

1995 Small Business Stock Questionnaire

3565

California corporation number Federal employer identification number

Corporation name

Address

City State ZIP code

A. Income year B. Date of incorporation C. State of incorporation
D. Date of qualification in California E. Principal business activity F. Principal business activity code

If the answer to any of the following questions is NO, STOP, do not complete this form.

- G. Did the corporation issue non-treasury stock between August 10, 1993 and the end of the current accounting period?
H. Was the non-treasury stock issued, in whole or in part, for money, property other than stock or for services provided to the corporation?
I. Were the corporation's aggregate gross assets less than or equal to \$50,000,000 from the period beginning July 1, 1993 to the date of issuance of the non-treasury stock?
J. Was at least 80% of the corporation's payroll in California at the date of issuance of the non-treasury stock?
K. Was the corporation a domestic corporation at the date of issuance of the non-treasury stock?
L. Since the issuance of non-treasury stock, was this corporation a C corporation for California purposes?
M. Since the issuance of non-treasury stock, was this a corporation other than a:
N. Since the issuance of non-treasury stock, were at least 80% (by value) of the assets of the corporation used in the active conduct of one or more qualified trades or business in California?
O. During the corporation's existence prior to August 10, 1993, what was the aggregate subscription amount for all non-treasury stock issuances?
P. What was the aggregate subscription amount of non-treasury stock issued between August 10, 1993 and the end of the current accounting period?
Q. What was the date of the first non-treasury issuance between August 10, 1993 and the end of the current accounting period?
R. What was the date of the last non-treasury stock issuance between August 10, 1993 and the end of the current accounting period?
S. How were the proceeds from the issuance of non-treasury stock between August 10, 1993 and the end of the current accounting period used by the corporation?
T. If proceeds of non-treasury stock issued between August 10, 1993 and the end of the current accounting period were used for purchase of equipment or other business assets:
U. For the accounting period preceding your first issuance of non-treasury stock between August 10, 1993 and the end of the current accounting period:
V. For the current accounting period:
W. If provisions for the 50 percent exclusion from income on sale of small business stock did not exist, how would the qualified small business have raised funds?

Under penalties of perjury, I declare that I have examined this form, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of officer Print name and title Date

# 1995 Instructions for Form FTB 3565

## Small Business Stock Questionnaire

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### General Information

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#### A Purpose of Form

Use form FTB 3565, Small Business Stock Questionnaire, to provide information regarding issuance of stock pursuant to R&TC Section 18152.5. This information will help the California legislature determine the effectiveness of this tax incentive.

#### B Who Must File

A corporation must file form FTB 3565 if it qualifies as a "qualified small business" and issued stock pursuant to R&TC Section 18152.5 during the period from August 10, 1993 through the end of the current accounting period. For purposes of this form all corporations which are members of the same parent-subsidiary controlled group shall be treated as one corporation. A parent-subsidiary controlled group is defined in IRC Section 1563(a)(1), except that "more than 50%" shall be substituted for "at least 80%."

Failure to file this form by the corporation's original return due date for the current accounting period may disqualify

stockholders from excluding 50% of the gain from the sale or exchange of small business stock.

#### C When and Where to File

File form FTB 3565 on or before the original filing due date of Form 100.

Send a copy of the completed form to:

**FRANCHISE TAX BOARD  
PO BOX 942857  
SACRAMENTO CA 94257-0500**

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### Specific Instructions

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**Questions G through N** – If the answer to any of these questions is no, stop. You do not need to complete the rest of the form. Do not mail this form to the Franchise Tax Board if you do not need to complete the form.

**Question K** – A domestic corporation is defined in IRC Section 7701(a)(4) as any corporation created or organized in any state in the United States.

**Question N** – A qualified trade or business is defined as any trade or business other than:

- any trade or business involving the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of the trade or business is the reputation or skill of one or more of its employees;
- any banking, insurance, financing, leasing, investing, or similar business;
- any farming business (including the business of raising or harvesting trees);
- any business involving the production or extraction of products of a character with respect to which a deduction is allowable under Section 613 or 613A of the Internal Revenue Code; or
- any business of operating a hotel, motel, restaurant, or similar business.

**Question Q** – The amount that is entered in Question Q should not include the value of stock issued in exchange for stock.