

- \$813. In addition, FTB proposed a premature distribution tax of \$502 for appellants' early distributions from their pension/annuities account of \$20,094.
3. On February 28, 2024, FTB issued to appellants a Notice of Proposed Assessment (NPA), reflecting the adjustments. After applying additional withholding credits of \$402, FTB proposed additional tax of \$2,045 plus applicable interest.
 4. Appellants timely protested the NPA. On January 17, 2025, FTB issued a letter requesting additional information within 30 days. FTB did not receive a response to its request.
 5. On April 10, 2025, FTB issued a Notice of Action affirming the NPA.
 6. This timely appeal followed.

DISCUSSION

If the IRS changes or corrects an item reported by a taxpayer on their federal income tax return, the taxpayer shall report the change or correction to FTB within six months of the final federal determination, either conceding the accuracy of that determination, or stating where the determination is erroneous. (R&TC, § 18622(a).) It is well settled that a deficiency assessment based on federal adjustments is presumed correct, and the taxpayers have the burden of proving that FTB's determination is erroneous. (*Appeal of Valenti*, 2021-OTA-093P.) In the absence of credible, competent, and relevant evidence showing that FTB's determination is incorrect, it must be upheld. (*Ibid.*) Unsupported assertions are not sufficient to satisfy the taxpayers' burden of proof. (*Appeal of Morosky*, 2019-OTA-312P.)

Here, FTB issued the NPA based on a federal determination. On appeal, FTB provides a copy of appellants' 2019 federal account transcript, which shows that the IRS examined appellants' federal return, made an assessment of tax, and made no further adjustments as of May 14, 2025. Accordingly, FTB's proposed assessment is based on a final federal adjustment and is therefore presumed to be correct. (*Appeal of Gorin*, 2020-OTA-018P.)

On appeal, appellants contend that FTB's proposed assessment is in error. However, appellants do not provide any argument or explanation of why they disagree with the NOA. Instead, appellants request that FTB provide a document explaining the assessment of additional tax. As discussed above, FTB issued an NPA reflecting changes to appellants' California taxable income and those changes are based on a final federal determination. Specifically, the changes are the result of unreported interest and pension/annuity income, and a disallowed student loan interest deduction. On appeal, appellants provide a letter from their return preparer dated July 13, 2020, with enclosed unsigned copies of their 2019 federal and

California income tax returns. These returns appear to be copies of appellants' original filed returns. Appellants appear to provide these returns in connection with their request for an explanation of FTB's proposed assessment of additional tax. However, these returns, on their own, do not demonstrate error in either the federal adjustment or FTB's proposed assessment. Appellants have not provided any argument or evidence that the IRS revised the federal assessment. Appellants also have not provided any evidence that FTB's assessment is erroneous or incorrect. Appellants have not met their burden of proof.

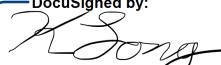
Accordingly, OTA finds no basis to reduce the proposed assessment.

HOLDING

Appellants have not established error in FTB's proposed assessment of additional tax based on federal adjustments for the 2019 tax year.

DISPOSITION

FTB's action is sustained.

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Keith T. Long
Administrative Law Judge

We concur:
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Veronica I. Long
Administrative Law Judge

Signed by:

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Hans Famularo
Administrative Law Judge

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