

**OFFICE OF TAX APPEALS
STATE OF CALIFORNIA**

In the Matter of the Appeal of:
L. CAMPBELL

) OTA Case No. 220911515
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OPINION

Representing the Parties:

For Appellant:

L. Campbell

For Respondent:

Camille Dixon, Tax Counsel
Cynthia Kent, Tax Counsel IV

V. LONG, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19045, L. Campbell (appellant) appeals an action by respondent Franchise Tax Board (FTB) proposing additional tax of \$859 and applicable interest for the 2018 tax year.¹

Office of Tax Appeals (OTA) Administrative Law Judges Veronica I. Long, Sara A. Hosey, and Josh Aldrich held an oral hearing for this matter in Sacramento, California, on June 13, 2023. At the conclusion of the hearing, the record was closed and this matter was submitted for an opinion.

ISSUE

Whether appellant has demonstrated error in FTB’s revised proposed assessment for the 2018 tax year.

FACTUAL FINDINGS

1. Appellant timely filed a California income tax return for the 2018 tax year reporting federal adjusted gross income (AGI) of \$50,573, California adjustments (subtraction) of \$13,560, California AGI of \$37,013, and omitting the standard deduction.

¹ On appeal, FTB revised its proposed assessment to \$819 plus interest.

2. FTB issued a Notice of Tax Return Change allowing appellant to take the standard deduction and issued a refund of \$350 plus interest to appellant.
3. FTB received information from the IRS that appellant reported federal AGI of \$64,130 on her federal return, which was inconsistent with the amount reported on her California return. Accordingly, FTB issued a Notice of Proposed Assessment (NPA) increasing appellant's California taxable income by the difference of \$13,557. The NPA also disallowed appellant's California adjustment of \$13,560.²
4. Appellant protested the NPA and provided a copy of her federal transcript showing federal AGI of \$50,070. Accordingly, FTB revised its proposed assessment and issued a Notice of Action (NOA) in the amount of \$859 plus interest, computed by withdrawing the proposed addition of \$13,557 to appellant's California AGI and affirming the disallowance of appellant's \$13,560 California adjustment.
5. Appellant timely appealed the NOA to OTA.
6. On appeal, FTB revised its proposed assessment to \$819 plus interest on a *pro forma* 2018 return.³

DISCUSSION

Tax shall be imposed upon the entire taxable income of every California resident. (R&TC § 17041(a).) R&TC section 17071 incorporates Internal Revenue Code (IRC) section 61, which defines "gross income" to include "all income from whatever source derived," except as otherwise provided by statute. The federal definition of AGI found in IRC section 62 is incorporated into California law by R&TC section 17072. Accordingly, taxpayers must report the same federal AGI on both their federal and California returns, except as otherwise provided by California law. A taxpayer shall concede the accuracy of a final federal determination to a taxpayer's income or state where the determination is erroneous. (R&TC, § 18622(a).) It is well settled that a deficiency assessment based on a federal adjustment to income is presumed to be correct and a taxpayer bears the burden of proving FTB's determination is erroneous. (*Appeal of Valenti*, 2021-OTA-093P.)

² Federal AGI of \$50,573 as reported less California AGI of \$37,013 as reported.

³ A *pro forma* return is a draft return, in this case completed by FTB, to show its computation of appellant's tax liability using her revised federal AGI of \$50,070.

Appellant states that she is appealing FTB’s action because it is unclear whether FTB has computed her tax liability using her revised federal AGI of \$50,070. Appellant does not otherwise dispute FTB’s computation.

During the oral hearing, appellant provided testimony conceding that she did not find error on FTB’s *pro forma* return, which reflects FTB’s revised proposed assessment for the 2018 tax year. Since appellant has not alleged or established error in FTB’s computation, FTB’s assessment must be sustained.

HOLDING

Appellant has not demonstrated error in FTB’s revised proposed assessment for the 2018 tax year.

DISPOSITION

FTB’s action is modified as conceded on appeal to revise the proposed assessment of additional tax to \$819, plus interest. FTB’s action is otherwise sustained.

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Veronica I. Long
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Veronica I. Long
Administrative Law Judge

We concur:
DocuSigned by:
Sara A. Hosey
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Sara A. Hosey
Administrative Law Judge

DocuSigned by:
Josh Aldrich
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Josh Aldrich
Administrative Law Judge

Date Issued: 7/21/2023