

4. On December 21, 2021, FTB sent appellant a Demand because FTB received information that indicated appellant may have a filing requirement for the 2019 tax year. Appellant did not respond to the Demand.
5. On February 18, 2022, FTB sent appellant an NPA for the 2019 tax year that proposed tax of \$2,020, a late filing penalty of \$505, a demand penalty of \$505, a filing enforcement fee of \$97, and applicable interest, totaling \$3,275.41.
6. For the 2018 tax year, FTB commenced collection action and received a payment of \$3,971.11 on July 26, 2023, which satisfied the balance due.
7. For the 2019 tax year, FTB commenced collection action and received the following payments which satisfied the balance due: (1) \$15 on August 22, 2022; (2) \$3,205.04 on July 26, 2023; and (3) \$247.42 on July 31, 2024.
8. On August 12, 2024, appellant filed a 2018 California Resident Income Tax Return (CA Return) reporting zero total tax. FTB accepted the return and treated it as a claim for refund of \$3,635.11.¹
9. On August 12, 2024, appellant also filed a 2019 CA Return reporting zero total tax. FTB accepted the return and treated it as a claim for refund of \$3,467.46.² Of this amount, FTB transferred and credited appellant's payment of \$247.42 received on July 31, 2024, (plus allowed interest of \$0.54) to appellant's 2020 tax year.
10. On August 28, 2024, FTB sent a Statute of Limitations letter denying appellant's claim for refund for the 2018 tax year due to the expiration of the statute of limitations.
11. On September 3, 2024, FTB sent a Statute of Limitations letter denying appellant's remaining claim for refund in the amount of \$3,220.04³ for the 2019 tax year due to the expiration of the statute of limitations.
12. This timely appeal followed.
13. On appeal, appellant provided a power of attorney form that was signed April 15, 2014, granting authority to L. Kanbar in all matters (including tax matters), and a letter from appellant's doctor dated March 22, 2019, detailing appellant's incapacity to make decisions regarding health or finances.

¹ This amount is comprised of the payment FTB collected for the 2018 year of \$3,971.11, less collection cost recovery fee of \$316 and a collection lien fee of \$20.

² This amount is comprised of the total payments FTB collected for the 2019 tax year of \$3,467.46 (\$15 + \$3,205.04 + \$247.42).

³ Appellant's total payments of \$3,467.46, plus interest allowed of \$0.54, minus a transfer of \$247.96 to appellant's 2020 tax year.

DISCUSSION

Generally, 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 last date prescribed 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 proving that the claim for refund was timely and that the taxpayer is entitled to the refund. (*Appeal of Estate of Gillespie*, 2018-OTA-052P.)

The language of the statute of limitations is explicit and must be strictly construed. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) There is no reasonable cause exception or equitable basis for suspending the statute of limitations. (*Ibid.*) A taxpayer's untimely filing of a claim for any reason bars a refund even if the tax is alleged to have been erroneously, illegally, or wrongfully collected. (*Ibid.*) This is true even when it is later shown that the tax was not owed in the first place. (*Appeal of Jacqueline Mairghread Patterson Trust*, 2021-OTA-187P.) The time for filing a claim for refund may be suspended during the period in which the taxpayer is financially disabled, as defined by R&TC section 19316(b). (R&TC, § 19316(a).) 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 legally authorized person to act on the taxpayer's behalf in financial matters. (R&TC, § 19316(b)(1) & (2).) While the result of fixed deadlines may appear harsh, the occasional harshness is redeemed by the clarity imparted. (*Appeal of Benemi Partners, L.P.*, *supra.*)

Appellant did not timely file 2018 and 2019 CA Returns within the extension period. Accordingly, the first four-year statute of limitations period is not applicable. The second four-year statute of limitations period expired on April 15, 2023, for the 2018 return, and April 15, 2024, for the 2019 return, since the returns were originally due on April 15, 2019, and April 15, 2020, respectively. (R&TC, §§ 18566, 19306(a).) Appellant filed his CA Returns on August 12, 2024, which FTB accepted as claims for refund. This was more than a year after the expiration of the four-year statute of limitations period on April 15, 2023, for the 2018 claim for refund, and several months after the expiration of the four-year statute of limitations period on April 15, 2024, for the 2019 claim for refund. Therefore, appellant's claims for refund are untimely under the four-year statute of limitations.

The one-year statute of limitations period runs one year from the date of payment. Appellant's most recent payment (\$247.42) made on July 31, 2024, is within the one-year statute of limitations. As a result, it was credited and applied (along with allowed interest of \$0.54) to appellant's 2020 tax year. Appellant's remaining payments were made on July 26, 2023, or earlier. As such, appellant's claims for refund dated August 21, 2024, were beyond the one-year statute of limitations period for these payments and are accordingly barred.

Appellant contends that medical circumstances prevented the timely filing of the 2018 and 2019 CA returns, and therefore the claims for refund should be granted based on reasonable cause. As stated above, there is no reasonable cause exception for suspending the statute of limitations and generally neither appellant's ill health nor any other unfortunate circumstance can extend the statute of limitations for filing a claim for refund. (*Appeal of Estate of Gillespie, supra.*)

While California law does not permit equitable tolling of the statute of limitations for filing a refund claim, the law provides a narrow exception for individuals determined to be "financially disabled." On appeal, FTB provided appellant an opportunity to submit Form FTB 1564, *Financially Disabled – Suspension of the Statute of Limitations*, which includes instructions and necessary forms for establishing financial disability. While it appears that appellant suffered a period of incapacity due to medical hardship, to meet the requirements which would allow the statute of limitations to be suspended, appellant must also show that he did not have someone acting on his behalf in financial matters. (R&TC, § 19316(b)(1) & (2).) However, appellant provided a copy of a power of attorney form signed and notarized on April 15, 2014, which granted a third party the power to act on his behalf, specifically in regard to taxes, which covers periods of incapacity. Because appellant had an authorized representative to act on his behalf, relief under R&TC section 19316 is not available.

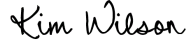
As explained above, a claim for refund that is filed after the expiration of the statute of limitations is statutorily barred. Appellant has not provided any legal basis to suspend the statute of limitations. Therefore, appellant's claims for refund are barred.

HOLDING

Appellant's claims for refund for the 2018 and 2019 tax years are barred by the statute of limitations.

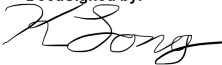
DISPOSITION

FTB's actions denying appellant's claims for refund are sustained.


Signed by:

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Kim Wilson
Hearing Officer

We concur:

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DC88A60D8C3E442

Keith T. Long
Administrative Law Judge

Signed by:

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Suzanne B. Brown
Administrative Law Judge

Date Issued: 8/8/2025