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BEFORE THE OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

IN THE MATTER OF THE APPEAL OF,)
M. ALONSO, JR.,) OTA NO. 20025879
APPELLANT.)
_____)

Transcript of Virtual Proceedings,
taken in the State of California, commencing
at 1:09 p.m. and concluding at 1:50 p.m. on
Tuesday, August 17, 2021, reported by
Ernalyn M. Alonzo, Hearing Reporter, in and
for the State of California.

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APPEARANCES:

Panel Lead: ALJ MIKE LE

Panel Members: ALJ ALBERTO ROSAS
ALJ ANDREW WONG

For the Appellant: M. ALONSO, JR.

For the Respondent: STATE OF CALIFORNIA
FRANCHISE TAX BOARD
SARAH FASSETT
CYNTHIA KENT

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I N D E X

E X H I B I T S

(Appellant's Exhibits 1-7 were previously received at the prehearing conference.)

(Department's Exhibits A-F were previously received at the prehearing conference.)

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California; Tuesday, August 17, 2021

1:09 p.m.

JUDGE LE: We are opening the record in the appeal of M. Alonso, Jr. This matter is being held before the Office of Tax Appeals. The OTA Case Number is 20025879. Today's date is Tuesday August 17, 2021, and the time is approximately 1:09 p.m. This hearing is being conducted electronically with the agreement of the parties.

Today's hearing is being heard by a panel of three Administrative Law Judges. My name is Mike Le, and I'm the lead judge. Judge Alberto Rosas and Judge Andrew Wong are the other members of this tax appeals panel. All three judges will meet after the hearing and produce the written opinion as equal participants. Although the lead judge will conduct the hearing, any judge on this panel may ask questions or otherwise participate to ensure that we have all the information needed to decide this appeal.

Also, I would like to note that our stenographer Ms. Alonzo has no relations to Appellant in this matter.

Now, for introductions, my understanding is that for Respondent Franchise Tax Board Hearing Representative Sarah J. Fassett Tax Counsel is appearing together with

1 Cynthia Kent Tax Counsel Four. Is that correct,
2 Respondent?

3 MS. FASSETT: Judge Le, that is correct.

4 JUDGE LE: Thank you.

5 This is Judge Le. And my understanding is that
6 for Appellant Mr. Alonso will be appearing for himself.
7 Is that correct, Mr. Alonso?

8 MR. ALONSO: Manuel Alonso, Jr. The answers is
9 yes. That's correct.

10 JUDGE LE: Thank you very much. As discussed and
11 agreed upon by the parties at the prehearing conference on
12 August 3rd, 2021, and notated in my minutes and orders the
13 issues in this matter is whether Appellant qualifies for
14 the Head of Household filing status for 2018 tax year.

15 Appellant will testify as a witness at this oral
16 hearing. Appellant's Exhibits 1 through 4 were entered
17 into the record in my minutes and orders. Respondent's
18 Exhibits A through F were also entered into the record in
19 my minutes and orders. This oral hearing will begin with
20 Appellant's presentation/witness testimony for up to
21 15 minutes.

22 Does anyone have any questions before I swear in
23 Mr. Alonso, and Mr. Alonso will begin his presentation and
24 testimony?

25 Hearing none from either party, Mr. Alonso would

1 you raise your right hand.

2

3 M. ALONSO,

4 produced as a witness, and having been first duly sworn by
5 the Administrative Law Judge, was examined and testified
6 as follows:

7

8 JUDGE LE: Thank you, Mr. Alonso. You have up to
9 15 minutes. Please proceed with your presentation.

10 MR. ALONSO: Manuel Alonso, Jr. Am I to begin
11 right now?

12 JUDGE LE: Yes.

13

14 PRESENTATION

15 MR. ALONSO: Okay. Well, good afternoon. As I
16 stated my name, I'm Manuel Alonso, Jr. And I, obviously,
17 for the 2018 I had claimed Head of Household for which
18 I -- which I would put my mother on, Elisa Alonso, now
19 deceased and was a witness. I had done this on basically
20 after my father passed away in 2010 -- January 2010, maybe
21 a few years after I began this process.

22 I don't really necessarily know why the 2018 year
23 was scrutinized. However, I know that when I did my taxes
24 for 2019, when I got back the state portion, they had
25 reduced that amount, which was initially \$2,823 -- \$2,823.

1 They reduced that to \$813. I mean, that's the amount
2 that -- well, you know, do the math. That's \$2,000,
3 basically, and \$10.

4 Basically, I claimed my mother those years
5 because although my mother passed away nine months ago --
6 it will be to the date in a couple of days. She was
7 living alone. She was on her own, and I was basically --
8 I had not applied. She had not applied for IHSS, which is
9 In-Home Support Services from the state or the County of
10 Los Angeles, I should say. She was just basically living
11 off of her social security, which she was getting pretty
12 much from my father and benefits that my father was
13 receiving for, like, \$130. And that was totaling a month,
14 about close to \$1,400 a month.

15 My mother was not a home owner. My parents
16 rented. As she passed she was paying probably in \$865 a
17 month. And if you say that's impossible in Los Angeles,
18 Mr. Alonso, that just shows how long they had been there.
19 However, exactly, she had been there, and she was paying
20 that. My mother was still driving an automobile. She was
21 paying insurance on her car. Basically, she was paying
22 for food. She went out. You know, doing the math that
23 adds up quickly. I was helping out my mother with regards
24 to cleaning her apartment. This was a two story
25 apartment.

1 I was funding sometimes her phone bills. She was
2 calling Mexico. I was paying for her bills. I was
3 basically -- once in a while I'd help her out for her car
4 insurance -- her car insurance, et cetera, and when bills
5 kept coming towards the end. My mother had bypass surgery
6 in 2000 -- probably 11 years ago. She had two valves put
7 in, and they harvested veins out of her leg. She couldn't
8 climb the stairs that well. It was a two-story. She
9 would sleep upstairs sometimes but since, probably, her --
10 when she turned maybe 86, she would sleep in a sofa bed
11 that we had.

12 And she used one of the closets there, and she
13 would use that also for some of her necessities at times.
14 I was paying for cleaning at times, et cetera, et cetera;
15 of course, you know, under -- disposable under garments,
16 her laundry bill, bedding that we sometimes had to change.
17 But I was basically taking care of my mother. I have a
18 sister. She is not participating in any way shape or form
19 with -- with my mother and I. I have no other siblings.
20 But I was claiming my mother, et cetera, up until she
21 passed away this last November 2020.

22 And, obviously, whatever she was receiving a
23 month, I mean, that was my parents' doing. They, you
24 know, she was receiving that amount, but she always
25 obviously, living in this day and age she needed to recoup

1 funds or needed help with funds. Or towards the end she
2 was not doing her accounting as she used to. But I,
3 basically, was supplanting or supplementing her income for
4 sometime which -- but I was always there for whatever she
5 needed.

6 Going back to once again if -- with taxes and
7 everything or with interest, it comes out to the amount
8 of -- I just wrote it -- of \$2,000, et cetera. Excuse me.
9 Long story short, but with that said, I -- I don't know
10 why that year was chosen. I -- I would like to know if it
11 was something when I was doing my taxes, I was doing my
12 mom's taxes as well. There was a time where I was told
13 she didn't even need to file. I -- I think I may not have
14 turned in her taxes when I did mine at the time or -- or
15 for that year. Maybe that's why she was flagged while I
16 was claiming her Head of Household. I did send things in.
17 But once again, I was basically supplanting or -- or
18 supplementing my mom's income, especially, until November
19 of 2020.

20 Unless there's any questions from anybody on the
21 panel or the judges, et cetera, unless, you know -- unless
22 you have questions for me, I would just maybe have a
23 minute or so, so I can have a closing statement.

24 JUDGE LE: Yeah. This is Judge Le. I'm sorry to
25 hear about your mother. And thank you for your

1 presentation and testimony. Are you asking for time to
2 make a closing statement on your portion of the rebuttal?

3 MR. ALONSO: Yes, I am Judge.

4 JUDGE LE: Okay. Since you concluded your
5 opening presentation a little early, you can have an
6 additional few minutes as part of your rebuttal to make a
7 closing statement.

8 MR. ALONSO: That's perfect. Thank you.

9 JUDGE LE: Respondent Ms. Fassett, do you have
10 any questions on Appellant's factual statements in his
11 testimony?

12 MS. FASSETT: This is Sarah Fassett. I -- I do
13 not have any questions.

14 JUDGE LE: Okay. Thank you, Ms. Fassett.

15 This is Judge Le. Now, I would like to turn to
16 my ALJ panel to see if they have questions on factual
17 statements and Appellant's testimony.

18 Starting with Judge Rosas, do you have any
19 questions for Appellant?

20 JUDGE ROSAS: Good afternoon. This is
21 Judge Rosas. I do have a few questions for Mr. Alonso.

22 Mr. Alonso, first of all I do want echo
23 Judge Le's sentiments, our condolences for your mother's
24 passing. I know you mentioned it was approximately nine
25 months ago. Our sincere condolences, sir.

1 Now, I have a few questions regarding some of the
2 evidence that you submitted. I don't want to assume or
3 speculate about the exhibits. So I'd rather just ask you
4 for what I'm looking at here. For example, there's a CVS
5 Pharmacy receipt. What is that, or what connection are
6 you making? I do notice that receipt is dated
7 January 7th, 2020.

8 MR. ALONSO: Manuel Alonso, Jr. Judge Rosas,
9 in -- in the past I submitted some evidence of spending
10 that I was paying for -- for my mother, you know, from
11 CVS. This is before -- oh, well, not including IHSS. I
12 was not able to get a prescription for, you know, for
13 mats, for her bedding, or she -- or -- or the
14 undergarments that she would wear on a daily base. You
15 know, that's what I believe I was submitting at one time
16 when they were asking me -- when I was asked to produce
17 some type of documentation with regards to, like, what I
18 was spending on. And I believe that's what you may have
19 in front of you.

20 JUDGE ROSAS: And is there any connection -- I'm
21 sorry. This is Judge Rosas again. Is there any
22 connection regarding this receipt dated 2020 to the tax
23 year at issue?

24 MR. ALONSO: Manuel Alonso, Jr. Once again,
25 Judge, I submitted that just to -- now listening to you

1 saying the date. I'm just submitting that with regards
2 to, you know, a constant of what I was spending on with
3 regards to my mother as far as claiming her as Head -- you
4 know, when I was claiming Head of Household, et cetera,
5 or, you know, for being audited in this way that I was
6 trying to give some type of proof or something that I have
7 continuously been supplanting and supplementing my -- my,
8 you know, whatever, you know, the \$1,300 my mother had
9 been receiving, you know, for the last, you know,
10 11 years -- 12 years.

11 JUDGE ROSAS: This is Judge Rosas. Thank you for
12 that you are clarification. It relates to my next
13 question, Mr. Alonso. I know you did submit an AT&T
14 monthly statement, again, dated 2020. But are you saying
15 that you -- this is an example of the monthly bills that
16 you were paying on behalf of your mother? Are you saying
17 this is what you paid every month in 2018 on your mother's
18 behalf?

19 MR. ALONSO: Manuel Alonso, Jr. As you broaden
20 it, Judge, I would say that's an accurate statement, yes.
21 I was trying to -- without being able to provide or, you
22 know, not -- I did not save receipts, but I was trying to
23 show some type of track record, and I did. My intention
24 was to -- and my intention or I did annotate somewhere
25 that I was trying to prove that, you know, these are the

1 types of assistance I was giving my mother. And this was
2 on a continuum, you know, probably from, you know,
3 probably from when she was in her early 80s on, et cetera
4 et cetera, et cetera after she -- after she had her double
5 bypass.

6 JUDGE ROSAS: This is Judge Rosas. Thank you,
7 Mr. Alonso. Looking at your additional exhibits, again,
8 just trying to wrap my brain around your exhibits and try
9 to have those tie into your argument and your case
10 presentation. I see there's something related to
11 vehicles. There's a smog check and there's a DMV renewal.
12 The DMV renewal is from November 2019, and it's in your
13 name. So can you connect the dots? How is that related
14 to assistance you were providing to your mother in 2018?

15 MR. ALONSO: What most of -- I, mean, my mother
16 was still driving locally prior to, you know, let's say
17 April of 2020 until, you know, we -- I -- we had that
18 conversation at the kind of, you know, at the beginning of
19 the pandemic. And -- but I was trying to once again
20 illustrate -- excuse me. Manuel Alonso, Jr. is speaking.

21 I was trying to illustrate that I was, you know,
22 my mother's bills she was still driving. You know, she
23 would sometimes not spend so much a month of what she had.
24 But, you know, my mother was always good with -- with her
25 account, with her bookkeeping, et cetera. And my father

1 had a business for a while prior to his passing, and my
2 mother would do the books for him or help with the books.

3 But long story short, yes, I was trying to
4 illustrate that there was maintenance for the car and, you
5 know, the DMV renewal. And long story short, that -- we
6 kind of rectified that if you're referring to the name on
7 the DMV. Manuel Alonso, the car was in my father's name.
8 But, you know, as far as AAA and maintenance, et cetera,
9 et cetera, or whatever we had that was basically, you
10 know, we -- if she wasn't able to cover those cost, I was
11 covering those costs as well. Not that we had major break
12 because she was probably driving, you know, probably 6 to
13 10 miles a day not excluding weekends.

14 JUDGE ROSAS: This is Judge Rosas. Thank you,
15 Mr. Alonso. Last question. Just so you know in terms of
16 what I'm looking at in terms of exhibits, the last receipt
17 that I have in front of me is -- the name of the business
18 is cut off, but it's an auto repair tire service. It's
19 dated November 15, 2019, made out to you. The total is
20 about \$360. Do you want to connect the dots regarding
21 that to your argument.

22 MR. ALONSO: Manuel Alonso, Jr. Speaking. Simply
23 once again, I was trying to -- to just keep some type of
24 composite, so to speak, as far as like what I was paying
25 for on the car, et cetera. It wasn't, you know, I mean,

1 oil changes were minuscule but, you know, from air
2 conditioning cost to tires. There was an issue where
3 we -- the alignment was off, and we never fixed it for
4 several years. And the way my mother would access the
5 parking, she would sometimes -- it -- it would -- you
6 know, there was wear in tear, but we kind of put that
7 problem to and end with the tires. But it's just trying
8 to show, Judge Rosas, that, you know, I was paying for,
9 you know, the maintenance on her automobile over the
10 years. That's simply it.

11 JUDGE ROSAS: This is Judge Rosas. Thank you,
12 Mr. Alonso. That's the last of the exhibits that I have
13 in front of me, and I wanted to list them out because you
14 did mention that you had submitted accountings and other
15 things. Are we missing anything? Did you submit any
16 other receipts to the Office of Tax Appeals in support of
17 your case?

18 MR. ALONSO: Manuel Alonso, Jr. speaking. No,
19 panel. As far as I did write, like, a statement of an
20 appeal where I included, you know, some of the things, you
21 know, that we saw as expenses that once again I was
22 supplanting or -- or supplementing. But, basically, that.
23 I mean, most of it was probably for house cleaning and,
24 you know, house maintenance. And -- and although it was
25 and apartment, it's kind of like a town home. And they

1 did have these gardens that several neighbors shared, so
2 it was like gardening.

3 She did have some fruit trees in the back. She
4 had a guava tree and a fig tree and, you know, I was
5 paying for that, the clean up of that. But that was
6 obviously seasonal. The guavas, you know, figs in the
7 summer, the guavas kind of in the fall, et cetera, around
8 this time. Well, they did it twice a year. But those
9 experiences, I was just trying to just paint a picture of
10 the expenses that I was assisting my mother with, et
11 cetera.

12 JUDGE ROSAS: This is Judge Rosas. Thank you,
13 Mr. Alonso, for painting a picture. It's very helpful to
14 get a broad idea of the situations. I mean, you lived
15 through these events. We did not. So it's very helpful
16 for you, you know, walk us through. Last question,
17 Mr. Alonso. I understand where you're coming from. In
18 reviewing the briefs I also understand where Respondent is
19 coming from. And I understand their position that, you
20 know, to determine whether you -- that -- strike that.

21 They need to determine that you provided more
22 than half of the cost of your mother's total support. And
23 in looking at that, they're considering your mother's
24 social security benefits, which if I'm not mistaken, as
25 you said in your testimony it was a little less than

1 \$1,400 a month. I believe it was \$1,395 if I'm not
2 mistaken. If I am mistaken, please correct me.

3 So the crux of the case is whether you can
4 establish that your contributions to your mother's support
5 were more than that. And I understand the arguments that
6 you've made. You've painted the whole picture, and I
7 understand the exhibits. I just want to make sure that
8 we're leaving anything out, that we're not missing
9 anything. Other than what you've already said and other
10 than the evidence that you have submitted, is there
11 anything else that you want us to consider in terms of
12 establishing your support of your mother in 2018?

13 MR. ALONSO: Manuel Alonso, Jr. speaking. Thank
14 you. And yes -- yes, I would. I would like to address
15 the panel. My mother was living in Los Angeles. I was
16 blessed that she was independent, that she was in good
17 health up until -- I'd say up until 90. Aside from
18 harvesting when they took out the veins out of her leg
19 when they were putting in one of her valves, it left her
20 with a bad limp. It was difficult for her to maneuver.

21 As far as the \$13, almost \$1,400 a month, I -- I
22 understand if mother were to -- my parents were to have
23 had a mortgage that they had maybe in the late 60s or in
24 the 70s, it probably a third of that or half of that or --
25 or a different amount of what she was getting a month.

1 But she was paying about \$800 -- about close to \$900 on
2 her rent every -- every month. And the rest of the money
3 it just wasn't enough for her to make ends meet.

4 She stopped cooking, and I hired some lady to
5 cook for her in the evenings and to leave food done. That
6 didn't work out. My mother was eating out, et cetera, et
7 cetera. And we -- we wanted to keep her -- she was very
8 independent. But most of the -- most of what I was
9 spending on was house cleaning, you know, paying for the
10 undergarments that she was using two to three a day that
11 wreck -- excuse me -- that racked up cost. And -- and
12 just other -- other things, you know, which I was trying
13 to illustrate and what you were explaining, Judge Rosas.

14 But aside from that, you know, the house cleaning
15 towards the end after -- I mean, prior to 2019, 2018, I
16 did not have anyone staying with her. There was a
17 family -- a family that came from out of the country to
18 stay with her for several month, I believe, back in 2017.
19 However, she stayed here for a relatively -- maybe three
20 months, four months to assist. But, you know, whatever
21 the spending was, you know, for my mother and for those
22 expenses, that's what I -- I was paying for.

23 That was the supplanting. That's the picture I
24 was trying to paint. But if there are any questions of
25 specifics, well, obviously, Judge Rosas, you've asked them

1 of me already. So I just want everybody to understand
2 that that's what I was doing as her son while claiming
3 House Hold, while claiming my mother, et cetera. And
4 that's it.

5 JUDGE ROSAS: This is Judge Rosas. Thank you,
6 Mr. Alonso. I have no further questions at this time.

7 JUDGE LE: Thank you, Judge Rosas.

8 Judge Wong, do you have any questions for
9 Appellant?

10 JUDGE WONG: This is Judge Wong. I have no
11 questions. Thank you.

12 JUDGE LE: Thank you, Judge Wong.

13 I have no questions myself. So Respondent
14 Ms. Fassett, it's now your turn for your presentation.
15 You have up to 15 minutes. Please proceed. Thank you.

16

17 PRESENTATION

18 MS. FASSETT: This is Sarah Fassett. Thank you,
19 Judge Le. So good afternoon.

20 As I already said my name is Sarah Fassett, and I
21 along with Cynthia Kent represent the Franchise Tax Board
22 or FTB. And as Judge Le mentioned in this appeal there's
23 only one issue, and that is whether Appellant has
24 established entitlement to use of the Head of Household
25 filing status for the 2018 tax year.

1 So here, Appellant claims that he properly filed
2 his 2018 California income tax return using the Head of
3 Household filing status. Appellant claimed his then
4 92-year-old mother as his qualifying person for purposes
5 of the Head of Household filing status. Appellant
6 asserts, in both his protest and appeal, that his mother's
7 living expenses included her approximately \$865 in rent
8 and other normal recurring monthly expenses as well as
9 expensed that helped to keep her living independently.
10 Appellant also claims that he provided \$300 to \$500 per
11 month and sometimes more to supplement his mother's sole
12 source of income, her social security.

13 For the reasons set forth in FTB's opening brief
14 as well as what I am going to discuss today, FTB's action
15 should be sustained as the evidence in the record clearly
16 shows that Appellant has not established entitlement to
17 use of the Head of Household filing status for the 2018
18 tax year. And because Appellant has not established
19 entitlement to that filing status, Franchise Tax Board
20 correctly proposed an assessment of \$1,871 of additional
21 tax.

22 In order for a taxpayer to be eligible for the
23 Head of Household filing status, they must meet certain
24 legal requirements as outlined in California
25 Revenue & Taxation Code Section 17042 of the -- excuse

1 me -- which incorporates by reference Section 2
2 subsection (b) and (c) of the Internal Revenue Code. As
3 relevant to this appeal, the only requirement at issue is
4 whether Appellant's qualifying person, his mother, meets
5 the requirements to be a qualifying relative.

6 Specifically, whether Appellant has established
7 that the requirements of this support test, as set forth
8 in Section I subsection (4) of FTB's Law Summary Exhibit
9 E, have been met. To meet the requirements of this
10 support test, Appellant must have paid more than half the
11 cost of keeping up a home, that was his mother's main
12 home, for the entire year in 2018. Being his parent, his
13 mother's home could have been her own home, such as a
14 house or an apartment. However, Appellant did have to
15 provide more than half the cost of his total -- of this
16 mother's total support.

17 As discussed in the precedential opinions by this
18 office, the Appeals of Sedillo and Verma, it is the
19 taxpayer's burden to substantiate and establish their
20 entitlement to use of the Head of Household filing status
21 through the production of confident and credible evidence.
22 Unsupported assertions are never sufficient to satisfy a
23 taxpayer's burden or to overcome the presumption of
24 correctness that attaches to FTB's determinations.

25 In this case, while FTB believes that Appellant

1 has provided some support to his mother during all of the
2 years that he's mentioned for 2018, Appellant has not met
3 his burden. Appellant's unsupported arguments did not
4 establish his entitlement to use of the Head of Household
5 filing status. While Appellant has provided documentation
6 establishing the total of his mother's income for the tax
7 year at issue, he has provided no evidence of the amounts
8 of her expenses or the amounts he actually paid toward her
9 support during 2018.

10 And even though Appellant attached copies of
11 receipts to his Appeal Letter, unfortunately, two are from
12 2019 and two are from 2020. And those amounts without
13 more do not substantiate the total actual expenditures
14 made by Appellant during the tax year at issue. Even
15 using Appellant's reported monthly expense -- or
16 supplements to his mother's income of even \$3 to \$500, he
17 has not shown that he has provided more than half of his
18 mother's total support for the tax year at issue.

19 So based not on the unsubstantiated arguments
20 made by Appellant on the appeal, he has not met his burden
21 and has not established entitlement to the use of the Head
22 of Household filing status for the 2018 tax year.

23 Therefore, on the facts and evidence in the record,
24 Franchise Tax Board respectfully request you sustain its
25 position.

1 I am happy to address any questions the panel may
2 have and thank you.

3 JUDGE LE: Thank you, Ms. Fassett.

4 Let me turn to my ALJ panel to see if they have
5 any questions for you.

6 Starting with Judge Rosas, do you have any
7 questions for Respondent.

8 JUDGE ROSAS: This is Judge Rosas. I have one
9 question. Technically, it's a question that Mr. Alonso
10 raised during his case at presentation. I believe he was
11 curious about why was this matter flagged for 2018. I'm
12 wondering, Ms. Fassett, whether you would be able to
13 provide a response, if you know.

14 MS. FASSETT: Initially, it looks like because on
15 his Form 3532, which is Head of Household Verification
16 that he attached to his 2018 return, he reported his
17 mother's gross income. I believe at that point it was
18 \$17,000. I'm sorry. One second. That's Exhibit A,
19 page 6. And he reported his qualifying person's gross
20 income in 2018 as \$17,862. So without further
21 verification, that does not meet the gross income test and
22 would disqualify her as a qualifying person based on that
23 amount of income.

24 Does that answer your question, Judge Rosas?

25 JUDGE ROSAS: This is Judge Rosas. Thank you for

1 that clarification, Ms. Fassett. That does answer my
2 question, and I have no further questions. Thank you.

3 JUDGE LE: Thank you, Judge Rosas.

4 This is Judge Le. Judge Wong, do you have any
5 questions for Respondent?

6 JUDGE WONG: This is Judge Wong. No questions.
7 Thank you.

8 JUDGE LE: This is Judge Le. Thank you,
9 Judge Wong.

10 At this time let's turn to Appellant Mr. Alonso.
11 It is now your turn for your rebuttal to Respondent's
12 arguments. And you have up to 10 minutes plus a few
13 minutes for a closing statement if you wish. Please
14 proceed. Thank you.

15

16 REBUTTAL STATEMENT

17 MR. ALONSO: Manuel Alonso, Jr., speaking. Well,
18 obviously, I heard the report she just gave, you know. I
19 understand what Judge Rosas said, you know, as far as I --
20 I track what his question was about, you know, for that
21 year, and what she said. I don't know if what laws
22 changed that year or were different because I don't see
23 any inconsistencies with -- with what I was doing with
24 regards to doing my part as a citizen, you know, paying
25 taxes, et cetera, and claiming my mother. So it's still

1 a -- I'm still surprised for -- for that.

2 But honestly, I just ask the judges when they
3 make their decision if the amount I have to pay can be
4 reduced substantially. And I would like it to be reduced
5 to half of what I owe. I'd like that -- I would like them
6 to consider that, please.

7 JUDGE LE: Thank you, Mr. Alonso. Would you also
8 like to make a closing statement at this time?

9

10 CLOSING STATEMENT

11 MR. ALONSO: At this time just that I'd like to
12 reduce the amount of \$2,086 by half and -- during
13 financial times, yes, I am employed. Thank goodness I'm
14 healthy. My -- my partner is healthy. However, I wish if
15 the Court could -- I ask for some mercy there, if they
16 could reduce that amount to half instead of \$2,086, to
17 half, \$1,043.04. That's all I have to say.

18 Thank you.

19 JUDGE LE: This is Judge Le. Thank you,
20 Mr. Alonso. Let me turn again to my ALJ panel to see if
21 they have any final questions.

22 Judge Rosas, do you have any final questions for
23 Appellant?

24 JUDGE ROSAS: This is Judge Rosas. Thank you,
25 Judge Le.

1 I have a question for Respondent in terms of
2 whether -- I think, they may be in a better position to
3 provide general information about the Franchise Tax
4 Board's alternative resolutions, services, and I'm
5 referring to offers and compromise or settlement. More on
6 point to Mr. Alonso's attempt at settlement, perhaps the
7 Franchise Tax Board can respond to that question.

8 MS. FASSETT: This is Sarah Fassett. I'm happy
9 to e-mail Mr. Alonso the information about offer and
10 compromise, installment agreements, and/or how to request
11 a settlement.

12 JUDGE ROSAS: This is Judge Rosas. Thank you,
13 Ms. Fassett. And I do not have any other questions.
14 Thank you.

15 JUDGE LE: Thank you, Judge Rosas.

16 Judge Wong, do you have any questions for either
17 party?

18 JUDGE WONG: This is Judge Wong. I have no
19 questions. Thank you.

20 JUDGE LE: Thank you. Judge Wong.

21 This is Judge Le. I myself do not have any
22 questions for either party. Does either party have any
23 questions before we conclude this hearing?

24 MR. ALONSO: Manuel Alonso. So what she was just
25 saying as far as -- I don't know what the outcome is, so

1 are you settling -- is this going -- are you reaching a
2 settlement right now? Are you reaching, you know, a
3 verdict or something? I don't understand. Is that where
4 we're going with this?

5 JUDGE LE: So after this hearing the ALJ panel
6 will meet and confer, and then we will issue an opinion
7 that will have our determination.

8 MR. ALONSO: Okay. And --

9 JUDGE LE: So it will be about 100 days after
10 today, and you will receive a written determination from
11 us.

12 MR. ALONSO: And will that amount still continue
13 to gain interest on that in those 100 days?

14 JUDGE LE: I believe so. I will have to have
15 Respondent answer that question for you, if they wish to.

16 MR. ALONSO: And when -- when will I find out?
17 Will I find out at that time if -- if they agree to reduce
18 the amount of \$2,086.08 to half that or a portion of that?

19 JUDGE LE: As to Respondent's settlement program
20 for offer and compromise they mentioned, I believe they
21 mentioned that they will send you information about that
22 at the end of this hearing. And so we don't have -- the
23 Office of Tax Appeals does not administer the Franchise
24 Tax Board settlement program.

25 MS. FASSETT: This is Sarah Fassett. Mr. Alonso,

1 the decision -- well, and -- when OTA sends a decision,
2 they're going to decide on the issue as it is right now.
3 I believe they do not have the authority to reduce an
4 assessment of tax. To your question of interest, interest
5 does continue to accrue. You have not made a deposit -- a
6 tax deposit for that amount. So that amount does continue
7 to accrue interest every day.

8 The offer and compromise program as well as
9 settlement can only occur after this appeal is concluded.
10 You can enter into an installment agreement if you wanted
11 to pay monthly, but that's something you would have to set
12 up. And I am more than happy to send you the information
13 about settlement -- the settlement program, the OIC, Offer
14 and Compromise Program, and the possibility of installment
15 agreement. And excuse me. The settlement can occur now
16 if you choose to go the settlement route.

17 MR. ALONSO: Manuel Alonso, Jr., speaking. I
18 don't know what you mean by the settlement route as
19 opposed to -- what do you mean? I mean, I'm going to have
20 to pay this amount. So what do you mean by settlement?

21 MS. FASSETT: So settlement would be outside of
22 the appeal itself. It would be -- you would provide --
23 you would request from a different bureau here in Legal.
24 So I couldn't take care of your settlement request. So
25 that bureau here in Legal Division at Franchise Tax Board

1 would look at it and determine if -- if they're -- would
2 choose you to accept your appeal into the settlement
3 program.

4 MR. ALONSO: Okay. I'm sorry. It's -- what
5 you're saying, so I have a -- an option to do a settlement
6 program?

7 JUDGE LE: So I'm going to stop both parties at
8 this point.

9 MR. ALONSO: Judge Le, I don't have any -- I
10 don't understand what she's talking about. Is that
11 something -- a conversation I need to have on our own or
12 something?

13 JUDGE LE: Yes. So in regard to the FTB
14 settlement program, the FTB and you, Mr. Alonso, would
15 need to contact each other after this hearing to
16 coordinate on how the settlement would proceed. The
17 Office of Tax Appeals does not have jurisdiction on the
18 FTB's settlement program.

19 MR. ALONSO: Okay. Great.

20 JUDGE LE: Thank you. Okay. Are there any other
21 questions before we conclude this hearing today from
22 either party?

23 MR. ALONSO: Yeah. When do I contact you, the
24 woman who was explaining to me, with the glasses? Not
25 Ms. Alonzo.

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JUDGE LE: I believe you have her contact information.

MR. ALONSO: Exactly I do, Judge Le. I was just wondering, do I contact her ASAP? Is that the case for an appeal that you were stating?

JUDGE LE: Yeah. I believe you can contact her at any point after this hearing.

Okay. Just checking one more time. Any other final questions before we conclude today's hearing? Hearing none from either party, we're ready to conclude this hearing.

This case is submitted on August 17, 2021. The record is now closed.

Thank you everyone for coming in today. The Judges will meet and decide this case later on. And we will send you a written opinion of our decision within 100 days. Today's hearing in the Appeal of M. Alonso, Jr., is adjourned.

(Proceedings adjourned at 1:50 p.m.)

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HEARING REPORTER'S CERTIFICATE

I, Ernalyne M. Alonzo, Hearing Reporter in and for the State of California, do hereby certify:

That the foregoing transcript of proceedings was taken before me at the time and place set forth, that the testimony and proceedings were reported stenographically by me and later transcribed by computer-aided transcription under my direction and supervision, that the foregoing is a true record of the testimony and proceedings taken at that time.

I further certify that I am in no way interested in the outcome of said action.

I have hereunto subscribed my name this 27th day of August, 2021.

ERNALYN M. ALONZO
HEARING REPORTER