

FACTUAL FINDINGS

A. Hinson's 2014 Refund Claim

1. On February 6, 2023, A. Hinson late filed her California income tax return (Return) for the 2014 tax year, reporting an overpayment of \$1,628 and requesting a refund of that same amount.
2. Respondent accepted A. Hinson's 2014 Return as filed and treated it as a refund claim but did not credit or refund her overpayment because it determined that the Return was filed outside the general statute of limitations for making a refund claim.

Appellants' 2015 Refund Claim

3. Appellants married in 2015.
4. After requesting but not receiving a Return from A. Hinson for the 2015 tax year, respondent assessed tax and various other charges based on an estimate of A. Hinson's income.
5. Subsequently, respondent took collection action against A. Hinson which satisfied the deficiency assessment.
6. On February 3, 2023, appellants late filed a joint 2015 Return reporting a total amount due of \$632, which they paid with the filing of this Return.
7. Respondent processed appellants' 2015 Return, treated it as a refund claim, and computed an overpayment of \$1,397.74. Respondent refunded appellants' \$632 overpayment. However, respondent did not credit or refund the remaining \$765.74 (\$1,397.74 - \$632) because it determined that appellants' refund claim was not timely with respect to any other overpayments for the 2015 tax year.
8. These timely appeals for the 2014 and 2015 tax years followed and were thereafter consolidated for decision.

DISCUSSION

Appellants do not dispute that their refund claims for the 2014 and 2015 tax years were filed outside the general limitation period for making a refund claim.² Appellants, however, request that their claims be granted based upon the personal hardships they experienced which prevented them from timely filing. Appellants contend that beginning sometime in 2014, A. Hinson allegedly suffered from multiple chronic illnesses which eventually left her bedridden in 2016 and unable to work full time until 2021. Appellants further assert that B. Reed allegedly suffered from mental health issues which prevented him from maintaining stable employment, and that appellants lacked the financial means to hire a tax professional to assist them with the preparation and filing of their Returns during this difficult time.

Appellants also argue that respondent should not be permitted to retain their overpayments because respondent had overestimated appellants' 2015 tax liability, and that allowing respondent to do so would result in significant financial hardship to A. Hinson, who requires continuing medical care.³

The statute of limitations for filing a refund claim must be strictly construed, meaning that a taxpayer's untimely filing of a refund claim for *any reason* bars a refund. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) This is true even if the tax was not owed in the first place or was erroneously, illegally, or wrongfully collected. (*Ibid.*) Although the result of fixed deadlines may appear harsh, the occasional harshness is redeemed by the clarity imparted. (*Ibid.*)

The running of the statute of limitations, however, may be suspended during any period where a taxpayer is "financially disabled." A taxpayer is financially disabled if he or she 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. (R&TC, § 19316(b)(1).) A taxpayer shall not be

² The law generally requires that taxpayers file their refund claims by the later of: (1) four years from the date the return is filed, if filed on or before the extended due date; (2) four years from the due date of the return without regard to any extensions; or (3) one year from the date of overpayment. (R&TC, § 19306(a).)

³ Appellants also allege that they did not receive respondent's collection notices. However, it is well-established that notices sent by respondent to a taxpayer's last-known address are sufficient, even if not received by the taxpayer. (R&TC, § 18416; *Appeal of Goodwin* (97-SBE-003) 1997 WL 258474.) Appellants have not proven that respondent's notices were not sent to appellants' last-known address.

considered financially disabled for any period during which that taxpayer’s spouse or any other person is legally authorized to act on that individual’s behalf in financial matters. (R&TC, § 19316(b)(2).) To prove financial disability, a taxpayer must provide a physician’s affidavit which identifies the disability period when the taxpayer was unable to manage his or her financial affairs. (*Appeal of Estate of Gillespie*, 2018-OTA-052P.)

To the extent appellants contend they were financially disabled as a result of the personal difficulties described above, they have not provided the requisite physician’s affidavit nor any evidence to support these contentions.⁴ Appellants’ failure to establish financial disability for the period prior to the filing of their refund claims means that those claims were untimely.

HOLDING

Appellants’ refund claims are untimely.

DISPOSITION


Respondent’s actions are sustained.

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Huy “Mike” Le
Administrative Law Judge

We concur:

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Lauren Katagihara
Administrative Law Judge

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Veronica I. Long
Administrative Law Judge

Date Issued: 6/5/2024

⁴ Respondent’s brief provided appellants with a copy of this form and its instructions.