

OFFICE OF TAX APPEALS
STATE OF CALIFORNIA

In the Matter of the Appeal of:)
H. CASTRO MEDELLIN AND) OTA Case No. 240917353
L. FLORES GALVAN)
_____)

OPINION

Representing the Parties:

For Appellants: H. Castro Medellin
L. Flores Galvan

For Respondent: Caitlin S. Russo, Senior Legal Analyst

For Office of Tax Appeals: Namrita Randhawa, Program Specialist

S. KIM, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, H. Castro Medellin and L. Flores Galvan (appellants) appeal an action by respondent Franchise Tax Board (FTB) denying, in part, appellants' claim for refund of \$9,393.30 for the 2008 tax year.¹

Appellants waived the right to an oral hearing; therefore, the matter was submitted to the Office of Tax Appeals (OTA) on the written record pursuant to California Code of Regulations, title 18, section 30209(a).

ISSUE

Whether appellants' claim for refund for the 2008 tax year is barred by the statute of limitations.

FACTUAL FINDINGS

1. Appellants did not timely file a California income tax return for the 2008 tax year.
2. FTB issued appellant-husband a Request for Tax Return (Request) on February 9, 2010. FTB issued appellant-husband a second Request on April 18, 2011,

¹ FTB credited/refunded \$791.21 to appellants. Thus, \$8,602.09 is the amount in dispute.

- which was sent to an updated address. Appellants did not timely respond to either Request.
3. FTB then issued appellant-husband a Notice of Proposed Assessment (NPA) estimating appellants' income and proposing tax of \$7,862, a late filing penalty of \$1,965.50, and applicable interest. Appellants did not timely protest the NPA.
 4. Subsequently, FTB issued appellant-husband an Account Status Notice and a Balance Due Notice requesting payment. Appellants did not respond to the notices or pay the balance due.
 5. FTB initiated collection action and issued Earnings Withholding Orders for Taxes to appellant-husband's known employers. From December 8, 2016, through April 11, 2024, FTB collected several payments from appellant-husband's employer and credited overpayments in other tax years to the 2008 tax year until the balance due was satisfied.²
 6. On May 10, 2024, appellants joint filed a 2008 California Nonresident or Part-Year Resident Income Tax Return (return) reporting tax due of \$204. FTB processed and accepted the return as filed. FTB considered the return as a claim for refund of \$9,393.30.³
 7. FTB determined that appellants were entitled to a refund of \$1,155.21. However, FTB intercepted \$364 of the refund due to a request by the County of Placer. FTB issued appellants a refund of \$791.21 but otherwise denied the claim for refund on the basis that the statute of limitations had expired.
 8. Appellants timely filed this appeal.

DISCUSSION

California law generally requires a taxpayer to file a refund claim 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).) The due date for individual California income tax returns is April 15 following the close of the calendar year. (R&TC, § 18566.)

Appellants' 2008 return was due on April 15, 2009. Since appellants did not timely file the 2008 return on or before the extended due date, the four-year statute of limitations to timely

² In addition to the tax, penalty, and interest, FTB assessed and collected a collection cost recovery fee of \$159 and a lien fee of \$42.

³ The amount of the claim for refund is not disputed.

file a claim for refund expired four years from the due date of the return, without regard to any extensions, on April 15, 2013. Appellants did not file their claim for refund until May 10, 2024, after the expiration of the four-year statute of limitations period. For payments made before May 10, 2023, the one-year statute of limitations period to file a timely claim for refund had already expired by the time appellants filed their claim for refund. However, any payments made on or after May 10, 2023, are eligible for refund. FTB received payments from December 8, 2016, through April 11, 2024. From May 10, 2023, through April 11, 2024, FTB received payments totaling \$1,139.52 and allowed additional interest of \$15.69. Therefore, appellants would have been entitled to a refund of \$1,155.21. However, due to an interagency request from the County of Placer, FTB intercepted \$364 and refunded the remaining \$791.21 to appellants.⁴ Appellants' claim for refund of the remaining payments is barred by the statute of limitations.

Appellants argue that it is unfair for FTB to collect taxes for wages that appellants never earned. FTB accepted appellants' 2008 return as filed, and there is no dispute that appellants overpaid the tax for the 2008 tax year. Nevertheless, the statute of limitations for filing a claim for refund must be strictly construed; 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, and even when it is later shown that the tax was not owed in the first place. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) There is no reasonable cause or equitable basis for suspending the statute of limitations. (*Ibid.*) Although the result of fixed deadlines may appear harsh, the occasional harshness is redeemed by the clarity imparted. (*Ibid.*) Moreover, appellants failed to respond to several notices which FTB issued to appellant-husband before initiating collection action, including the Requests, NPA, and Balance Due Notice. Accordingly, appellants are not entitled to a refund for the remaining payments due to the expiration of the statute of limitations period.

⁴ Government Code sections 926.8 and 12419 authorize state agencies, such as FTB, to intercept funds to collect debts owed to other state, city, or county entities.

HOLDING

Appellants' claim for refund for the 2008 tax year is, in part, barred by the statute of limitations.

DISPOSITION

FTB's action granting a partial refund of \$791.21 but otherwise denying the claim for refund is sustained.

DocuSigned by:
Steven Kim
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Steven Kim
Administrative Law Judge

We concur:

Signed by:
Suzanne B. Brown
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Suzanne B. Brown
Administrative Law Judge

DocuSigned by:
Michael F. Geary
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Michael F. Geary
Administrative Law Judge

Date Issued: 10/1/2025