



Request for Tax Return for the 2005 tax year and Demand for Tax Return (Demands) for each of the other years at issue between the dates February of 2007 and February of 2014.

3. Appellants failed to respond to the Request for Tax Return or any of the Demand notices.
4. Respondent issued appellants a Notice of Proposed Assessment (NPA) for each tax year at issue, beginning in August of 2007 and ending in August of 2014.
5. Appellants did not file protests for any of the NPAs and the liabilities attributed to each became final in due course.
6. Appellants began making payments against the 2005 tax year determination in July of 2010. Other payments were made against other liabilities for the years at issue as well, culminating in a final payment made against the 2012 tax year determination on May 4, 2023.
7. On May 1, 2023, appellants filed married-filing-jointly income tax returns for all tax years at issue claiming zero tax due, which in each instance respondent treated as claims for refund.
8. After processing appellants' returns, respondent issued letters to appellants explaining their claims were barred by the statute of limitations, with the exception of certain payments for the 2012 tax year, which respondent refunded in the amount of \$3,679.45.
9. Appellants filed this timely appeal.

### 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; (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 to show entitlement to a refund and that the claim for refund is timely. (*Appeal of Cornbleth*, 2019-OTA-408P.)

The language of R&TC section 19306 is explicit and must be strictly construed, without exception. (*Appeal of Cornbleth, supra.*) There is generally no reasonable cause or equitable basis to suspend the statute of limitations. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) This is true even when it is later shown the tax has been erroneously, illegally, wrongfully collected, or 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. (*Ibid.*)

Here, there is no dispute that appellants untimely filed their returns for each of the years at issue. Consequently, the first limitations period does not apply. The second limitations period, expiring four years from the due date of each return for their respective tax years, would have expired no later than April 15, 2017 (for the 2012 tax year). Here, their filing of the returns in May of 2023 was outside the second limitations period as well.

Under the one-year statute of limitations period, the deadline for appellants to file a claim for refund is one year from the date of the overpayment. Here, by filing their claim for refund on May 1, 2023, only payments made on or after May 1, 2022, would be eligible for refund. Those amounts paid after May 1, 2022, in the amount of \$3,679.45 have already been refunded by respondent. All other payments made by appellants for the years at issue fall outside the one-year statute of limitations period.

Appellants argue that the taxes imposed by respondent were not properly measured by income earned for the years at issue, but “arbitrarily” determined through erroneous estimation techniques. While acknowledging their failure to file returns during the years at issue, appellants argue there were mitigating factors due to Mrs. Goetz’s debilitating and long-lasting illness which made her incapable of self-care, necessitating Mr. Goetz’s taking on the role of full-time caregiver during the years at issue. Appellants contend that Mrs. Goetz’s illness was so severe that Mr. Goetz was unable to operate his business and the couple were forced to rely on the generosity of family for their support which was the source of funds respondent levied. What is more, appellants assert that as Mrs. Goetz’s health was an ongoing impediment to their compliance, Mr. Goetz was diagnosed with a long-lasting illness.

The running of the statute of limitations may be suspended during any period where a taxpayer is “financially disabled.” A taxpayer is financially disabled if he or she 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. (R&TC, § 19316(b)(1).) A taxpayer shall not be considered financially disabled for any period during which that taxpayer’s spouse or any other person is legally authorized to act on that individual’s behalf in financial matters. (R&TC, § 19316(b)(2).) To prove financial disability, a taxpayer must provide a physician’s affidavit which identifies the disability period when the taxpayer was unable to manage his or her financial affairs. (*Appeal of Estate of Gillespie*, 2018-OTA-052P.)

Here, appellants' allegations focus predominantly on the health conditions of Mrs. Goetz and assert that the impediment to appellants fulfilling their tax obligations was Mr. Goetz's need to care for her. While the burden of caring for one's spouse during a period of extended and debilitating illness is undoubtedly significant, the suspension of the statute of limitations for financial disability does not extend to one spouse caring for another, even where the cared-for-spouse may individually qualify as financially disabled. As noted by R&TC section 19316(b)(2), "[a]n *individual* taxpayer shall not be considered to be 'financially disabled' for any period during which that individual's spouse or any other person is legally authorized to act on that individual's behalf in financial matters." (Italics added.) The suspension of the statute of limitations for "financial disability" is expressly evaluated on an *individual* basis. (R&TC, § 19316.) While Mr. Goetz is also alleged to have at some point been diagnosed with a life-threatening illness, there is no allegation that his condition rendered him financially disabled, as that term is understood in R&TC section 19316, during periods which even if established would be sufficient to suspend the statute of limitations for any period.

Undoubtedly, the consequences of the strict application of the statute of limitations can seem arbitrary and harsh. (See *Prussner v. United States* (7th Cir. 1990) 896 F.2d 218.) OTA is nevertheless bound by those limitations even when the tax at issue is alleged to have been erroneously, illegally, or even wrongly collected. (*Appeal of Estate of Gillespie, supra.*) Even when it can be established that respondent has based a tax on an estimate of income that is later proved inaccurate, there is no recourse to refund taxes paid when the claim for refund is untimely. (*Ibid.*) Without a timely refund claim, respondent does not have the statutory authority to refund amounts overpaid and OTA does not have statutory authority to require respondent to do so. (*Ibid.*)

HOLDING

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

DISPOSITION

Respondent's actions denying appellants' claims for refund are sustained in full.

Signed by:  
*Greg Turner*  
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Greg Turner  
Administrative Law Judge

We concur:  
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*Sheriene Anne Ridenour*  
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Sheriene Anne Ridenour  
Administrative Law Judge

Signed by:  
*Natasha Ralston*  
25F8FE08FF56478...  
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Natasha Ralston  
Administrative Law Judge

Date Issued: 10/16/2025