

4. Payments were received on appellants' accounts pursuant to collection action from August 28, 2019, through August 9, 2021.
5. On October 9, 2024, appellants filed their joint 2018 California Income Tax Return. On October 24, 2024, appellants filed their joint 2016 and 2017 California Income Tax Returns. Each return reported no tax due and requested refunds for the amounts reported as paid.
6. FTB processed and accepted appellants' returns, which resulted in overpayments on appellants' 2016, 2017, and 2018 tax year accounts in the amounts of \$33,108.38, \$20,241.26, and \$10,235.24, respectively. FTB treated the returns as claims for refund but denied the claims because they were filed outside of the statute of limitations period.
7. This timely appeal follows.

DISCUSSION

The statute of limitations to file a claim for refund is set forth in R&TC section 19306. R&TC section 19306(a) provides that 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 due date for filing a return (determined without regard to any extension of time to file); or (3) one year from the date of overpayment. The taxpayer has the burden of proving entitlement to a refund and that the claim is timely. (Cal. Code Regs., tit. 18, § 30219(a); *Appeal of Estate of Gillespie*, 2018-OTA-052P.)

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 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. (*Ibid.*)

Appellants' 2016, 2017, and 2018 tax returns, which were filed in October 2024, are treated as appellants' claims for refund. Because appellants did not file timely returns, the applicable four-year statute of limitations periods for appellants' refund claims is measured from the original due dates of the returns. The original due dates of the returns were April 15, 2017, April 15, 2018, and April 15, 2019, so the applicable four-year statute of limitations to file a claim

for refund expired on May 17, 2021¹, April 15, 2022, and April 15, 2023, for the 2016, 2017, and 2018 tax years, respectively. Appellants' refund claims were filed after these dates and are therefore outside the four-year statute of limitations period.

The one-year statute of limitations period expired one year from the date of appellants' overpayments. The most recent payment on appellants' account was made in August 2021, thus, to be timely, appellants would have had to file their claim for refund by August 2022 for the claim to be timely with respect to that payment. Here, because appellants did not file their claims for refund until October 2024, appellants' claims are outside the one-year statute of limitations period.

Appellants request a refund on the basis that they overpaid their taxes for the tax years at issue. However, even though appellants paid amounts in excess of the taxes owed for the tax years at issue, a credit or refund for those amounts is still barred by the statute of limitations if a claim is not timely filed. (*Appeal of Benemi Partners, L.P., supra.*) The statute of limitations for refund claims must be strictly construed, unless an exception applies.² (*Ibid.*) Accordingly, appellants' claims for refund are untimely and barred by the statute of limitations.

¹ Due to the COVID-19 pandemic, FTB postponed the statute of limitations for filing a claim for refund for the 2016 tax year from April 15, 2021, to May 17, 2021. (See *State Postpones Deadline For Claiming 2016 Tax Refunds to May 17, 2021*, news release (April 26, 2021) www.ftb.ca.gov/about-ftb/newsroom/news-releases/2021-04-state-postpones-deadline-for-claiming-2016-tax-refunds-to-may-17-2021.html; FTB, *2020 tax year extension to file and pay (individual)*, www.ftb.ca.gov/about-ftb/newsroom/2020-tax-year-extension-to-file-and-pay-individual.html.)

² Appellants have not argued that any exception to the statute of limitations applies, such as R&TC section 19316, which suspends the statute of limitations for refund claims and thus extends the time for filing a claim if the taxpayer shows she or he is "financially disabled," as defined by that provision. OTA's review of the record does not indicate this statutory exception applies here.

HOLDING

Appellants' claims for refund are barred by the statute of limitations.

DISPOSITION

FTB's denials of appellants' claims for refund are sustained.

Signed by:

Veronica I. Long

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Veronica I. Long
Administrative Law Judge

We concur:

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Asaf Kletter

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Asaf Kletter
Administrative Law Judge

Signed by:

Greg Turner

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Greg Turner
Administrative Law Judge

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