



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
 PO BOX 942867
 SACRAMENTO CA 94267-0041

(800) 852-5711

NOTICE OF ACTION

This Notice of Action is our response to your protest of our Notice of Proposed Assessment. We explain our position below. See the enclosed *Personal Income Tax Notice of Action Information* for more information on your rights and responsibilities. Please refer to side 2 of this notice for current interest and penalty rates.

[REDACTED]
 [REDACTED]
 [REDACTED]

Date: 01/03/06
 Taxable year: 2003
 Account No.: [REDACTED]
 NPA No.: 02932536
 Rev. Cd.: 2003800LR 121402
 Dated: 08/01/05
 Proposed: 2,866.26
 APPEAL BY: 02/02/06

THE NOTICE REFERRED TO ABOVE HAS BEEN AFFIRMED AS FOLLOWS:

ADDITIONAL TAX		\$	1,712.00
PENALTIES: DELINQUENT RETURN	428.00		
FAILURE TO FILE UPON DEMAND	428.00		856.00
INTEREST TO 01/03/06			178.26
FILING ENFORCEMENT FEE			120.00
TOTAL ADDITIONAL TAX, PENALTIES, INTEREST, AND FEE		\$	2,866.26

WE ARE AFFIRMING THE NOTICE OF PROPOSED ASSESSMENT DATED 08/01/05 IN ACCORDANCE WITH OUR LETTER DATED 09/07/05.

NUMEROUS COURTS INCLUDING THE UNITED STATES SUPREME COURT HAVE HELD THAT WAGES, EARNED INCOME, PORTFOLIO INCOME AND PASSIVE INCOME ARE ALL TAXABLE. EISNER V. MACOMBER, 3 AFTR, 3020, 252 US 189, 40 S CT. 189, 64, L ED 521, A USTC P 32 (US SUPREME COURT 1919), TURNER V. SECRETARY OF TREASURY, 54-57-C (S.D. IND 1984), LONSDALE V. UNITED STATES, 90-2113 (10TJ CIR 1990), UNITED STATES V. CONNER, JR./898 F. 2D 942 (3RD CIR, 1990). SCHIFF V. COMMISSIONER, T.C. MEMO 1992-183, SNYDER V. INTERNAL REVENUE, F 84-211, (N D IND, 1984), UNITED STATES V FERGUSON 85-1688 (7TH CIR. 1986), (CERT. DENIED 479 US 933 11/3/86 T).

IF YOU AGREE WITH THIS ACTION, PLEASE FILE YOUR 2003 PERSONAL INCOME TAX RETURN. YOU SHOULD INCLUDE PAYMENTS FOR THE TAX, PENALTIES, INTEREST, AND FEES ALONG WITH YOUR RETURN.



THE STATE BOARD OF EQUALIZATION HAS REGULARLY IMPOSED UP TO A \$5,000 PENALTY UNDER PERSONAL INCOME TAX LAW SECTION 19714 ON FRIVOLOUS APPEALS AFTER STATING, "WE TAKE THIS OPPORTUNITY TO ADVISE ALL INDIVIDUALS WHO PROCEED WITH FRIVOLOUS CASES THAT SERIOUS CONSIDERATION WILL BE GIVEN TO THE IMPOSITION OF DAMAGES UNDER SECTION 19714. THE COST OF PROCESSING AN APPEAL IS SIGNIFICANT, AND WE WILL NOT CONDONE REPEATED APPEALS WHERE THE ARGUMENTS HAVE BEEN CONSIDERED AND REJECTED PREVIOUSLY." APPEALS OF FRED DAUBERGER, ET AL, MARCH 31, 1982.

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IF YOU BELIEVE THIS NOTICE IS INCORRECT, PLEASE FOLLOW THE APPEAL PROCEDURE
DESCRIBED ON THE ENCLOSED PERSONAL INCOME TAX NOTICE OF ACTION INFORMATION
(FORM FTB 7277).

YOUR APPEAL MUST BE SENT OR DELIVERED TO THE STATE BOARD OF EQUALIZATION
BY 02/02/06.

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