



State of California Franchise Tax Board

P O Box 1468 Sacramento CA 95812-1468 ftb.ca.gov

FIRST LAST STREET ADDRESS CAMERON PARK CA 95682

Date: 05.22.14 Case: XXXXXXXXXXXXXXXXXXXX Case Unit: XXXXXXXXXXXXXXXXXXXX In reply refer to: XXX:XXX:XXXX

Regarding: California Personal Income Tax Examination Account Number: XXXXXXXXXX Taxpayer's Name: First Last Taxable Year(s): 2011

Dear Ms. Last:

We have examined your California personal income tax return for the year listed above for the following issue.

Prior Year Alternative Minimum Tax (AMT) Credit: \$1,782

In tax year 2011 you claimed a credit for AMT paid in prior years. California Revenue and Taxation Code (CR&TC) § 17063 allows a credit for AMT paid to California on certain non-exclusion preference items in prior tax years. However, our records indicate you have not paid AMT to California in any tax years prior to tax year 2011. Therefore, we are disallowing your credit claimed for AMT paid in prior tax years.

The amount of additional tax owed for tax year 2011 is shown below:

Table with 2 columns: Calculation of Additional Tax Due, 2011. Rows include California Taxable Income as Reported (\$127,992), Tax - Tax Table (\$8,212), Less: Exemption Credits (\$732), Credits: Child Adoption Costs (\$169), Less: Revised Prior Year AMT Credit (\$0), Total Tax (\$7,311), Less: Original Tax Per Return (\$5,529), and Additional Tax1 (\$1,782).

If you disagree with our adjustment, please provide the following information by June 25, 2014:

- 1. A complete copy of the California and Federal return for the year(s) in which you paid AMT to California.

1 The additional tax amount does not include interest which continues to accrue, except as provided under CR&TC §19116, until the deficiency is paid in full.

05.22.14
Account Number : XXXXXXXXXXXXX
Case Unit : XXXXXXXXXXXXXXXXXXXXX
Page 2 of 2

2. Copies of California Form 3510 (Credit for Prior Year Alternative Minimum Tax) for all subsequent years.

To ensure proper handling, please attach a copy of this letter to the front of your response.

Franchise Tax Board
Attn: XXX IRS Contact Name MS: XXXX
PO Box 1468
Sacramento, CA 95812-1468

If we do not hear from you by the date above or if you agree with our adjustment, a Notice of Proposed Assessment (NPA) will be issued for tax year 2011 based on the explanation detailed above. Please do not mail any payments until you receive the NPA.

If you wish to designate someone to represent you in this matter, complete form F3520, Power of Attorney, which is available at www.ftb.ca.gov.

If the Internal Revenue Service has notified you of an audit, or if they have completed an audit of your income tax return for the above year, please provide a copy of their initial contact letter and/or a copy of the completed audit report, if applicable.

If you have any questions or concerns, feel free to contact me at the number provided below. Thank you.

IRS Contact Name
Telephone: 916.XXX.XXXX
Fax: 916.XXX.XXXX

Enclosures: FTB 1015B Frequently Asked Questions about Your Tax Audit
FTB 1131 Franchise Tax Board Privacy Notice