

OFFICE OF TAX APPEALS
STATE OF CALIFORNIA

In the Matter of the Appeal of:)
D. SHELLEY) OTA Case No. 241218249
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OPINION

Representing the Parties:

For Appellant: D. Shelley

For Respondent: Ganeet Atwaal, Legal Analyst

K. SHELTON, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, D. Shelley (appellant) appeals an action by the Franchise Tax Board (respondent) denying appellant’s claim for refund of \$5,381 for the 2019 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’s claim for refund for the 2019 tax year is barred by the statute of limitations.

FACTUAL FINDINGS

1. Appellant did not timely file a Form 540, California Resident Income Tax Return (return) for the 2019 tax year.
2. Respondent issued appellant a Request for Tax Return because respondent received information from a third party indicating that appellant sold property located in California in the 2019 tax year and may have had an obligation to file a California income tax return. Appellant did not respond to the request.
3. Later, respondent issued appellant a Notice of Proposed Assessment (NPA). In the NPA, respondent informed appellant that it had received information on either a Form 1099-S, Proceeds from Real Estate Transactions, or a California Form 593, Real

Estate Withholding Tax Statement, that appellant had sold real property in California during the 2019 tax year and received proceeds totaling \$104,165.58.¹ Respondent estimated appellant's income and proposed an amount of appellant's total tax, which it reduced by a credit for withholding taxes paid of \$5,595 (credited to have been paid as of April 15, 2020), resulting in a proposed tax due of \$592, a late-filing penalty of \$148, and interest of \$84.31, for a total proposed amount due of \$824.31. Appellant did not respond to the NPA.

4. Respondent issued a series of notices to appellant, each reflecting an increasing amount due because of accumulating interest. The final notice stated a total balance of \$850.97.
5. On December 13, 2023, appellant paid the balance due of \$850.97.²
6. On August 27, 2024, appellant filed a return for the 2019 tax year, on which appellant reported total tax of \$214, claimed a withholding credit of \$5,595, and reported overpaid tax of \$5,381, for which appellant requested a refund.
7. Respondent accepted appellant's return as filed, treated the return as a claim for refund (claim), and abated the previously-assessed late-filing penalty. Because the claim was filed within one year of appellant's payment of \$850.97, respondent applied \$636.72 of this payment to appellant's 2021 tax year, and issued appellant a refund of \$227.56, which included a credit of \$13.31 for interest.
8. On November 12, 2024, respondent issued appellant a Statute of Limitations Notice, denying appellant's claim for refund of \$5,381 due to the statute of limitations.
9. Appellant timely filed this appeal.

¹ There is no Form 1099-S or Form 593 in OTA's record.

² This amount is not at issue because it was already paid to appellant.

DISCUSSION

If a taxpayer has made an overpayment of any personal income tax liability imposed under the California Personal Income Tax Law for any year, the amount of the overpayment may generally be credited against any amount due from the taxpayer and the balance may be refunded to the taxpayer. (R&TC, § 19301(a); *Appeal of Cornbleth*, 2019-OTA-408P.) However, the taxpayer cannot receive a credit or refund unless the taxpayer filed a claim for refund within the later of: (1) four years from the date the return was filed, if the return was timely filed within an extended due date; (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 the overpayment. (R&TC, § 19306(a).) Income tax withholdings are deemed paid on the original due date of the return. (R&TC, § 19002(c)(1).)

The due date for an individual taxpayer to have filed a return and paid the tax for the 2019 tax year was postponed from April 15, 2020 to July 15, 2020 due to the COVID-19 pandemic. (R&TC, §§ 18566, 19001.)³ The postponement of the return filing date and tax payment date does not extend the period within which the taxpayer could claim a refund, however. (*Appeal of Nguyen*, 2025-OTA-333P.)

The taxpayer has the burden of proof in showing entitlement to a credit or refund and that the claim is timely. (Cal. Code Regs., tit. 18, § 30219(a); *Appeal of Jacqueline Mairghread Patterson Trust*, 2021-OTA-187P.) The language of the statute of limitations must be strictly construed, and there is generally no reasonable cause or equitable basis for suspending the statutory period. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) OTA cannot overlook the untimeliness of a taxpayer's refund claim and can only grant relief if there is an exception to the statute of limitations. (See *Appeal of Estate of Gillespie*, 2018-OTA-052P.)

Exceptions to the statute of limitations for filing a refund claim include any period where a taxpayer is financially disabled, that is, unable to manage his or her financial affairs due to 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, and the taxpayer has no spouse or other legally authorized person to act on the taxpayer's behalf. (R&TC, § 19316.)

Appellant's 2019 return was due to be filed on July 15, 2020 (because of the postponement of the original due date as noted above), but appellant filed the return on

³ See www.ftb.ca.gov/about-ftb/newsroom/news-releases/2020-5-april-15-tax-day-postponed-until-july-15-2020.html.

August 27, 2024; therefore, appellant did not file the 2019 return timely. Accordingly, the period within which appellant was required to file the claim for refund with respect to the 2019 tax year ended on the later of either (a) four years from the original due date for filing the 2019 return, or (b) one year from the date of the overpayment. (R&TC, § 19306(a).)

Four years after the original due date for filing the 2019 return was April 15, 2024; however, appellant filed the claim for refund on August 27, 2024, which is more than four years after the original due date for filing the return of April 15, 2020. Appellant's withholdings were deemed paid on April 15, 2020, and one year from the date of the payment was April 15, 2021. However, appellant filed the claim for refund on August 27, 2024, which is more than one year after the payment. Therefore, appellant's claim was untimely under R&TC section 19306(a).

Appellant does not dispute that the claim for refund was filed on August 27, 2024, which is after the expiration of the period of limitations for the 2019 tax year. Instead, appellant asserts that the deadline for filing a claim for refund of the overpayment was extended to October 15, 2024, due to respondent's postponement of the return filing deadline for the COVID-19 pandemic. However, the postponement of the return filing and payment dates due to the COVID-19 pandemic did not change the original filing due date of April 15, 2020, upon which the four-year statute of limitations for refund claims is based. (*Appeal of Nguyen, supra.*)

Appellant also asserts that the filing of appellant's 2019 tax year return was due to "COVID related illness in my family." As noted above, the only exception that could potentially allow appellant a refund for an untimely-filed refund claim is that appellant was financially disabled. However, appellant does not provide any evidence of financial disability during the time that the refund claim was due, that is, appellant does not provide any facts indicating an inability to manage financial affairs due to a medical or mental impairment, and that appellant had no spouse or other legally authorized person to act on appellant's behalf. (R&TC, § 19316.)

Appellant's failure to file a claim within the period of limitations bars appellant from later receiving a refund. (See *Appeal of Estate of Gillespie, supra.*) Although the result of fixed deadlines may appear harsh, the occasional harshness is redeemed by the clarity imparted. (*Appeal of Jacqueline Mairghread Patterson Trust, supra.*) For these reasons, appellant's claim for credit or refund for the 2019 tax year is barred under the statute of limitations described in R&TC section 19306(a).

HOLDING

Appellant's claim for refund for the 2019 tax year is barred by the statute of limitations.

DISPOSITION

OTA sustains respondent's action denying appellant's claim for refund.

Signed by:

L. Katrine Shelton

L. Katrine Shelton

Administrative Law Judge

We concur:

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Erica Parker

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Erica Parker

Hearing Officer

DocuSigned by:

Sara A. Hosey

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Sara A. Hosey

Administrative Law Judge

Date Issued: 12/30/2025