

**OFFICE OF TAX APPEALS**  
**STATE OF CALIFORNIA**

In the Matter of the Appeal of: ) OTA Case No. 241218370  
**N. EDWARDS** )  
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**OPINION**

Representing the Parties:

For Appellant: Kory LaPoint, E.A.

For Respondent: Arathi Ramalingam, Attorney

For Office of Tax Appeals: Kaavya Ramesh, Graduate Student Assistant

S. HOSEY, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, N. Edwards (appellant) appeals an action by the Franchise Tax Board (respondent) denying appellant’s claim for refund in the amount of \$20,595.75 and applicable interest for the 2021 tax year.

Appellant 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 appellant has established reasonable cause to abate the late filing penalty for the 2021 tax year.

**FACTUAL FINDINGS**

1. Appellant did not file a timely tax return for the 2021 tax year.
2. On May 14, 2024, respondent issued appellant a Request for Tax Return.
3. On June 18, 2024, appellant filed a California Resident Income Tax Return for the 2021 tax year.
4. On June 25, 2024, respondent issued appellant a Notice of Tax Return Change Revised Balance, which imposed the late filing penalty of \$20,595.75, plus applicable interest.

5. Appellant remitted payments to respondent to satisfy the balance due for the 2021 tax year.
6. On August 8, 2024, respondent received appellant's claim for refund, which asserted reasonable cause to abate the late filing penalty.
7. On November 20, 2024, respondent issued a Claim for Refund denial.
8. This timely appeal followed.

### DISCUSSION

California imposes a penalty for the failure to file a return on or before the due date, unless it is shown that the failure is due to reasonable cause and not due to willful neglect. (R&TC, § 19131(a).) When respondent imposes a penalty, the law presumes that the penalty was imposed correctly, and the burden of proof is on the taxpayer to establish otherwise. (*Appeal of Xie*, 2018-OTA-076P.) To overcome the presumption of correctness attached to the penalty, a taxpayer must provide credible and competent evidence supporting a claim of reasonable cause; otherwise, the penalty cannot be abated. (*Ibid.*) To establish reasonable cause, a taxpayer must show that the failure to file a timely return occurred despite the exercise of ordinary business care and prudence, or that cause existed as would prompt an ordinarily intelligent and prudent businessperson to have so acted under similar circumstances. (*Appeal of GEF Operating, Inc.*, 2020-OTA-057P.) It is well established that each taxpayer has a personal, non-delegable obligation to ensure the timely filing of a tax return. (*Appeal of Fisher*, 2022-OTA-337P.)

Illness or other personal difficulties may be considered reasonable cause if the taxpayer presents credible and competent proof that they were continuously prevented from filing a tax return. (*Appeal of Head and Feliciano*, 2020-OTA-127P.) However, if the difficulties simply cause the taxpayer to sacrifice the timeliness of one aspect of their affairs to pursue other aspects, the taxpayer must bear the consequences of that choice. (*Ibid.*) The taxpayer's selective inability to perform tax obligations, while participating in regular business activities, does not establish reasonable cause. (*Ibid.*)

For the 2021 tax year, appellant did not file her 2021 California Income Tax Return or remit payment by the April 15, 2022 due date. Appellant does not contest that she failed to timely file a tax return for the 2021 tax year, nor does she contest the computation of the late filing penalty. Rather, appellant requests that the late filing penalty be abated based on reasonable cause. Appellant states that she contracted COVID-19 in March 2022 and

experienced a protracted recovery period, while having to balance other challenging financial and personal difficulties.

While OTA is sympathetic to appellant’s circumstances, appellant did not provide any evidence to demonstrate a finding of reasonable cause, such as a report from a medical doctor, indicating how appellant’s health prevented her from filing a timely tax return. Appellant also did not provide any evidence of steps taken to timely file her return or that she was unable to timely file despite the exercise of ordinary business care and prudence. Appellant has not established reasonable cause to support abatement of the late filing penalty.

HOLDING

Appellant has not established reasonable cause to abate the late filing penalty for the 2021 tax year.

DISPOSITION

Respondent’s action denying appellant’s claim for refund is sustained.

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

We concur:

DocuSigned by:  
*Amanda Vassigh*  
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Amanda Vassigh  
Administrative Law Judge

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

Date Issued: 11/21/2025