



## DISCUSSION

Appellants contend that they sold their home in 2015 and were unaware that the escrow company withheld \$10,992 from the sale and remitted it to FTB. Appellants do not dispute that their claim for refund was untimely but nonetheless request that the overpayment be refunded to them on the grounds of financial hardship.<sup>1</sup>

The language of R&TC section 19306 is explicit and must be strictly construed. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) Absent an exception, a taxpayer's untimely filing of a claim bars a refund. (*Ibid.*) There is no reasonable cause or equitable basis for suspending the statute of limitations. (*Ibid.*) Fixed deadlines may appear harsh because they can be missed; however, the resulting occasional harshness is redeemed by the clarity imparted. (*Prussner v. U.S.* (7th Cir. 1990) 896 F.2d 218, 222-223.) A statute of limitations promotes fairness and practicality in the administration of an income tax policy. (*Rothensies v. Electric Storage Battery Co.* (1946) 329 U.S. 296, 301.)

Though not applicable here, financial disability due to a medically determinable physical or mental impairment is an example of an exception that may suspend the general statute of limitations period for refund claims. (R&TC, § 19316; *Appeal of Estate of Gillespie*, 2018-OTA-052P.) Even though appellants paid amounts in excess of the taxes owed for the tax year at issue, a refund is still barred by the statute of limitations because the claim for refund was not timely filed and there is no reasonable cause or equitable basis for suspending the statute of limitations.

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<sup>1</sup> R&TC section 19306(a) provides that no credit or refund may be allowed or made if a claim for refund is not filed by the taxpayer 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 due date of the return (determined without regard to any extension of time to file); or (3) one year from the date of overpayment. For purposes of the one-year statute of limitations, any tax deducted and withheld during any calendar year shall be deemed to have been paid on the original due date for filing the return. (R&TC, § 19002(c)(1).)

HOLDING

Appellants' claim for refund for the 2015 tax year is barred by the statute of limitations.

DISPOSITION

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

Signed by:  
*Veronica I. Long*  
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Veronica I. Long  
Administrative Law Judge

We concur:

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*Sara A. Hosey*  
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Sara A. Hosey  
Administrative Law Judge

DocuSigned by:  
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Administrative Law Judge

Date Issued: 3/12/2025