

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 037

June 25, 1958

PROPOSED ASSESSMENTS: REVISION AFTER LIMITATION PERIOD

Syllabus:

Proposed assessments may not be revised after the statute of limitations has run to include new items of income or to disallow items of deduction, where such items have no relation to the original assessment as proposed nor to the grounds set forth therein.

A proposed assessment was issued disallowing credit for taxes paid Hawaii. Taxpayer had certain income from Hawaiian sources which was not reported in the return. Advice is requested whether proposed assessments may be revised after the statute of limitations has run to include new items of income or to disallow deductions, where such items have no relation to the original assessment as proposed nor to the grounds set forth therein.

If the revision is not contemplated within the original assessment nor related to the same proposals therein set forth, then such a revision would be in the nature of a new proposed assessment not made within the limitation period, and to permit it would be a circumvention of the statute. Therefore, where the revision is to the extent that it adds a new income items or goes beyond the proposal in the original notice and not comprehended therein, such a revision is untimely in the absence of a 25% omission of gross income or fraud.