



Appeal of Ronald D. Grandpre

The question for determination is whether appellant has established any error in respondent's proposed assessment of personal income tax and penalties.

For 1978 appellant filed a California personal income tax Form 540 disclosing no information, concerning his income, deductions or credits. The spaces provided for such information were filled in with asterisks. According to a note on the face of the return, the asterisks meant that appellant specifically objected to providing such information under the Fifth Amendment to the United States Constitution.

Respondent notified appellant that the Form 540 was not a valid return and demanded that appellant file a return containing the required information. Appellant did not file the requested return. Thereafter, based on a copy of appellant's Wage and Tax Statement (Form W-2) indicating that appellant was paid wages totalling \$17,732.60 by the City of Roseville, California for 1978, respondent issued its notice of proposed assessment for the appeal year. Respondent also imposed a 25 percent penalty for failure to file a return (Rev. & Tax. Code, § 18681); a 25 percent penalty for failure to file a return after notice and demand (Rev. & Tax. Code, § 18683); and a 5 percent negligence penalty (Rev. & Tax. Code, § 18684). Appellant protested **but** refused to file a return. In due course, **respondent affirmed** its assessment and this appeal followed.

It is settled law that respondent's determinations of additional tax, including the penalties involved in this appeal, are presumptively correct and the burden is upon the taxpayer to prove them erroneous. (Todd v. McColgan, 85 Cal.App.2d 509 [201 P.2d 414] (1949); Appeal of Myron E. and Alice Z. Gire, Cal. St. Bd. of Equal., Sept. 10, 1969.) The now-too-familiar general contention that to provide the financial information requested on the Form 540 would or could violate his constitutional rights is of no avail to the taxpayer in sustaining that burden. (See Appeal of Marvin J. and Betty J. Robey, Cal. St. Bd. of Equal., Jan. 9, 1979; Appeal of Ruben B. Salas, Cal. St. Bd. of Equal., Sept. 27, 1978.) Even if that were not the case, we believe the addition of section 3.5 to Article III of the California Constitution precludes our determining that the statutory provisions involved are unconstitutional

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or unenforceable. Accordingly, respondent's determination of additional tax due from appellant for 1978 must be sustained.

With respect to the penalties, we point out that in cases of this type we have consistently upheld penalty assessments such as those issued against appellant in this appeal. (Appeal of Donald W. Cook, Cal. St. Bd. of Equal., May 21, 1980; Appeal of Arthur J. Porth, Cal. St. Bd. of Equal., Jan. 9, 1979.) On the basis of this record, we conclude that penalties for failure to file a return, failure to file after notice and demand, and negligence were fully justified in this case as well.

Finally, it should be noted that the 1978 Form W-2 issued to appellant by his employer indicates that California personal income tax in the amount of \$380.66 was withheld from his salary during 1978. Respondent has agreed that appellant will be allowed a credit against the amount of the tax deficiency to reflect that withholding. An adjustment must also be made to reduce the penalty assessed for failure to file a return since, under the provisions of section 18681 of the Revenue and Taxation Code, the amount of tax prepaid through withholding reduces the base upon which that penalty is computed. No adjustment of the other penalties is required.

