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3 **BOARD OF EQUALIZATION**
4 **STATE OF CALIFORNIA**
5

6 In the Matter of the Appeal of:) **SUMMARY DECISION**
7) **PERSONAL INCOME TAX APPEAL**
8 **GUST PERLEGOS AND**) Case No. 599753
9 **MARY PERLEGOS**) Adopted: February 25, 2014
10

11 Representing the Parties:

12 For Appellant: Andrew Prickett, CPA

13 For Franchise Tax Board: Jean M. Cramer, Tax Counsel IV
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15 Counsel for the Board of Equalization: Louis A. Ambrose, Tax Counsel IV
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17 This appeal is made pursuant to section 19324 of the Revenue and Taxation Code
18 (R&TC) from the action of respondent Franchise Tax Board (FTB) denying appellants' claim for refund
19 in the amount of \$34,929 plus interest for 2010. The issue presented in this appeal is whether
20 appellants' claim for refund was properly denied.

21 FINDINGS AND DISCUSSION

22 Background

23 Appellants filed a timely return for the 2010 tax year reporting federal adjusted gross
24 income (AGI) of \$27,707,293, California adjustments of \$114,467, and California AGI of \$27,592,826,
25 of which \$27,393,189 was from capital gains. Appellants reported \$24,869,393 in taxable income and
26 total tax of \$2,609,141. Appellants made estimated tax payments of \$26,900 and remitted the tax due
27 amount of \$2,582,241 with their return. Respondent accepted the return as filed and imposed a penalty
28 for the underpayment of estimated tax in the amount of \$34,929.26. Respondent notified appellants of

1 the penalty by a Return Information Notice on June 21, 2011, which appellants apparently paid and then
2 filed a timely claim for refund. Respondent denied the claim for refund and appellants filed this timely
3 appeal.

4 Contentions

5 Appellants

6 Appellants state that the underpayment of estimated tax penalty was imposed because
7 their AGI exceeded \$1 million in 2010 and their estimated tax payment was 110 percent of their tax for
8 the 2009 tax year when their AGI was less than \$1 million. Appellants state that their 2008 tax year
9 AGI was also less than \$1 million. Appellants further state that the applicable penalty law was first
10 effective in the 2009 tax year and the 2010 tax year was the first year they were subject to the law.
11 Appellants assert that it would be unreasonable to expect them to keep track of all changes in the law
12 throughout the year to determine whether they were subject to a new law before they filed their return
13 solely due to an increase in income. Appellants also assert that the law requires a taxpayer to calculate
14 income and estimated tax each quarter with limited available information and that the Internal Revenue
15 Service (IRS) abates the penalty for the first year a taxpayer is subject to the new law if the taxpayer has
16 a history of good compliance. Finally, appellants state that they would have paid the estimated tax
17 amount if they had been aware of the law and they set aside funds to pay the tax when they filed the
18 return in April.

19 Respondent

20 Respondent states that it imposed the underpayment of estimated tax penalty in
21 accordance with Revenue and Taxation Code (R&TC) section 19136 which, with some modifications,
22 conforms to Internal Revenue Code (IRC) section 6654. Respondent explains that a taxpayer who
23 receives income not subject to tax withholding is required to make payments of the estimated tax
24 amount that are generally due on April 15, June 15, and September 15 of the taxable year and
25 January 15 of the succeeding year in the following percentages of the total due: 30 percent, 40 percent,
26 none and 30 percent. If a taxpayer fails to pay these amounts, respondent states that it is required to
27 impose a penalty that is basically equal to the interest that would have accrued on the required timely
28 estimated payment.

1 Respondent cites IRC section 6654(d), which provides that the amount of any required
2 installment shall be 25 percent of the “required annual payment” which is defined under
3 subparagraph (d)(1)(B)(ii) as the lesser of “100 percent of the tax shown on the return of the individual
4 for the preceding tax year.” Respondent also points out that R&TC section 19136.3 modifies
5 subparagraph (d)(1)(B) by providing that “clause (ii) shall not apply if the adjusted gross income shown
6 on the return of the individual for the taxable year is equal to or greater than \$1 million”. Respondent
7 states that R&TC section 19136.3 applies to taxable years beginning on or after January 1, 2009.
8 Respondent concludes that R&TC section 19136.3 precluded appellants from determining their
9 estimated tax payments for 2010 based on 100 percent of the 2009 tax because appellants’ taxable
10 income for 2010 exceeded \$1 million.

11 Respondent asserts that appellants make a reasonable cause argument by requesting an
12 abatement of the penalty because they were unaware of R&TC section 19136.3 and 2010 was the first
13 year that they were subject to its provisions. Respondent contends that neither R&TC section 19136
14 nor IRC section 6654 provides for an abatement based on a showing of reasonable cause and also that
15 this Board has held that an underpayment of estimated tax penalty may not be abated for reasonable
16 cause. Furthermore, respondent states that the 2010 instructions for the Form 540-ES (Estimated Tax
17 for Individuals), which were available in January 2010, include the statement: “Taxpayers with 2010
18 adjusted gross income equal to or greater than \$1,000,000 (or \$500,000 if married/RDP filing
19 separately), must figure estimated tax based on their tax for 2010.” Respondent contends that
20 appellants and/or their tax preparer should have been on notice of the instructions before they filed their
21 2009 return on April 15, 2010.

22 Respondent asserts that appellants’ 2009 AGI was over \$750,000, so they could have
23 monitored their income during 2010 to determine whether their 2010 AGI would exceed the \$1,000,000
24 limit of R&TC section 19136.3. Respondent states that appellants do not indicate that they made any
25 attempt to monitor their income even though they made numerous sales of stock throughout 2010.
26 Respondent cites subdivision (g) of R&TC section 19136, which provides that a penalty under that
27 statute shall not be imposed “if the underpayment was created or increased by any provision of law that
28 is chaptered during and operative for the taxable year of the underpayment.” Respondent contends that

1 subdivision (g) does not apply because R&TC section 19136.3 was chaptered effective October 1, 2008
2 and applicable to taxable years beginning on or after January 1, 2009.

3 Respondent cites IRC section 6654(e)(3) which sets forth two bases for a waiver of the
4 penalty under IRC section 6654(e)(3) to which California conforms. IRC section 6654(e)(3)(A)
5 provides for relief if the underpayment is due to “casualty, disaster, or other very limited unusual
6 circumstances [and] if imposition of the penalty would be against equity and good conscience.”
7 IRC section 6654(e)(3)(B) provides for relief of the penalty if the underpayment is due to reasonable
8 cause but only if the taxpayer retires after reaching age 62 or becomes disabled in the year for which the
9 estimated tax payments were required or the preceding year. Respondent contends that appellants have
10 not shown that they met any of the foregoing conditions but invites them to submit any evidence to
11 substantiate that they have met one of the waiver provisions.

12 Appellants’ Reply and Additional Briefs

13 In their reply brief, appellants assert that they meet the conditions set forth in
14 IRC section 6654(e)(3)(B). Appellants state that, in August 2006, appellant-husband lost the job he
15 held for 20 years and decided to retire permanently in 2010, the year after he turned 62. Appellants
16 state that they sold stock in 2010 resulting in substantial capital gain income to diversify their
17 investment portfolio after retirement. Appellants state that they will never again receive this level of
18 capital gain income because they sold most of their stock that was subject to large capital gain.
19 Appellants further state that 2010 was not a “normal” year and that they reported California AGI of
20 \$378,744 for 2008, \$733,838 for 2009, and \$519,622 for 2011.

21 Appellants assert that R&TC section 19136.3 became effective for the 2009 tax year and
22 that 2010 was the first year it applied to appellants. Appellants state that they normally visit their
23 certified public accountant (CPA) once a year for return preparation and they met with him in
24 March 2010 for the preparation of their 2009 returns. Appellants contend that there was no reason to
25 believe at that time that their AGI would exceed \$1,000,000 for 2010. Thus, appellants assert that the
26 CPA gave them estimates of tax amounts based on 110 percent of the tax for 2009 because he had no
27 reason to advise them of a potential underpayment penalty under R&TC section 19136.3. Appellants
28 further assert that were unaware they would be subject to R&TC section 19136.3 when they received

1 the substantial capital gain income. Appellants contend they exercised ordinary business care as
2 evidenced by the fact that they did not make long-term investments with their funds so they would be
3 available to pay the taxes due in April.

4 Appellants contend that this Board's formal opinions sustaining the underpayment of
5 estimated tax penalties are not precedential because the penalty here was imposed based on a new law
6 which is "unreasonable on its face". Under the old law, appellants state that a taxpayer could avoid the
7 penalty by making payments of either 90 percent of the current year's tax or 100 percent of the prior
8 year's tax regardless of the taxpayer's level of income. Under the new law, however, appellants assert
9 that a taxpayer may determine in the second or third quarter of the year that his AGI exceeds \$1 million
10 and, therefore, the "protection" of the "old law" does not apply. But in the fourth quarter, the taxpayer
11 may sustain a capital loss that reduces his AGI below \$1 million for the year and the "protection" would
12 apply. Thus, only at the end of the year would a taxpayer know with certainty the proper amount of the
13 estimated tax payments. Appellants also assert that partners receive their Schedules K-1 reporting
14 partnership income after the end of the tax year and it is difficult to receive accurate taxable income
15 amounts from partnerships throughout the year.

16 For the foregoing reasons, appellants request an abatement of the penalty because the
17 underpayment was due to reasonable cause and in the absence of willful neglect. Appellants also state
18 that they meet the conditions of IRC section 6654(e)(3)(A) because they encountered unusual
19 circumstances, primarily due to the new legal requirements which were not easily anticipated, and the
20 imposition of the penalty would be against equity and good conscience.

21 In an additional brief, appellants contend that they meet the requirements for an
22 abatement of the penalty under both IRC section 6654(e)(3)(A) and (B). With respect to subparagraph
23 (A), appellants argue that their unusually high income and the law change constituted "unusual
24 circumstances" and that the imposition of the penalty would be against equity and good conscience. In
25 response to respondent's assertion that appellants had high income in 2006 and 2007 and, therefore,
26 appellant's 2010 level of income was not an unusual occurrence, appellants contend that their high
27 income levels in 2006 and 2007 were also unusual occurrences for a different reason. Appellants state
28 that, in 2006, appellant-husband was forced out of his position with the company he founded with his

1 brother and he decided to sell a large portion of his stock in 2006 and 2007 “due to uncertainty of the
2 continued viability” of the company. Appellants further state that their income in the previous five
3 years usually averaged about \$500,000. Appellants assert that they were not penalized in 2006 and
4 2007 because R&TC section 19136.3 was not effective until January 1, 2009, which “would reinforce
5 even more” their belief that they paid the proper amount of estimated tax for 2010.

6 Appellants take issue with respondent’s position that ignorance of the new law does not
7 constitute reasonable cause and cite Internal Revenue Manual (IRM) 20.1.1.3.2.2.6 which states that
8 “[r]easonable cause may be established if the taxpayer shows ignorance of the law in conjunction with
9 other facts and circumstances.” Appellants quote some of the examples from the IRM and assert that
10 those examples describe appellants’ facts and circumstances and that, under R&TC section 19136.3, a
11 tax preparer would be unable to advise a taxpayer properly as to estimated tax payments because the
12 preparer would not know the taxpayer’s future income. Appellants also assert that the IRM section
13 states that a taxpayer may show reasonable cause for noncompliance if the taxpayer made a “reasonable
14 and good faith effort” to comply or the taxpayer was unaware and could not reasonably be expected to
15 know about the legal requirement. Appellants assert that it would be against equity and good
16 conscience to expect them to know of the law changes in the first year those changes applied to them.

17 With respect to IRC section 6654(e)(3)(B), appellants state that appellant-husband lost
18 his job in 2006 but did not retire until 2010, the year he turned 63, when he decided to give up his
19 career. Appellants assert that, after he was ousted in 2006, appellant-husband engaged in litigation to
20 regain his control of the company and his position with the company which demonstrates that he did
21 not retire in 2006 or 2007. In addition, appellants contend that appellant-husband’s sale of his Atmel
22 stock in 2010 to diversify appellants’ portfolio indicates his desire to retire in that year. Appellants also
23 contend that R&TC section 19136 does not provide that the “protection” of IRC section 6654(d)(1)(B)
24 does not apply “during the year when the taxpayer has not reached the \$1,000,000 AGI income level”
25 and that R&TC section 19136.3 applies only when the taxpayer’s AGI exceeds \$1,000,000. Finally,
26 appellants repeat their arguments concerning their position that R&TC section 19136.3 is
27 “unreasonable on its face.”

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1 Respondent’s Reply Brief

2 Respondent contends that neither of the relief provisions of IRC section 6654(e)(3)
3 apply to the facts of this appeal. Respondent asserts that the IRS generally uses its authority to grant
4 relief for taxpayers who are affected by law changes or natural disasters. Respondent states that the
5 criteria under section 6654(e)(3)(A) are set forth in IRM 20.1.3.2.2, which states that the provision is
6 not the equivalent of reasonable cause, such as reliance on advice of a competent tax advisor, and
7 allows for a waiver of the penalty if both the following conditions are met: (1) The taxpayer’s failure
8 to comply with the estimated tax payments was due to casualty, disaster, or other unusual circumstance,
9 and not due to any other reason, and (2) given all the facts, it would be against equity and good
10 conscience to impose the penalty. Respondent states that several examples are given, including
11 retroactive tax changes or natural disaster or extraordinary events, and the IRM states that a recurring
12 circumstance is not an unusual occurrence.

13 Respondent states that, contrary to appellants’ assertion, their 2010 income was not an
14 unusual occurrence because appellants also had “excessively high” AGI in 2006 and 2007.
15 Additionally, respondent contends that, based on their AGI for 2006 and 2007, appellants should have
16 been on notice that the new law might apply to them. Respondent asserts that high AGI for 2006 and
17 2007 also means that their high AGI in 2010 was a recurring circumstance rather than an unusual
18 occurrence. Respondent asserts that this Board has consistently held that a taxpayer’s ignorance of the
19 law does not excuse noncompliance and that a misunderstanding of the law will generally not constitute
20 reasonable cause. Respondent concludes that appellants’ ignorance of R&TC section 19136.3 is not an
21 unusual circumstance given the multiple years of AGI over \$1 million.

22 Respondent states that appellants appear to argue that the waiver should apply because
23 they relied on their CPA’s advice but that such reliance is not a basis for relief under IRC
24 section 6654(e)(3)(A). Respondent further states that the IRS has determined that the following do not
25 establish equity and good conscience: “the circumstance that prevented compliance was reasonably
26 foreseeable or the taxpayer’s action (or lack thereof) after the circumstances is evidence that the
27 taxpayer is not making a reasonable effort to comply with the estimated tax requirements.” Because
28 appellants failed to show that the underpayment was due to an unusual circumstance, respondent

1 contends that the imposition of the penalty is not against equity and good conscience.

2 Respondent states that IRC section 6654(e)(3)(B) applies if the taxpayer retired after
3 having attained age 62 or became disabled in the taxable year for which the estimated tax payments
4 were required or in the preceding taxable and the underpayment was due to reasonable cause and not
5 willful neglect. Respondent asserts that this waiver is only available to the “newly” retired and the
6 purpose is to avoid penalizing them “in the transition period when their income changes due to
7 retirement.” Respondent also cites Tax Court decisions and a tax publication stating that the provision
8 applies to the newly retired. Respondent states that its records show that appellant-husband stopped
9 working for Amtel in 2006, which was the last year Amtel reported W-2 wages for him. Respondent
10 further states, that other than their assertion in the reply brief, appellants have not provided any
11 documentation to prove that appellant-husband retired in 2010. Respondent asserts that, based on the
12 gain from the sales of stock in 2006 and 2007, it appears that appellants were diversifying their portfolio
13 beginning in those years. Therefore, based on the information available, respondent asserts that it is
14 unclear whether appellant-husband retired in 2006, 2007, or 2010.

15 Applicable Law and Guidance

16 Burden of Proof - In General

17 The FTB’s determination is presumed to be correct, and a taxpayer has the burden of
18 proving error. (*Todd v. McColgan* (1949) 89 Cal.App.2d 509; *Appeal of Michael E. Myers*,
19 2001-SBE-001, May 31, 2001.)¹ Unsupported assertions are not sufficient to satisfy a taxpayer’s
20 burden of proof. (*Appeal of Aaron and Eloise Magidow*, 82-SBE-274, Nov. 17, 1982.)

21 Underpayment of Estimated Tax Penalty

22 R&TC section 19136 incorporates by reference, with certain modifications, IRC
23 section 6654, which imposes an addition to tax if a taxpayer fails to make estimated tax payments in a
24 timely manner. The amount charged is similar to an interest charge and applies from the date the
25 estimated tax payment was due until the date it is paid. For the 2010 tax year, payments are generally
26 due on April 15 (30% of *required annual payment*, as defined below), June 15 (40% of required annual
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28 ¹ Board of Equalization cases are generally available for viewing on this Board’s website (www.boe.ca.gov).

1 payment), and September 15 (0% of required annual payment) of the tax year, and January 15 (30% of
2 required annual payment) of the succeeding tax year. (Int.Rev. Code, § 6654, subd. (d)(1), as modified
3 by Rev. & Tax. Code, § 19136.1, subd (a)(2) (2010).) In relevant part, IRC section 6654(d)(1)(B)
4 defines the required annual payment as the lesser of:

- 5 (i) 90 percent of the tax shown on the return for the taxable year (or, if no return is filed,
6 90 percent of the tax for such year), or
7 (ii) 100 percent of the tax shown on the return of the individual for the preceding taxable
8 year.

9 However, R&TC section 19136.3 modifies IRC section 6654(d)(1)(B) for tax years
10 beginning on or after January 1, 2009, in that it removes the option of paying 100 percent of the tax for
11 the preceding tax year when the AGI of the individual for the taxable year is equal to or greater than
12 \$1 million (\$500,000 in the case of a married individual filing a separate return). A taxpayer who has
13 uneven income throughout the tax year may use an annualized income installment method that may
14 allow him or her to skip or lower the amount due for one or more payments, with a subsequent increase
15 in later payment(s). (Int.Rev. Code, § 6654, subd. (d)(2), as modified by Rev. & Tax. Code, § 19136.1,
16 subd (b)(1).)

17 Neither R&TC section 19136 nor IRC section 6654 allow for relief from the
18 underpayment of estimated tax penalty upon a mere showing of “reasonable cause” or a “lack of willful
19 neglect.” (*Appeal of Weaver Equipment Company*, 80-SBE 048, May 21, 1980.) There are only two
20 bases for the waiver of the underpayment of estimated tax penalty, and those bases are set forth in IRC
21 section 6654(e)(3), to which California conforms:

- 22 1. IRC section 6654(e)(3)(A) provides for a waiver of the penalty if the government
23 determines that by reason of casualty, disaster, or other unusual circumstances the
24 imposition of the penalty would be against equity and good conscience.
25 2. IRC section 6654(e)(3)(B) provides for a waiver of the penalty if the government
26 determines that: (i) the underpayment was due to “reasonable cause,” and (ii) either the
27 taxpayer retired after having attained age 62, or the taxpayer became disabled in the taxable
28 year for which estimated payments were required to be made or in the previous taxable year.

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1 In relation to IRC section 6654(e)(3)(A), the Internal Revenue Manual² provides:

2 The waiver provisions of IRC section 6654(e)(3)(A) are not equivalent to reasonable
3 cause. For example, reliance on the advice of a competent tax advisor may constitute
4 reasonable cause that would warrant relief from other penalties, but it does not provide a
basis for a waiver of the estimated tax penalty under IRC section 6654(e)(3)(A).
(Internal Revenue Manual, Section 20.1.3.2.2.1.2 (March 31, 2010).)

5 The Internal Revenue Manual provides the following examples of situations where a waiver may be
6 granted if it is determined that the imposition of the penalty would be against equity and good
7 conscience:

- 8 A. The taxpayer's records are destroyed by fire or flood or other natural disaster. . . See
IRM 20.1.3.1.5.2.1.
9 B. The taxpayer becomes seriously ill or is seriously injured and is unable to manage his
affairs.
10 C. The taxpayer designates that an overpayment of tax shown on a prior return is to be
credited against estimated tax, but the overpayment is offset for either past-due child
11 support or non-tax federal debt under IRC section 6402(c), and the taxpayer is not
12 notified of the offset before the due date of the estimated tax installment. (Internal
Revenue Manual, Section 20.1.3.2.2.1.2 (March 31, 2010).)

13 In *Farhoumand v. Commissioner*, T.C. Memo 2012-131, the Tax Court held that stock
14 market volatility (i.e., bursting of the dot-com bubble) did not qualify as an "unusual circumstance"
15 under IRC section 6654(e)(3)(A) for purposes of waiving the underpayment of estimated tax penalty.
16 Furthermore, although the taxpayers argued that their actions constituted an "honest mistake" based on
17 a misunderstanding about tax law, the court held that the imposition of the underpayment of estimated
18 tax penalty did not violate "equity and good conscience" under IRC section 6654(e)(3)(A).

19 Discussion

20 Here, appellants assert that their high capital gain income in 2010 was an "unusual
21 circumstance" within the meaning of IRC section 6654(e)(3)(A) and that the imposition of the penalty
22 would be against equity and good conscience. In support of their position, appellants maintain that their
23 sales of the Atmel stock in that year were "highly unusual", as their AGI for the previous five years
24 averaged about \$500,000, and that they should not be expected to know law changes in the first year in
25 which they were subject to those changes. Applying the doctrine of *ejusdem generis*, however, we hold
26 that a high income in a single year does not constitute an "unusual circumstance" for purposes of
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28 ² Although the Internal Revenue Manual merely represents the Internal Revenue Service's policy, rather than binding law, this provision provides useful guidance.

1 applying the IRC section 6654(e)(3)(A) exception.

2 The doctrine of *ejusdem generis*, “is a subset of *noscitur a sociis*, which means the
3 meaning of a word may be known from the accompanying words” and the doctrine “is typically applied
4 to phrases that list several specific items, then refer to a general reference, using the term ‘other’”.
5 (*Zumbrun Law Firm v. California Legislature* (2008) 165 Cal.App.4th 1603, 1619 (italics in original).)
6 The Merriam-Webster Online Dictionary defines “casualty” as “a serious or fatal accident: disaster”
7 (<http://www.merriam-webster.com/dictionary/casualty>) and “disaster” as “a sudden calamitous event
8 bringing great damage, loss, or destruction; *broadly*: a sudden or great misfortune or failure”.
9 (<http://www.merriam-webster.com/dictionary/disaster>). Thus, the specified terms “casualty” and
10 “disaster” both denote some element of loss or damage as a negative consequence. However, we find
11 that the circumstance here, the receipt of a large amount of income, was a gain for appellants rather than
12 any sort of a loss or damage. Moreover, the other requirement that, under the circumstances, the
13 imposition of the penalty is against equity and good conscience, is further indication that “other unusual
14 circumstances” must necessarily involve some element of loss or damage such that the imposition of the
15 penalty inflicts additional loss or hardship on a taxpayer. Therefore, we find that appellants have not
16 met the requirements for a waiver of the penalty pursuant to IRC section 6654(e)(3)(A).

17 With respect to IRC section 6654(e)(3)(B), appellants assert that appellant-husband
18 decided “to give up his career” in 2010, the year he turned 63, but they do not provide any evidence of
19 his retirement. They simply assert that they sold their remaining Atmel stock in 2010 for the purpose
20 of diversifying their investment portfolio, which is evidence of appellant-husband’s permanent
21 retirement in that year. We note that appellants state that they sold a large portion of Atmel stock in
22 2006 and 2007 “[d]ue to the uncertainty of the continued viability of Atmel”, which may also explain
23 their sale of stock in 2010. We further note that appellants have not presented any evidence that
24 appellant-husband attempted to return to the workforce in any capacity after he left Atmel in 2006,
25 which could indicate that he intended to retire in 2006 or in some other year prior to 2010. Therefore,
26 we find that appellants have not met their burden of proving the first requirement of 6654(e)(3)(B).

27 Even if appellants established that appellant-husband retired in 2010, they have not
28 shown that the underpayment was due to reasonable cause. Appellants dispute respondent’s contention

1 that ignorance of the law does not constitute reasonable cause. Appellants cite the criteria for relief
2 based on ignorance of the law as set forth in IRM 20.1.1.3.2.2.6, which states that “[r]easonable cause
3 may be established if the taxpayer shows ignorance of the law in conjunction with other facts and
4 circumstances.” Among the facts and circumstances to be considered is whether “there were recent
5 changes in the tax forms or law which a taxpayer could not reasonably be expected to know.” Here,
6 respondent notified all taxpayers about the addition of R&TC section 19136.3, effective
7 January 1, 2009, in the instructions to the Form 540-ES, Estimated Tax for Individuals, which was
8 available to appellants early in 2010. Based upon those instructions, we find that appellants could be
9 reasonably expected to know of the requirement for the payment of estimated tax under R&TC section
10 19136.3. Thus, appellants’ ignorance of the law does not constitute reasonable cause.

11 CONCLUSION

12 For the foregoing reasons, respondent’s action is sustained.

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