



BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of }
ROBERT S. MEANS)

Appearances:

For Appellant: Robert S. Means, in pro. per.
For Respondent: Jon Jensen,
Counsel

O P I N I O N

This appeal is made pursuant to section 18594 of the Revenue and Taxation Code from the action of the Franchise Tax Board on the protest of Robert S. Means against proposed assessments of additional personal income tax and penalties in the total amounts of \$423.87 and \$547.50 for the years 1974 and 1975, respectively. Subsequent to the filing of this appeal, new information led respondent to revise the assessment for 1975 to \$537.00.

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Appellant filed timely return forms for the years 1974 and 1975, but he failed to provide any financial information regarding his income or allowable deductions and credits. On each form he indicated that his refusal to furnish this information was based on his Fifth Amendment privilege against self-incrimination. Respondent advised appellant that he had not filed valid returns and requested that he file returns containing the necessary financial data. When he failed to comply, respondent estimated his income from available information and issued proposed deficiency assessments, including penalties for failure to file a timely return and for failure to file after notice and demand.

Appellant argues that he owes no tax because the Federal Reserve notes he received are not "money" or legal tender. He bases this argument on the proposition that Federal Reserve notes are evidences of debt, which are not embraced within the ordinary definition of "money". He also contends that the Personal Income Tax Law taxes "dollars", that Federal Reserve notes are not "dollars", and that the amount of tax he owes cannot be determined without a "conversion factor" that would establish the "dollar" value of Federal Reserve notes.

On numerous occasions in the past, we have rejected such attacks on the validity or constitutionality of Federal Reserve notes, and we have refused to accept similar excuses for a taxpayer's failure to file valid returns. (See Appeal of Armen B. Condo, Cal. St. Bd. of Equal., July 26, 1977; Appeal of Arthur W. Keech, Cal. St. Bd. of Equal., July 26, 1977; Appeal of Donald H. Lichtle, Cal. St. Bd. of Equal., Oct. 6, 1976.) Under the Personal Income Tax Law, Federal Reserve notes must be accounted for at their face value, regardless of how their purchasing power may fluctuate from time to time. Neither the Franchise Tax Board nor this board has the power to administer the tax laws on any other basis.

For the reasons expressed above, the assessments in question will be sustained as modified by respondent's concession.

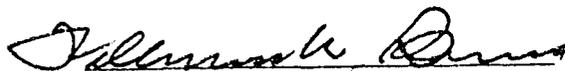
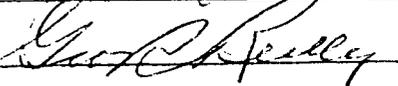
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O R D E R

Pursuant to the views expressed in the opinion of the board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, pursuant to section 18595 of the Revenue and Taxation Code, that the action of the Franchise Tax Board on the protest of Robert S. Means against proposed assessments of additional personal income tax and penalties in the total amounts of \$423.87 and \$547.50 for the years 1974 and 1975, respectively, be and the same is hereby modified to reflect respondent's concession regarding the assessment for 1975. In all other respects the action of the Franchise Tax Board is sustained.

Done at Sacramento, California, this 9th day of January, 1979, by the State Board of Equalization.

 Chairman
 , Member
 , Member
_____, Member
_____, Member