

DISCUSSION

R&TC section 19306(a) provides that no credit or refund shall 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 filed within the extended due date; (2) four years from the due date prescribed for filing the return (determined without regard to any extension of time for filing the return); or (3) one year from the date of the overpayment. For purposes of computing the statute of limitations on refund claims, amounts withheld are deemed to have been paid on the original due date for filing the return. (R&TC, § 19002(c)(1).) The language of the statute of limitations is explicit and must be strictly construed. (*Appeal of Khan*, 2020-OTA-126P.) A taxpayer’s failure to file a claim for refund, for whatever reason, within the statutory period bars him or her from receiving the refund at a later date. (*Ibid.*)

Appellants’ untimely filed 2016 tax return, which claimed an overpayment of \$2,578, is considered appellants’ claim for refund. There is no dispute that appellants filed their claim for refund on October 15, 2021. Since appellants did not file their 2016 tax return by the extended due date, the first four-year statute of limitations is inapplicable. Under the second four-year statute of limitations, appellants were required to file a refund claim no later than April 15, 2021, which is four years from the original due date of the return; however, due to the COVID-19 pandemic, FTB postponed the April 15, 2021 refund claim due date to May 17, 2021.¹ Appellants filed their refund claim on October 15, 2021, five months after the May 17, 2021 deadline. Lastly, under the one-year statute of limitations, appellants were required to file a refund claim no later than April 15, 2018, which is one year from April 15, 2017, the date appellants’ withholdings for the 2016 tax year are deemed paid, but appellants did not do this.

Appellants nonetheless argue that they have reasonable cause for their failure to file a timely refund claim. Appellants contend that due to a change in employment, appellants were preparing to move to California from Idaho, and that their daughter was applying to universities. Appellants assert that “many things happened at the same time,” which caused appellants’ delay in filing their claim for refund.

¹ FTB postponed the deadline for claiming 2016 refunds 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 (April 26, 2021) <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>.)

However, there is no reasonable cause exception or equitable basis for suspending the statute of limitations. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) A taxpayer's untimely filing of a refund claim bars a refund even when the tax is alleged to have been erroneously, illegally, or wrongfully collected. (*Ibid.*) Although the result of fixed deadlines may appear harsh, the occasional harshness is redeemed by the clarity imparted. (*Appeal of Khan, supra.*) Appellants did not timely file a refund claim within the one-year or four-year statute of limitations; therefore, their refund claim is barred.

HOLDING

Appellants' claim for refund is barred by the statute of limitations.

DISPOSITION

FTB's action in denying appellants' claim for refund is sustained.

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Sheriene Anne Ridenour

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Sheriene Anne Ridenour
Administrative Law Judge

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