

6. Appellants then entered into a provisional payment plan and agreed to monthly payments which were made totaling \$4,016.42 and completed on July 27, 2021.
7. On April 11, 2024, appellants filed an amended 2018 return showing an overpayment of tax of \$4,026.42 resulting from a much larger itemization of deductions versus the standard deduction utilized in the original return, which respondent processed and treated as a claim for refund.
8. On May 16, 2024, respondent denied the claim for refund as having been filed outside the statute of limitations.
9. This timely appeal followed.

DISCUSSION

R&TC section 19306 imposes a statute of limitations to file a claim for refund. R&TC section 19306(a) provides, in part, 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 timely filed within the extended filing period pursuant to an extension of time to file; (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. The taxpayer has the burden of proof in showing entitlement to a refund and that the claim for refund is timely. (*Appeal of Jacqueline Mairghread Patterson Trust*, 2021-OTA-187P.)

The language of R&TC section 19306 is explicit and must be strictly construed. (*Appeal of Cornbleth*, 2019-OTA-408P.) A taxpayer's failure to file a claim for refund, for whatever reason, within the statutory period bars the taxpayer from doing so later, even if the tax is alleged to have been erroneously, illegally, or wrongfully collected. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) There is no reasonable cause or equitable basis for suspending the statute of limitations. (*Ibid.*) The language of the statute of limitations is explicit and must be strictly construed. (*Ibid.*) This is true even when it is later shown that the tax was not owed in the first place. (*Ibid.*) While fixed deadlines may appear harsh because they can be missed, the resulting occasional harshness is redeemed by the clarity imparted. (See *Ibid.*)

R&TC section 19316 provides that the period for filing a claim for refund may be suspended, and therefore extended, if a taxpayer is "financially disabled," as defined in R&TC section 19316(b). For purposes of R&TC section 19316, financial disability exists if: (1) an "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/registered domestic partner or other legally authorized person who can act on the taxpayer's behalf in financial matters.¹ (R&TC, § 19316(b)(1)-(2).) When a taxpayer alleges financial disability to suspend and thus extend the period to file a timely claim for refund, a physician's affidavit must be provided that 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 suspend the statute of limitations, the period of financial disability must occur during the limitations period. (*Ibid.*)

Because appellants did not file a timely return, the applicable statute of limitations in this appeal is the later of four years from the last day prescribed for filing the tax return (without regard to any extension of time to file) or one year after the date of the overpayment. (See R&TC, § 19306(a).)

As the last day prescribed for filing the 2018 tax return (without regard to any extension of time to file) was April 15, 2019, four years from that date would have been April 15, 2023. However, due to the 2023 California winter storms, the IRS issued Notice CA-2023-01 and CA-2023-02 that granted affected taxpayers until May 15, 2023, to perform time-sensitive actions described in Treasury Regulation section 301.7508A-1(c)(1), which expressly includes filing a claim for credit or refund of any tax. (Treas. Reg. § 301.7508A-1(c)(1)(v).) This May 15, 2023, deadline was later extended to October 16, 2023, and subsequently to November 16, 2023.² (*Appeal of Pomrehn*, 2025-OTA-269P.) Unfortunately, appellants' claim for refund via an amended 2018 return was not filed until April 11, 2024, several months after this extended statute of limitations period lapsed.

The one-year statute of limitations applies to claims for refund made within one year of the date payment is made. (R&TC, § 19306(a).) Here, appellants made their last payment against their 2018 tax liability on July 27, 2021. Consequently, the one-year statute of limitations would have expired on July 27, 2022—well before appellants' April 2024 filing.

In their appeal to OTA, appellants claim various circumstances giving rise to reasonable cause for the untimely filing of their claim for refund. During the years at issue appellants indicate they were under extreme financial hardship due to the significant costs they incurred to provide care for a family member among other financially constraining circumstances. As noted, while there is no exception to the statute of limitations for reasonable cause, there is for "financial disability." However, appellants' allegations of financial hardship fail to establish the

¹ See FTB Form 1564, Financially Disabled - Suspension of the Statute of Limitations.

² Appellants resided in a qualifying county.

conditions warranting such relief, such as physical or mental impairment, much less satisfying the obligation to provide a corroborating physician’s affidavit. Consequently, OTA has no basis upon which to grant relief to extend the statute of limitations under R&TC section 19316.

HOLDING

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

DISPOSITION

Respondent’s action denying appellants’ claim for refund is sustained.

Signed by:
Greg Turner
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Greg Turner
Administrative Law Judge

We concur:
Signed by:
Josh Lambert
CB1F7DA37831416...

Josh Lambert
Administrative Law Judge

Signed by:
Natasha Ralston
25F8FE08FF56478...

Natasha Ralston
Administrative Law Judge

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