

**STATE BOARD OF EQUALIZATION**

LEGAL DIVISION (MIC:82)  
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Third District, San Diego

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Controller, Sacramento

JOHN CHIANG  
Acting Member  
Fourth District, Los Angeles

E. L. SORENSEN, JR.  
Executive Director

May 29, 1997

Mr. R--- V--- K---  
XXXX --- --- Drive  
---, California XXXXX

Re: S--- G--- and B---  
Permit No: SR -- XX-XXXXXX

Dear Mr. V--- K---:

This office has received your letter dated May 26, 1997 in which you state that the Board has billed you \$141.13 in interest and \$37.64 as a penalty on the above account. You state that the billing is not appropriate as you made every effort to pay the \$510.00 in tax due as the result of an error made by a C.P.A./bookkeeper.

Our review of the file on your account indicates that the return filed for the 2nd Quarter of 1994 did not report \$510.00 due for district tax on line 18 of the return. On February 27, 1995, the Board issued a Notice of Determination to you in the amount of \$510.00 tax and \$30.61 accrued interest. The interest was assessed pursuant to Revenue and Taxation Code section 6591. The determination became final pursuant to Revenue and Taxation Code section 6561. On April 12, 1995, a \$51.00 penalty was assessed pursuant to Revenue and Taxation Code section 6591. On December 10, 1996, two payments were received which paid the tax portion of the liability and reduced the penalty liability to \$37.64. The 141.13 in interest liability for which you have been billed consists of interest stated in the Notice of determination and interest on the tax portion of the liability which has accrued from that time until the tax portion was paid.

The interest and penalty owing on the above account was assessed pursuant to the statutes cited above. Interest continues to accrue on any outstanding tax due during the pendency of any bankruptcy action. Although the Board was prevented from collecting the

Mr. R--- V--- K---

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liability while the bankruptcy “automatic stay” was in effect, interest on the unpaid tax due continued to accrue during this period.

Very truly yours,

Thomas J. Cooke  
Tax Counsel

TJC/cmm

cc: Sacramento District Office (KH)