

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

In the Matter of the Appeal of:  
**K. SADLER**

) OTA Case No. 220510288  
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**OPINION**

Representing the Parties:

For Appellant: K. Sadler

For Respondent: Paige Chang, Tax Counsel

E. LAM, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, K. Sadler (appellant) appeals an action by respondent Franchise Tax Board (FTB) denying appellant’s claim for refund of \$821 for the 2016 tax year.

Appellant waived the right to an oral hearing; therefore, the matter is being decided based on the written record.

**ISSUE**

Whether appellant’s claim for refund is barred by the statute of limitations.

**FACTUAL FINDINGS**

1. On December 15, 2021, appellant untimely filed her 2016 California Resident Income Tax Return (Form 540), reporting an overpayment of tax in the amount of \$821.
2. FTB treated the 2016 return as a claim for refund and denied it because appellant failed to claim the refund before the statute of limitations expired.
3. This timely appeal followed.

**DISCUSSION**

R&TC section 19306(a) provides that no credit or refund shall be allowed or made 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 due date for filing a return for the year at issue (determined without regard to any extension of time to file); or (3) one year from the date of overpayment. (R&TC, § 19306(a).) The taxpayer has the burden of proof in showing entitlement to a refund and that the claim is timely. (*Appeal of Estate of Gillespie*, 2018-OTA-052P.)

The language of the statute of limitations must be strictly construed, and there is generally no reasonable cause or equitable basis for suspending the statutory period. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) Beyond the narrow exception of a taxpayer being deemed “financially disabled,” a taxpayer’s failure to file a claim for refund within the statutory period bars a refund even if the tax is alleged to have been erroneously, illegally, or wrongfully collected.<sup>1</sup> (*Appeal of Estate of Gillespie, supra.*) Such fixed deadlines may appear harsh because they can be missed, but the resulting occasional harshness is redeemed by the clarity of the legal obligation imparted. (*Ibid.*)

As appellant’s 2016 California return was untimely filed on December 15, 2021, the first four-year statute of limitations is inapplicable. Appellant’s 2016 return, which had a due date of April 15, 2017, was also filed past the second four-year statute of limitations, which expired on May 17, 2021, because of the COVID-19 pandemic.<sup>2</sup> Appellant solely made a tax withholding payment for the 2016 tax year, which is deemed to be paid on the due date of the tax return, pursuant to R&TC section 19002(c)(1). Therefore, the one- year statute of limitations to claim a refund for the 2016 tax year expired on April 15, 2018. Accordingly, appellant did not file her refund claim within the statute of limitations.

Appellant nonetheless asserts that she is entitled to a refund because she was financially disabled due to: (1) a foreclosure and loss of savings in 2018; (2) not having suitable employment until November 2019; and (3) not feeling comfortable using a tax preparer to file her taxes until 2021. While the time for filing a claim for refund may be suspended (and

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<sup>1</sup> R&TC section 19316 provides a narrow exception for suspending the statute of limitations where a taxpayer is determined to be “financially disabled.” A financially disabled taxpayer is unable to manage personal financial affairs by reason of medically determinable physical or mental impairment that is either deemed to be a terminal impairment or is expected to last for a continuous period not less than 12 months. (R&TC, § 19316(b)(1).)

<sup>2</sup> FTB postponed the deadline for claiming 2016 refunds from, as relevant here, April 15, 2021, to May 17, 2021, due to the COVID-19 pandemic. (See R&TC, § 18572; FTB, *State Postpones Deadlines For Claiming 2016 Tax Refunds to May 17, 2021*, news release (Apr. 26, 2021), available at <https://www.ftb.ca.gov/about-ftb/newsroom/news-releases/2021-04-state-postpones-deadline-for-claiming-2016-tax-refunds-to-may-17-2021.html>.)

therefore extended) if a taxpayer is “financially disabled,” as defined in R&TC section 19316, appellant has not established that she was financially disabled at any relevant time period in question. 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.*) Here, appellant has not provided any evidence that she was financially disabled at any relevant time period in question. Therefore, appellant has not met her burden of establishing she was financially disabled.

#### HOLDING

Appellant’s claim for refund is barred by the statute of limitations.

#### DISPOSITION

FTB’s action in denying appellant’s claim for refund is sustained.

DocuSigned by:

*Eddy Y.H. Lam*

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Eddy Y.H. Lam  
Administrative Law Judge

We concur:

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*Sheriene Anne Ridenour*

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Sheriene Anne Ridenour  
Administrative Law Judge

DocuSigned by:

*Natasha Ralston*

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Natasha Ralston

Administrative Law Judge

Date Issued: 12/14/2022