

From: Christi Grab [REDACTED]
Subject: Request to Conform To IRS Guidelines by Considering Married Couples As One Tax Entity
Date: December 5, 2024 at 5:31 PM



To: [REDACTED]
Stanislaus, Selvi@FTB
Cc: [REDACTED]
Gardner, William@FTB

Dear Mr. Grinnell, They/Them Summers, Legislators and FTB Employees:

Thank you for taking the initiative to try to rectify the irregularities between FTB's business practices and IRS business practices. I would like to bring a particular matter to your attention: Married couples.

The IRS treats married couples as a single taxpaying entity from the moment the couple notifies them of marriage until the couple notifies them that the marital status has changed. However, FTB considers all individuals as unmarried. Each year, after a married couple files that year's return, FTB updates their records with proper marital status for only that particular year. I believe that:

1. FTB utilizes this loophole in the system in order to falsely impose penalties and fees via policy and procedure violations
- 2 FTB utilizes this loophole to unlawfully enrich themselves by demanding extra additional tax and penalty payments above and beyond what FTB knows — *by its own records* — is actually owed. Then FTB charges income taxes when the funds are refunded.
3. This policy violates the 14th Amendment of the Constitution

1. Policy and Procedure Violations

As records that have come out in my court case has proven, FTB's failure to recognize married couples as a single tax paying entity led to many policy/procedure irregularities. These irregularities are so egregious that they qualify as fraud and violation of taxpayer rights.

When the IRS sends a notice, the notice is addressed to both spouses, and only one response is required. FTB sends two notices out — one for each spouse, and expects two responses. If one of the spouses does not respond, a liability or penalty is imposed, even if the other spouse responds.

As I have documented in my Motion to Compel Further Response to Specially Prepared Interrogatories, Set #1: Clarification of Policies and Procedures (page 6, 22 - 26) and in exhibit 55 (page 2 - 5), that was attached to the Motion to Compel, FTB frequently classified the responses to notices received from me as notices received from my spouse, then imposed penalties on me for "not responding" (and vice-versa). Or when I would send a joint response, FTB would mark the response as from only one of us, then penalize the other for "not responding."

FTB utilized this practice of "misclassifying" notices to deny my husband and I our legal right to Protest the Notices of Proposed Assessment per R&TC Sections 21010 and 20102. Since this "misclassification" of notices happened more often than not on our accounts, it is clear that "misclassification" is a tool FTB systematically utilizes to violate taxpayer rights and to fraudulently impose penalties. The easiest way for legislators to force FTB to end this egregious fraud and violation of rights is to bring FTB in compliance with the IRS guidelines whereby FTB issues one joint notice and requires only one reply.

2. Unlawful Enrichment

Here is an excerpt from my Motion to Compel Further Response to Specially Prepared Interrogatories, Set #1: Clarification of Policies and Procedures:

"According to the Taxpayer Advocate (exhibit 48, pages 21 - 22), if you are single and file late, the FTB will apply the estimated tax payments that were held in suspense to your account *after* the penalties, fees and interest are falsely imposed, *but before you actually file* that year's tax return. So let's pretend that you are single and you paid \$10,000 in estimated tax payments that FTB withheld. You file late, and FTB imposes \$2,000 in penalties, fees and interest for "underpaying." Because you are single, FTB will then apply the \$10,000 in estimated tax payments to your account and you only have to send in the \$2,000 in penalties, fees and interest -- and nothing more.

However, FTB refuses to apply any estimated tax payments to married people until they *actually file their returns*. So let's pretend you are married and that your joint tax liability is identical to the single person's in the example above. You and your spouse paid \$10,000 in joint estimated tax payments that FTB withheld from both of your accounts. You file late, and FTB imposes \$2,000 in penalties, fees and interest on you for "underpaying" and another \$2,000 on your spouse "for underpaying." So already, the joint filers have to pay twice as much as the single filers in upfront penalties as compared to a single person, even though the tax liability is identical. I realize the penalty amount is later adjusted, but is it lawful to demand double the money upfront?

FTB then demands that the married couple send FTB \$14,000 "**RIGHT NOW OR ELSE** we will garnish your wages and levy your bank account!" (emphasis added to demonstrate the aggressive and coercive collection tactics that FTB utilizes to force compliance with the unjust demands for money). So if you are married, you also have to pay the original tax liability of \$10,000 as if FTB had never received that \$10,000, even though FTB has had that original \$10,000 in their possession since the day that the money was due."

While it is true that FTB will refund the excessive payments upon the filing of the tax return, FTB considers tax refunds to be income and charges income taxes on the refund. Clearly, coercing people to make excessive payments of monies not actually owed and then collecting taxes on the refund is yet another trick that FTB utilizes to unfairly generate extra revenue for itself.

The easiest way for legislators to force FTB to end this egregiously unlawful practice of unlawfully enriching itself is to bring FTB in compliance with the IRS guidelines whereby FTB recognizes the married couple as a single entity and imposes one tax liability on both spouses.

3. Violation of 14th Amendment of the US Constitution

Continuing with the quote above:

"I believe that treating married people in a way that financially penalizes them for being married is a violation of the Equal Protections Clause of the 14th Amendment of the US Constitution, which states that the government has to treat all classes of people the same. Marital status does qualify as a class, and FTB readily admits that they do not treat the married class the same as they treat the single class.

I believe that the years of unlawful harassment that my husband and I endured from FTB over the payments of monies that were never owed – *by FTB's own records* – would not have occurred if my husband and I were cohabitating instead of legally married."

I believe that it is imperative that legislators recognize this violation of the federal law and immediately correct California State law to comply with federal law.

I would encourage you to read the *Declaration of Christine N. Grab in Support of Motion to Compel Further Response to Specially Prepared Interrogatories, Set #1: Clarification of Policies and Procedures*, along with exhibits 48 and 55, along with *Statements of Undisputed Facts and Supporting Evidence in Opposition to Motion for Summary Judgment* (SUF numbers 29 - 67 expose violations of Right to Protest and 68 - 129 expose accounting fraud). It is well worth your time to understand the extent of FTB's fraud and systematic violation of taxpayer rights. They can be downloaded from here:

understand the extent of FTB's fraud and systematic violation of taxpayer rights. They can be downloaded from here: <https://roa.sdcourt.ca.gov/roa/faces/CaseSearch.xhtml>. The case number is year 2020 number 00005100. The *Declaration* is Item #39, and both exhibits are attached to the *Declaration*.

Mr. Grinnell stated early on in the meeting that CA would not conform to any IRS guidelines that would adversely impact revenue generation. My assumption is that Mr. Grinnell and the other legislators will refuse this request since FTB probably elicits a lot of extra revenue from married people like me. I know that I was unlawfully charged \$15,000 in fraudulent penalties and coerced to pay an additional [REDACTED] in estimated tax payments that FTB knew — *by their own records* — was not actually owed. I am not looking at my tax return right now, but if I recall correctly, I paid about \$[REDACTED] in income taxes on that refund. So all in all, FTB got a temporary “free loan” of \$[REDACTED] plus an additional \$[REDACTED] in illicit revenue from me -- solely because I am married.

Given that there have been multiple recent Supreme Court rulings which reign in government overreach, it would be wise for the legislators to not be penny-wise and pound-foolish. While voluntarily changing this policy may reduce the amount of revenue collected, the State of California may incur much larger losses if this matter goes to federal court for violation of civil rights. Considering that California legislators like to claim that our state is anti-discriminatory, this hypocrisy will bring shame to our state.

Regards,

Christine Grab