

**OFFICE OF TAX APPEALS
STATE OF CALIFORNIA**

In the Matter of the Appeal of:
J. RAGSDALE

) OTA Case No. 220610575
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OPINION

Representing the Parties:

For Appellant: J. Ragsdale

For Respondent: Camille Dixon, Tax Counsel

L. KATAGIHARA, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, J. Ragsdale (appellant) appeals an action by respondent Franchise Tax Board (FTB) denying appellant’s claim for refund of \$678 for the 2015 tax year.

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

ISSUE

Whether the statute of limitations bars appellant’s claim for refund for the 2015 tax year.

FACTUAL FINDINGS

1. On April 15, 2022, appellant late-filed her California income tax return for the 2015 tax year, reporting no taxes due and claiming a refund for \$678.
2. The \$678 payment for which appellant seeks a refund was made through appellant’s income tax withholdings.
3. FTB denied appellant’s claim for refund.
4. This timely appeal followed.

DISCUSSION

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).) 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 no reasonable cause or equitable basis for suspending the statutory period. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) 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. (*Ibid.*) The occasionally harsh results from fixed deadlines are redeemed by the clarity imparted to legal obligations. (*Ibid.*)

Here, because appellant did not file her 2015 tax return pursuant to a valid extension of time, appellant cannot avail herself of the first four-year statute of limitations under R&TC section 19306(a).

For the claim for refund to be timely under the second four-year statute of limitations, appellant was required to file the claim by April 15, 2020, except that FTB postponed the deadline to July 15, 2020.¹ Appellant filed her tax return, which FTB treated as a claim for refund, on April 15, 2022 – nearly two years after the expiration of the postponed deadline. Therefore, appellant's claim for refund is time barred under the applicable four-year statute of limitations.

Alternatively, a claim for refund is timely if it is filed within one year from the date of overpayment. (R&TC, § 19306(a).) Appellant's \$678 overpayment was made through her withholdings, which is deemed paid on the original due date of the return. (R&TC, § 19002(c)(1).) Here, appellant's 2015 tax return was originally due April 15, 2016, and therefore, her withholdings are deemed to have been paid on that date. Consequently, to be

¹ Due to the COVID-19 State of Emergency, FTB postponed the deadline for taxpayers to file a claim for refund for the 2015 tax year to July 15, 2020. (See FTB Notice 2020-02.)

timely, appellant's claim for refund needed to be filed by April 15, 2017. However, appellant filed her 2015 tax return, which FTB treated as a claim for refund, on April 15, 2022 (five years after the statute of limitations expired). Thus, appellant's claim for refund was also untimely under the one-year statute of limitations.

R&TC section 19316 provides a narrow exception that suspends the statute of limitations for refunds where an individual taxpayer is deemed "financially disabled." Under this provision, the time for filing a claim for refund may be suspended during the period in which an individual taxpayer is financially disabled (as defined in R&TC section 19316(b)) if the taxpayer can establish such financial disability in accordance with the procedures and requirements specified by FTB. (R&TC, § 19316(a).) Pursuant to R&TC section 19316(b), a taxpayer is considered financially disabled if: (1) the individual 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 person who is legally authorized to act on the individual taxpayer's behalf in financial matters during the relevant period. FTB imposes an additional requirement that the taxpayer submit an affidavit from a physician that identifies the period during which the taxpayer's impairment rendered the taxpayer incapable of managing his or her financial affairs. (*Appeal of Estate of Gillespie, supra.*)

On appeal, appellant referred to her age and lack of support with respect to accessing information and filing her tax return, and the inability to use computer or telephonic systems. However, the statute of limitations can only be suspended for a claim for refund during the period in which an individual taxpayer is deemed "financially disabled." (R&TC, § 19316(a).) To the extent that appellant is alleging that her age and lack of support qualifies as a medically determinable physical or mental impairment under R&TC section 19316(b), appellant has not (among other things) produced the requisite affidavit from a physician identifying the period during which her alleged impairment rendered her incapable of managing her financial affairs. Although the Office of Tax Appeals sympathizes with appellant's various hardships, those hardships do not provide a basis upon which the statute of limitations can be suspended.² Therefore, appellant's claim for refund is time barred.

² To the extent helpful for future tax returns, appellant may be eligible to receive free tax assistance through the Volunteer Income Tax Assistance and/or Tax Counseling for the Elderly programs. Additional information

HOLDING

The statute of limitations bars appellant’s claim for refund for the 2015 tax year.

DISPOSITION

FTB’s action is sustained in full.

DocuSigned by:
Lauren Katagihara
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Lauren Katagihara
Administrative Law Judge

We concur:

DocuSigned by:
Teresa A. Stanley
0CC6C6ACCC6A44D

Teresa A. Stanley
Administrative Law Judge

DocuSigned by:
Tommy Leung
0C90542BE88D4E7

Tommy Leung
Administrative Law Judge

Date Issued: 4/6/2023

about these programs is available on FTB’s website at <https://www.ftb.ca.gov/help/free-tax-help/> and on the IRS’s website at <https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers>.