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OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

In the Matter of the Appeal of: **C. JOHNSON AND** **L. JOHNSON**	OTA Case No. 250522081

OPINION

Representing the Parties:

For Appellants: C. Johnson and L. Johnson

For Respondent: Nathan Hornbuckle, Graduate Legal Assistant

T. LEUNG, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19045, C. Johnson and L. Johnson (appellants) appeal an action by the Franchise Tax Board (respondent) proposing additional tax of $4,584, plus interest, for the 2020 taxable year.

Appellants waived their rights to an oral hearing; therefore, this matter was decided based on the written record. (See Cal. Code Regs., tit. 18, § 30209(a).)

ISSUE

Whether respondent's proposed assessment, which is based on an IRS adjustment, is correct.

FACTUAL FINDINGS

1. Appellants' 2020 federal income tax return was examined by the IRS, which resulted in an increase in their federal adjusted gross income (AGI) by $62,527, consisting mostly of unreported pension/annuity income. The IRS's determination became final, and appellants paid the IRS assessment.
2. Respondent consequently made comparable adjustments to appellants' California AGI, imposing additional California tax and interest.
3. Appellants protested, claiming that they already paid the IRS assessment.

4. The IRS has not reversed its determination, and there is no dispute that the adjusted federal amounts are also California items of income.
5. Respondent denied appellants' protest and affirmed its proposed assessment.

DISCUSSION

When the IRS makes changes to a taxpayer's federal tax return, the taxpayer must report those changes to respondent and concede the accuracy of the federal changes or state why the changes are erroneous. (R&TC, § 18622(a).) A deficiency assessment based on a federal audit report is presumptively correct, and a taxpayer bears the burden of proving that the determination is erroneous. (*Appeal of Gorin*, 2020-OTA-018P.) Unsupported assertions by taxpayers are insufficient to satisfy their burden of proof with respect to a proposed assessment based on a federal action. (*Ibid.*)

Appellants do not contest the correctness of respondent's proposed assessment, but argue that they already paid their 2020 taxes and submitted proof of same. However, while the record shows that appellants paid their federal deficiency to the IRS, there is no showing that appellants paid respondent for their corresponding California deficiency, which resulted from the IRS examination.

HOLDING

Respondent's determination is correct.

DISPOSITION

Respondent's action is sustained.

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Tommy Leung
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Tommy Leung
Administrative Law Judge

We concur:

DocuSigned by:
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Andrew Wong
Administrative Law Judge

Signed by:
Josh Lambert
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Josh Lambert
Administrative Law Judge

Date Issued: 9/10/2026