Voluntary Disclosure

Part 1 – Representative or Applicant Information

Representative's or Applicant's Name		Telephone Number
Representative's or Applicant's Street Address		FAX Number
City	State	ZIP Code

Part 2 – Information Required for Primary Applicant Entity

1. Is the applicant entity organized and existing under the laws of the state of California? Yes No
2. Is the applicant entity qualified or registered with the California Secretary of State? Yes No
3. Does the applicant entity maintain and staff a permanent facility in California? Yes No
4. Has the applicant entity or a predecessor entity ever filed a tax return with FTB? Yes No
5. Has the applicant entity ever been the subject of an inquiry by FTB with respect to potential liability for income/franchise taxes? Yes No
6. If the applicant entity is a trust, have trust administration activities ever been performed in California? Yes No
7. If the applicant entity is a trust, are there any California resident beneficiaries (excluding contingent beneficiaries) of the trust? Yes No

If you answered **Yes** to any of the above questions, **STOP**. The applicant entity does not qualify for the VDP. If you answered **No** to all seven questions, provide the following information:

1. Tax years to be covered by the agreement: _____
2. Type of entity applying for the Voluntary Disclosure Program (VDP):
 C corporation S corporation Limited liability company Trust
3. State the basis you had for believing that you were immune from California tax: _____

4. Did you rely upon the advice of a person in a fiduciary position or other competent advisor that you were immune from California tax? If so, describe the nature of the advice you received, status and competency of the person giving the advice, and the approximate date that your received the advice: _____

5. Provide other information attesting to your good faith and lack of willful neglect in failing to file California tax returns and pay California taxes: _____

Specific Entity Directions

▶ **Corporation defined in Section 23038**

Complete Parts 6 through 8. If more than one corporation in a single unitary combined reporting group wishes to apply for voluntary disclosure relief, each corporation seeking relief must file a separate application, simultaneously if possible.

▶ **S corporation defined in Section 23800**

Complete Part 3 for qualified shareholders, in addition to Parts 6 through 8.

▶ **LLC not classified as a corporation**

Complete Part 4 for qualified members, in addition to Parts 6 through 8.

▶ **Trust**

Complete Part 5 for qualified beneficiaries, in addition to Parts 6 through 8.

Part 3 – Information Required for Secondary Applicants - Qualified Shareholders

1. How many shareholders held an interest in the S corporation during the years to be covered by the voluntary disclosure application? _____
 - a. How many of those shareholders are individuals? _____
Only shareholders who are individuals may enter the VDP.
 - b. Are all individual shareholders applying in connection with this application currently California nonresidents? Yes No
Individual shareholders must be also nonresidents on the signing date of the voluntary disclosure application to be qualified shareholders.
2. Based on the above information, how many qualified shareholders are applying for the VDP in connection with the qualified S corporation? _____
3. State the reason, if any, that any shareholders of the primary S corporation applicant are not applying for the VDP: _____
4. Will the S corporation be filing a group nonresident return (See FTB Pub. 1067)? Yes No
5. State the basis the qualified shareholders had for believing that they were immune from California tax: _____

6. Did the qualified shareholders rely upon the advice of a person in a fiduciary position or other competent advice that they were immune from California tax? Yes No
If so, describe the nature of the advice you received, status and competency of the person giving the advice, and the approximate date you received the advice: _____

7. Provide other information attesting to the qualified shareholders' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes: _____

Qualified S corporation applicants must also complete Parts 6 through 8 below.

Part 4 – Information Required for Secondary Applicants - Qualified Members

1. How many members held an interest in the LLC? _____
 - a. Of that amount, how many are individuals, corporations, and other LLCs? _____
 - b. Are all individual members that are applying for relief in connection with this application currently California nonresidents? Yes No
Individual members must also be nonresidents on the signing date of the voluntary disclosure application to be qualified members.
 - c. Are all corporations or LLCs that are applying for relief in connection with this application **not**: organized under the laws of California; qualified or registered with the California Secretary of State? Yes No
Corporate or LLC members may not enter the VDP if they are organized under the laws of California, or qualified or registered with the California Secretary of State.

2. Based on the foregoing, how many qualified members are applying to enter the VDP in connection with the qualified LLC?
 - a. Number of qualified members that are individuals: _____
 - b. Number of qualified members that are corporations: _____
 - c. Number of qualified members that are LLCs: _____
3. State the reason, if any, that any members of the primary LLC applicant are not applying for the VDP: _____
4. State the basis the members had for believing that they were immune from California tax: _____
5. Did the members rely upon the advice of a person in a fiduciary position or other competent advisor that they were immune from California tax? Yes No
 If so, describe the nature of the advice you received, status and competency of the person giving the advice, and the approximate date that you received the advice: _____
6. Provide other information attesting to the qualified members' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes: _____

If voluntary disclosure relief is sought for individuals, corporations, and LLCs that held interests indirectly in qualified LLCs through an interest in an LLC that is a pass-through for tax purposes, attach additional sheets to provide the information requested above for each entity seeking relief as an indirect owner of an interest in a qualified LLC.

Qualified LLC applicants must also complete Parts 6 through 8 below.

Part 5 – Information Required for Secondary Applicants – Qualified Beneficiaries

1. How many beneficiaries held an interest in the trust?
 - a. How many beneficiaries are individuals? _____
 Only beneficiaries who are individuals may enter the VDP.
 - b. Have all individual beneficiaries applying in connection with this application been California nonresidents for the past six years? Yes No
 Individual beneficiaries must be nonresidents on the signing date of the voluntary disclosure application, and for the prior six years, to be qualified beneficiaries.
2. How many qualified beneficiaries are applying to enter the program? _____
3. Please state the reason, if any, that any individual beneficiaries are not applying for the VDP: _____
4. State the basis the beneficiaries had for believing that they were immune from California tax: _____
5. Did the beneficiaries rely upon the advice of a person in a fiduciary position or other competent advice that they were immune from California tax? Yes No
 If so, describe the nature of the advice you received, status and competency of the person giving the advice, and the approximate date that you received the advice: _____
6. Provide other information attesting to the qualified beneficiaries' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes: _____

Qualified trust applicants must also complete Parts 6 through 8 below.

Part 6 – Exhibit A

Include the following information on a separate sheet labeled **Exhibit A**, and attach it to your voluntary disclosure application. Provide the following information:

1. State of incorporation/organization for the primary applicant.
 2. Primary applicant's line(s) of business and describe its business activities inside and outside California.
 3. Tax year the primary applicant began doing business anywhere.
 4. Business activity that created California nexus for the primary applicant and tax year it was created.
 5. If applicant is a member of a unitary group in which other members are applying for voluntary disclosure, applicants' relationship to each other (parent, subsidiary, brother-sister affiliate).
 6. Beginning and ending dates of the primary applicant's accounting period.
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Part 7 – Exhibit B

On a separate sheet labeled **Exhibit B**, provide the information requested in the manner described below (or in a comparable manner) for each period to be covered by the voluntary disclosure agreement:

A primary applicant entity, except for a qualified LLC applicant, should include the following information:

- Federal taxable income before net operating losses (NOL).
- California net income and estimate of California tax due.
- Estimated California net income and estimate of California tax due for any qualified shareholders and qualified beneficiaries applying in connection with the primary applicant entity.

A qualified LLC applicant should state the:

- Amount of the LLC's total income from all sources derived from or attributable to California (See R&TC Section 17942).
- California net income and the amount, if any, that will be withheld by the LLC for LLC members that do not consent to California tax jurisdiction (see R&TC Section 18633.5). A member's failure to provide its affirmative consent to jurisdiction under Section 18633.5 does not exempt that member from its California tax obligations.
- LLC tax due.
- LLC fee due (if any) and an estimate of California tax due from and for all qualified members that are applying for the VDP in connection with the qualified LLC applicant.

Provide the income and tax information requested above for each applicant entity (primary and secondary) that is not an LLC in the following format, and indicate if the entity is a primary or secondary applicant:

Tax Year, Starting From Most Recent (MM/DD/YYYY – MM/DD/YYYY)	Federal Taxable Income Before NOLs	CA Net Income	Estimate of CA Tax Due
1			
2			
3			
4			
5			
6			

Provide the income and tax information requested above for each LLC applicant (primary and secondary, direct or indirect) in the following format, and indicate if the entity is a primary or secondary applicant:

Tax Year, Starting From Most Recent (MM/DD/YYYY – MM/DD/YYYY)	R&TC 17942 Total Income from CA Sources	R&TC 17941 LLC Tax (\$800)	LLC Fee (if applicable)	Withholding Amounts Under 18633.5 (if applicable)
1				
2				
3				
4				
5				
6				

Part 8 – Signature

Failure to provide all requested information and to promptly respond to FTB inquiries concerning your application will delay processing and may result in the application being denied.

I declare under penalty of perjury under the laws of the state of California that I am the applicant, or authorized by the unnamed applicant(s) to act as its agent in applying for the Voluntary Disclosure Program, and that the information given above and in the attached Exhibit A, Exhibit B, and any supplemental information is true and correct to the best of my knowledge and belief.

Print Name

Signature

X

Date

Application for Voluntary Disclosure

Purpose

Franchise Tax Board's (FTB) Voluntary Disclosure Program (VDP) encourages qualified taxpayers with an unfulfilled California franchise/income tax return filing requirement and unpaid tax or fee liability to voluntarily come forward. Our VDP applies to qualified entities, qualified shareholders, qualified members, and qualified beneficiaries. In exchange, we are authorized by statute to limit the imposition of tax and fee liabilities to a six-year period immediately preceding the signing date of a voluntary disclosure agreement, and to waive specified penalties (see **Penalties Waived**).

General Information

Revenue and Taxation Code (R&TC) Section 19191 authorizes us to enter into a voluntary disclosure agreement with any qualified taxpayer who applies to participate in the VDP to get voluntary compliance with the income/franchise tax laws of the state of California. Qualified taxpayers who participate in the VDP must file tax returns for the six years immediately preceding the signing date of the voluntary disclosure agreement. We may waive most penalties associated with any tax returns filed. As part of the voluntary disclosure agreement, we waive our authority to assess tax, additions to tax, fees, or listed penalties for tax years ending prior to the six tax years covered by the voluntary disclosure agreement.

Qualified taxpayers who enter into a voluntary disclosure agreement must fully disclose all material facts pertinent to their franchise or income tax liability. In addition, applicants must file all tax returns and pay all taxes, fees, and penalties not waived associated with the tax years covered by the agreement within 30 days of the signing date of the voluntary disclosure agreement. We may extend the time for filing tax returns and paying amounts due to 120 days from the signing date of the voluntary disclosure agreement, or to the latest extended due date of the tax return for a tax year for which relief is granted, whichever is later. Failure to adhere to the terms of the agreement renders the agreement null and void.

A unitary group of corporations is not a qualified entity. Each corporate member of the unitary group must file a separate application. If multiple corporations in a single unitary group are seeking voluntary disclosure relief, they should submit their applications simultaneously to the extent possible, and reference each entity's relationship to the other entity applicants (e.g., parent, subsidiary, etc.) on Exhibit A of their application.

Qualified Entities

Only qualified entities are eligible to participate in the VDP. A qualified entity meets all of the following criteria:

- It is a qualified entity as defined by statute: a corporation (including an S corporation), limited liability company (LLC), or trust.
- It is an entity, including any predecessor to the entity, that previously never filed a tax return with FTB.
- It has not been the subject of any FTB inquiry with respect to any potential liability for taxes or fees.
- It voluntarily came forward, prior to any contact initiated by us, and makes both an application for a voluntary disclosure agreement and a full and accurate statement of its activities in California for the six immediately preceding tax years.

- If the applicant is a trust, the trust must have:
 - Never performed administration activities in California (other than activities that were inconsequential to overall trust administration).
 - Had no resident beneficiaries (other than a beneficiary whose interest in that trust was contingent) for the six tax years ending immediately preceding the signing date of the voluntary disclosure agreement.

A beneficiary's interest is not contingent if the trust has made any distribution to the beneficiary during the six tax years ending immediately before the signing date of the voluntary disclosure agreement.

Even if an applicant meets the above criteria, it will not be considered a qualified entity and will not be eligible to participate in the VDP if it is any of the following:

- Organized and existing under the laws of California.
- Qualified or registered with the California Secretary of State.
- Maintained and staffed a permanent facility in California. (Storing materials, goods, or products in a public warehouse pursuant to a public warehouse contract does not constitute maintaining a permanent facility in California.)

Qualified Shareholders

A qualified shareholder is an individual who is all of the following:

- A shareholder of an S corporation that applied for a voluntary disclosure agreement.
- A nonresident on the signing date of the voluntary disclosure agreement.

Important Information

Applicable penalties will not be waived for any tax years before the signing date of the agreement in which the shareholder was a California resident. Penalties or additions to tax attributable to income other than California source income from the S corporation filing the application for voluntary disclosure will not be waived.

Qualified Members

A qualified member is an individual, corporation, or LLC that is all of the following:

- A member of an LLC (other than one classified as a corporation) that applied for a voluntary disclosure agreement. If that member is itself an LLC, its members also may apply to be treated as qualified members if they meet the criteria of this section.
- In the case of an individual, is a nonresident on the signing date of the voluntary disclosure agreement.
- In the case of a corporation or LLC, is not any of the following:
 - Organized under the laws of California.
 - Registered with the California Secretary of State.

Important Information

Applicable penalties will not be waived for any tax years before the signing date of the agreement in which an individual member was a California resident. Penalties or additions to tax attributable to income other than California source income from the LLC filing the application for voluntary disclosure will not be waived.

Qualified Beneficiaries

A qualified beneficiary is an individual who is all of the following:

- A beneficiary of a qualified trust who applied for a voluntary disclosure agreement that disclosed all material facts pertinent to the beneficiary's liability.
- A nonresident on the signing date of the voluntary disclosure agreement and a nonresident during each of the six tax years ending immediately preceding the signing date of the voluntary disclosure agreement.

Important Information

Applicable penalties will not be waived for any tax attributable to income other than income of the trust filing the application for voluntary disclosure.

Penalties Waived

If the qualified entity, qualified shareholder, qualified member, or qualified beneficiary fully complies with the voluntary disclosure agreement, FTB may not assess any of the following R&TC section penalties for the tax years covered by the agreement:

- Section 19131 – Failure to make and file a tax return.
- Section 19132 – Failure to pay any amount due by the date prescribed for payment.
- Section 19136 – Underpayment of estimated tax.
- Section 19141 – Secretary of State penalties imposed pursuant to Corporation Code Sections 6810 and 8810(a).
- Section 19141.5 – Failure to furnish information or maintain records.
- Section 19142 – Underpayment of tax.
- Section 19172 – Late filing of partnership tax returns.
- Section 19183 – Failure to file information tax returns.
- Section 23305.1 – Contract voidability. Relief from contract voidability will be granted to a qualified entity when the terms of the voluntary disclosure agreement are fulfilled.

Violation of the Agreement

The voluntary disclosure agreement is null and void if the qualified entity, qualified shareholder, qualified member, or qualified beneficiary:

- Misrepresents material facts relating to the agreement.
- Fails to file any tax return or pay in full any tax, penalty, or interest for the periods covered by the agreement within the time prescribed.
- Fails to comply with an installment payment arrangement.
- Fails to begin to prospectively comply with all franchise and income tax laws of this state.
- Understates the tax liability for any year covered by the agreement by more than 10 percent and cannot show a good faith effort to accurately compute the tax liability.

Forms and Publications

- Form 100, *California Corporation Franchise or Income Tax Return*
- Form 100S, *California S Corporation Franchise or Income Tax Return*
- Form 100W, *California Corporation Franchise or Income Tax Return - Water's-Edge Filers*
- Form 540NR, *California Nonresident or Part-year Resident Income Tax Return*
- Form 541, *California Fiduciary Income Tax Return*
- Form 568, *Limited Liability Company Return of Income*
- Pub. 1050, *Application and Interpretation of Public Law 86-272*

- Pub. 1060, *Guide for Corporations Starting Business in California*
- Pub. 1061, *Guidelines for Corporations Filing a Combined Report*
- Pub. 1067, *Guidelines for Filing a Group Form 540NR*
- Pub. 1083, *Frequently Asked Questions About California Corporation Taxes*

To Get Forms and Publications

Web

Go to ftb.ca.gov and search for the **form number** to find the forms and publications mentioned in this application.

Mail

STATE OF CALIFORNIA
TAX FORMS REQUEST UNIT MS D120
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741

Phone

800.852.5711 from within the United States
916.845.6500 from outside the United States

TTY/TDD: 800.822.6268 for persons with hearing or speech impairments.

Additional Assistance

Call 916.845.4476 for questions about the VDP.

Franchise Tax Board Privacy Notice

To learn more about your privacy rights, how we may use your information, and consequences if you do not provide information we request, go to ftb.ca.gov and search for **privacy notice**. To request this notice by mail, call 800.338.0505 and enter form code **948** when instructed.

Instructions for Filing Form 4925, Application for Voluntary Disclosure

Complete FTB 4925, *Application for Voluntary Disclosure*, to participate in the VDP. Each application pertains to only one qualified entity (the primary applicant) and to any qualified shareholders, qualified members, and qualified beneficiaries that are applying for voluntary disclosure relief in conjunction with the primary applicant's application (secondary applicants).

Application Part 1

To apply anonymously, an applicant may have an authorized representative contact us. The representative should not reveal the name of the applicant or any information that would readily identify the applicant to us until the agreement is executed. We assign these applicants an identifying number, such as Anonymous 15-001, to use for subsequent correspondence.

If the applicant does not wish to apply anonymously, the applicant enters its name, address, and telephone number. The applicant may be represented by a third party by providing FTB 3520, *Franchise Tax Board Power of Attorney Declaration*, authorizing such representation.

Application Part 2

Answer each question. If the applicant answers **Yes** to any of the questions, the applicant does not qualify to participate in the VDP.

If the applicant answers **No** to all questions, provide the additional information requested.

Each applicant entity should complete the relevant entity-specific portion of the application or we will consider the application incomplete and may deny it on that basis.

Application Part 3

Only complete this section to provide information related to a qualified shareholder of an S corporation applicant. Provide the following statements:

1. How many shareholders held an interest in the qualified S corporation applicant. Of those, state how many are individuals and if all individual shareholder applicants are currently nonresidents.
2. How many qualified shareholders are applying for the VDP.
3. The reason why any shareholders are not applying for the VDP.
4. Whether the S corporation will be filing a group nonresident tax return for its shareholders (see Pub. 1067).
5. The basis as to why the qualified shareholders believed they were immune from California tax.
6. If the shareholders relied on advice indicating they were immune from California tax.
7. Other information attesting the qualified shareholders' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes.

Application Part 4

Only complete this section to provide information related to qualified members of an LLC applicant. Provide the following statements:

1. How many members held an interest in the qualified LLC applicant. Of those, state how many are individuals, corporations, or other LLCs, if all individual member applicants are currently nonresidents, and if all corporation and LLC applicants are not organized under the laws of California and are not qualified or registered with the California Secretary of State.
2. How many qualified members are applying for the VDP. Of those, state how many are individuals, how many are corporations, and how many are LLCs.
3. The reason why any members are not applying for the VDP.
4. The basis as to why the qualified members believed they were immune from California tax.
5. If the members relied on advice indicating they were immune from California tax.
6. Other information attesting the qualified members' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes.

Application Part 5

Only complete this section to provide information related to qualified beneficiaries of a qualified trust applicant. Provide the following statements:

1. How many beneficiaries held an interest in the qualified trust applicant. Of those, state how many are individuals, and if all individual beneficiary applicants have been nonresidents for the past six years.
2. How many qualified beneficiaries are applying for the VDP.
3. The reason why any beneficiaries are not applying for the VDP.
4. The basis as to why the qualified beneficiaries believed they were immune from California tax.
5. If the beneficiaries relied on advice indicating they were immune from California tax.
6. Other information attesting the qualified beneficiaries' good faith and lack of willful neglect in failing to file California tax returns and pay California taxes.

Application Part 6

Provide the following information and attach it to the application as **Exhibit A**:

1. Applicant's state of incorporation/organization.
2. Applicant's line(s) of business and business activities inside and outside California.
3. The tax year applicant began doing business anywhere.
4. The business activities creating California nexus and tax year it was created.
5. If applicant is a unitary group member, its relationship to other applicants.
6. The applicant's accounting period beginning and ending dates.

Application Part 7

For each applicant, provide the estimate of California tax due for each tax year at issue, along with all other requested information, and attach it to the application as **Exhibit B**.

Application Part 8

Provide your signature to acknowledge that you:

- Understand the consequences of providing an incomplete statement.
- Declare that you are the applicant or an authorized representative, applying for the VDP.
- Provided true and correct information to the best of your knowledge.

Mailing Application to FTB

Applications to participate in the VDP must be in writing. If you use U.S. regular mail (including U.S. standard postage stamp mail, U.S. priority mail, U.S. certified mail, U.S. registered mail, and U.S. insured mail), mail FTB 4925 and required exhibits to:

STATE OF CALIFORNIA
VOLUNTARY DISCLOSURE PROGRAM MS F180
FRANCHISE TAX BOARD
PO BOX 1779
RANCHO CORDOVA CA 95741

If you use a private express mail carrier (including Federal Express, United Parcel Service, and DHL, but excluding any form of U.S. regular mail), mail FTB 4925 and required exhibits to:

STATE OF CALIFORNIA
VOLUNTARY DISCLOSURE PROGRAM MS F180
FRANCHISE TAX BOARD
9646 BUTTERFIELD WAY
SACRAMENTO CA 95827

We will contact the applicant or its representative if additional information is required.