

3. By letters dated February 8, 2024, respondent denied both claims on the ground that they were barred by the statutes of limitations.¹
4. This timely appeal followed.

DISCUSSION

Issue 1: Did respondent correctly deny appellant's claims for income tax refunds?

Under R&TC section 19306(a), a valid claim for refund must be filed within whichever of the following periods expires later: (1) four years from the date the return was filed, if filed within the extended due date;² (2) four years from the due date of the return, without regard to extensions; or (3) one year from the date of the overpayment. The language of R&TC section 19306 must be strictly construed, without exception. (*Appeal of Cornbleth*, 2019-OTA-408P.)

The untimely filing of a claim bars a suit for refund, regardless of whether the tax is alleged to have been collected erroneously, illegally, or wrongfully. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) A statute of limitations is an almost indispensable element of fairness as well as of practical administration of an income tax policy. (*Rothensies v. Electric Storage Battery Co.* (1946) 329 U.S. 296, 301.) While the result may seem harsh, especially for claims involving an undisputed overpayment, the occasional harshness is redeemed by the clarity imparted by a clear and strictly enforced statute of limitations. (*Appeal of Cornbleth, supra.*)

Appellant argues that refunds for both years are warranted because she worked hard to earn her income, and it is not fair for respondent to keep over \$10,000 that the parties agree was overpaid.

It is undisputed that appellant overpaid taxes for both years. All payments toward the 2017 and 2018 liabilities were deemed made on April 15, 2018, and April 15, 2019, respectively. (R&TC, § 19002(c)(1).) Consequently, the latest limitations period expired four years from the due date of the return, without regard to extensions, April 15, 2022, for the 2017 Form 540 and April 15, 2023, for the 2018 Form 540. It is also undisputed that appellant's 2017 and 2018 Forms 540 were filed many months after expiration of the limitations periods. R&TC

¹ As explained below, two different statutes of limitations apply to appellant's claim for the 2017 tax year.

² FTB allows an automatic six-month extension to file if the return is filed within six months of the original due date. (Cal. Code Regs., tit. 18, § 18567.) This granting of the extension is conditioned solely upon the filing of a return within the automatic extension period. (*Ibid.*) If the return is not filed within six months of the original due date, no extension is allowed. (*Ibid.*) This provision is not applicable here because appellant did not file a timely return.

section 19306 prohibits respondent from granting a claim for refund that is barred by the statute of limitations. Essentially, appellant wants OTA to create an exception to the statute of limitations when a taxpayer would suffer a financial loss as a result of its application. Every taxpayer whose claim is barred by a statute of limitations suffers a loss. The equitable exception proposed by appellant would swallow the rule. (See *Appeal of Estate of Barbara D. Gillespie*, 2018-OTA-052P.) Therefore, OTA finds that respondent correctly denied the claims for refund of overpaid income tax for the 2017 and 2018 tax years.

Issue 2: Does OTA have jurisdiction to review respondent's decision denying appellant's claim for refund of excess SDI withholding?

Employees in California are required to contribute to the SDI fund. (Unemp. Ins. Code, § 2901.) If a person receives wages from more than one employer and, as a result, pays more than the required amount toward their annual SDI contribution, they are entitled to a refund of the excess amount paid. (Unemp. Ins. Code, § 1176.) The refund must be claimed pursuant to R&TC section 17061. (Unemp. Ins. Code, § 1176.5(a).) Such claims must be filed on the personal income tax return for the year in which the excess amount was deducted from wages. (*Ibid.*) No credit or refund shall be allowed unless the claim is made on a return filed within three years from the due date of the return, without regard to any extensions. (*Ibid.*) If respondent denies the claim, the claimant may file a protest and submit the claim to the Director of Employment Development (Director) within 30 days of the date respondent mailed notice of the denial. (Unemp. Ins. Code, § 1176.5(b).) Failing that, respondent's decision is final. (*Ibid.*)


OTA observes that appellant did not file the 2017 return within the limitations period described in Unemployment Insurance Code section 1176.5(a), and that OTA's record does not show that appellant filed a timely protest with the Director. Consequently, respondent's denial of the refund of overpaid SDI contributions is final, and OTA has no jurisdiction to consider the matter. (R&TC, § 17061(b).)

HOLDINGS

1. Respondent correctly denied appellant’s claims for income tax refunds.
2. OTA does not have jurisdiction to review respondent’s decision denying appellant’s claim for refund of excess SDI withholding.

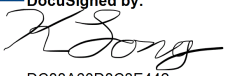
DISPOSITION

Respondent’s actions denying appellant’s claims for refund are sustained.


DocuSigned by:


 Michael F. Geary
 Administrative Law Judge

We concur:

DocuSigned by:


 Keith T. Long
 Administrative Law Judge

DocuSigned by:


 Sheriene Anne Ridenour
 Administrative Law Judge

Date Issued: 8/22/2025