

**OFFICE OF TAX APPEALS**  
**STATE OF CALIFORNIA**

In the Matter of the Appeal of: ) OTA Case No. 20096581  
 )  
**P. MADHVAPATHY AND** )  
**R. MADHVAPATHY** )  
 )  
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**OPINION**

Representing the Parties:

For Appellant: P. Madhvapathy  
R. Madhvapathy

For Respondent: Peter Kwok, Tax Counsel IV

N. DANG, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19045, P. Madhvapathy and R. Madhvapathy (appellants) appeal an action by respondent Franchise Tax Board (FTB) affirming its proposed assessment of \$6,436 in additional tax, plus applicable interest, for the 2018 tax year.

Appellants waived their right to an oral hearing, and therefore, we decide the matter based on the written record.

**ISSUE**

Whether appellants are entitled to claim a credit for prior year alternative minimum tax (AMT).

**FACTUAL FINDINGS**

1. Appellants filed a joint California Resident Income Tax Return for the 2018 tax year, claiming a \$6,436 credit for prior year AMT.
2. FTB disallowed appellants' claimed credit because it had no record of appellant paying the AMT for any prior year.
3. Consequently, FTB issued to appellant a Notice of Proposed Assessment reflecting this determination.

DISCUSSION

With some limitations, taxpayers may claim a “minimum tax credit” against regular tax, as determined in accordance with Internal Revenue Code (IRC) section 53. (R&TC, § 17063(a), (b).) The minimum tax credit for any taxable year is the excess, if any, of the adjusted net minimum tax imposed for all prior taxable years beginning after 1986, over the allowable minimum tax credit for such prior taxable years. (IRC, § 53(b)(1)-(2).) IRC section 53(d)(1)(A) defines “net minimum tax” as the tax imposed by IRC section 55, which is the AMT. Therefore, it is self-evident that imposition of the AMT for a prior taxable year is a requirement to claiming the credit.

Here, there is no evidence indicating that appellants were subject to the AMT for a prior taxable year. FTB provided a copy of appellants’ 2017 California income tax return showing that appellants did not report any AMT for that year. While this does not foreclose the possibility that appellants may have been subject to the AMT for another prior year, it is appellants’ burden to demonstrate that they fall within the statutory requirements for claiming a credit. (*Dicon Fiberoptics, Inc. v. Franchise Tax Bd.* (2012) 53 Cal.4th 1227, 1235.) They have failed to do so.

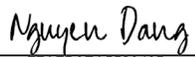
Accordingly, we find that appellants have not met their burden of establishing entitlement to the credit.

HOLDING

Appellants are not entitled to claim a credit for prior year AMT.

DISPOSITION

FTB’s action is sustained.

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Nguyen Dang  
Administrative Law Judge

We concur:

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Elliott Scott Ewing  
Administrative Law Judge

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Kenneth Gast  
Administrative Law Judge

Date Issued: 2/1/2021