

**OFFICE OF TAX APPEALS**  
**STATE OF CALIFORNIA**

In the Matter of the Appeal of: ) OTA Case No. 20116916  
**K. VAUGHAN** )  
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**OPINION**

Representing the Parties:

For Appellant: K. Vaughan

For Respondent: Phillip C. Kleam, Tax Counsel III

O. AKOPCHIKYAN, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, K. Vaughan (appellant) appeals actions by respondent Franchise Tax Board (FTB) denying appellant's claim for refund of \$371 for tax year 2014 and partially denying appellant's claim for refund in the amount of \$371 for tax year 2015.<sup>1</sup>

Appellant waived the right to an oral hearing; therefore, Office of Tax Appeals (OTA) decides this matter based on the written record.

**ISSUES**

1. Whether appellant's claim for refund for tax year 2014 is barred by the statute of limitations.
2. Whether FTB erred in partially denying appellant's claim for refund for tax year 2015 on the basis that the requested amount was barred by the statute of limitations.

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<sup>1</sup> In her appeal letter, appellant makes various contentions regarding tax years 2016 through 2020. However, appellant filed refund claims for tax years 2014 and 2015 only, FTB's denial of which gave OTA jurisdiction over these years. (R&TC, § 19324; Cal. Code Regs., tit. 18, § 30103(a).) Office of Tax Appeals does not have any documentation to establish jurisdiction over tax years 2016 through 2020, and therefore it does not address appellant's contentions regarding those years.

## FACTUAL FINDINGS

### Tax Year 2014

1. On May 15, 2019, appellant untimely filed her 2014 California tax return and reported an overpayment of \$431.
2. On April 7, 2020, appellant amended her 2014 California tax return, reported an overpayment of \$371, and requested that the refund be applied to her 2015 tax balance.
3. Prior to the filing of the 2014 return, FTB received withholding taxes of \$922 and an extension payment of \$80, both of which were applied to tax year 2014 on April 15, 2015.
4. On September 22, 2020, FTB notified appellant that the 2014 refund request was denied because it was barred by the statute of limitations.

### Tax Year 2015

5. On April 7, 2020, appellant filed her 2015 California tax return and reported an overpayment of \$237. Appellant requested that the 2015 overpayment of \$237, and the 2014 overpayment of \$371 that she requested be applied to tax year 2015, be applied to tax year 2016.
6. On September 2, 2020, FTB transferred \$237, plus interest, to tax year 2016. However, FTB did not transfer the 2014 overpayment of \$371 to tax year 2016 because FTB contended the 2014 refund request was barred by the statute of limitations.
7. Appellant timely filed this appeal for both tax years 2014 and 2015.

## DISCUSSION

### Issue 1: Whether appellant's claim for refund for tax year 2014 is barred by the statute of limitations.

The statute of limitations to file a claim for refund is set forth in R&TC section 19306. The statute of limitations provides, in relevant part, that no credit or refund may be allowed unless a claim for refund is filed within the later of: (1) four years from the date the return was filed, if the return was timely filed pursuant to an extension of time to file; (2) four years from the date the return was due, determined without regard to any extension of time to file; or (3) one year from the date of overpayment. (R&TC, § 19306(a).) Taxpayers have the burden of proving

that claims for refund are timely and that they are entitled to a refund. (*Appeal of Estate of Gillespie*, 2018-OTA-052P.)

Appellant’s claim for refund for tax year 2014 is barred by the statute of limitations because it was not filed within the time limitations set forth in R&TC section 19306. Appellant filed her 2014 California tax return, which was treated as a refund claim, on May 15, 2019. The first statute of limitations period is not applicable because appellant did not file the 2014 return pursuant to a valid extension of time to file. The second statute of limitations period expired on April 15, 2019, because appellant’s 2014 return was originally due on April 15, 2015. (R&TC, § 18566.) Lastly, the third statute of limitations period expired on April 15, 2016, because appellant’s withholding payments are considered paid on April 15, 2015, the original due date of the return (see R&TC, § 19002(c)(1)), and the extension payment was made on April 15, 2015.

In her letter to FTB dated August 9, 2020, appellant stated she did not file her 2014 return on time because “she moved around and couldn’t locate [her] personal papers & tax information and [she] was having problems with anxiety and concentration and keeping [her] life together.” Additionally, in her request for appeal dated November 1, 2020, appellant indicates she suffered from depression. While the time for filing a claim for refund may be extended if a taxpayer is “financially disabled” as defined in R&TC section 19316, appellant has not provided evidence establishing she was financially disabled. A taxpayer is considered financially disabled if: (1) the “taxpayer is unable to manage his or her financial affairs by reason of a medically determinable physical or mental impairment that is either deemed to be a terminal impairment or is expected to last for a continuous period of not less than 12 months”; and (2) there is no spouse or other legally authorized person to act on the taxpayer’s behalf in financial matters. (R&TC, § 19316(b)(1)-(2).) A taxpayer has the burden of establishing a financial disability by a preponderance of the evidence. (Cal. Code Regs., tit. 18, § 30219(a) & (c).) To demonstrate the existence of a financial disability, a taxpayer must submit a signed affidavit from a physician that explains the nature and duration of the taxpayer’s physical or mental impairments. (*Appeal of Estate of Gillespie*, *supra*.) OTA finds that appellant has not met her burden of establishing that she was financially disabled.

Additionally, there is no equitable basis under California law for suspending the statute of limitations. (*Appeal of Estate of Gillespie*, *supra*.) The language of the statute of limitations is explicit and must be strictly construed. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.)

Accordingly, appellant's 2014 refund claim is barred because it was filed after the statute of limitations expired.

Issue 2: Whether FTB erred in partially denying appellant's claim for refund for tax year 2015 on the basis that the requested amount was barred by the statute of limitations.

With respect to tax year 2015, appellant filed her 2015 California tax return, which was treated as a refund claim, on April 7, 2020. FTB accepted appellant's 2015 refund claim as timely and transferred the 2015 overpayment of \$237 to tax year 2016 on September 2, 2020. However, FTB denied the portion of the refund claim that relates to tax year 2014—namely, the 2014 overpayment of \$371 that appellant asked to be applied to tax year 2015, and then to tax year 2016—because, as discussed above, that amount is barred by the statute of limitations.

HOLDINGS

1. Appellant’s claim for refund for tax year 2014 is barred by the statute of limitations.
2. FTB did not err in partially denying appellant’s claim for refund for tax year 2015 on the basis that the requested amount was barred by the statute of limitations.

DISPOSITION

FTB’s actions related to tax years 2014 and 2015 are sustained.

DocuSigned by:

*Ovsep Akopchikyan*

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Ovsep Akopchikyan  
Administrative Law Judge

We concur:

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*Sara A. Hosey*

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Sara A. Hosey  
Administrative Law Judge

DocuSigned by:

*Natasha Ralston*

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Natasha Ralston  
Administrative Law Judge

Date Issued: 5/19/2022