OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

In the Matter of the Appeal of: **A. TERRAZAS AND** **G. OLVERA**	OTA Case No. 250923340

OPINION

Representing the Parties:

For Appellants: A. Terrazas and G. Olvera

For Respondent: David Cortez, Analyst

For Office of Tax Appeals: Oliver Pfost, Attorney

K. LONG, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, A. Terrazas and G. Olvera (appellants) appeal an action by the Franchise Tax Board (respondent) denying appellants' claim for refund of $37,760.44 for the 2019 tax year.

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 2019 tax year is barred by the statute of limitations.

FACTUAL FINDINGS

1. Respondent obtained information indicating appellants realized income in the 2019 tax year; however, because respondent did not have on file a California income tax return from appellant A. Terrazas or appellant G. Olvera, respondent separately issued to each appellant a Request for Tax Return.[1] Appellants could respond to the request by filing a

[1] Respondent's Integrated Non-Filer Compliance program obtains information from various sources to identify individuals who may have income but did not file a California income tax return.

return, proving a return had already been filed, or explaining why a return was not necessary.

2. Respondent did not receive a response to either Request for Tax Return and subsequently issued to each appellant a Notice of Proposed Assessment (NPA). The NPA issued to appellant A. Terrazas was based on an estimate of income and proposed tax of $26,153, a late-filing penalty of $6,538.25, and applicable interest. The NPA issued to appellant G. Olvera was based on an estimate of income and proposed a net tax liability of $836, a late-filing penalty of $209, and applicable interest.[2]
3. The NPAs issued to each appellant went final, i.e., due and payable, when appellants did not protest the NPAs.
4. Through collection action and voluntary payments, respondent obtained the following payments for the 2019 tax year: $10,400 on April 26, 2022; $912.48 on November 4, 2022; $530.85 on November 14, 2022; $24,274.61 on June 7, 2023; and $1,517.92 on July 18, 2023. These payments were credited to appellant A. Terrazas's taxpayer account.
5. On August 4, 2025, appellants filed a 2019 California Resident Income Tax Return with the filing status of married filing jointly. Appellants reported total tax of $1,734, income tax withholding of $2,190, and a refund due of $456.
6. Respondent accepted the return as filed, treating it as a claim for refund of $37,760.44.
7. Respondent issued a notice denying the refund in its entirety, based on its determination the claim had been received after the statute of limitations had expired.
8. Appellants timely filed this appeal.

DISCUSSION

California law generally requires that taxpayers file a claim for refund by the later of the following dates: (1) four years from the date the return is filed, if filed within an extension period; (2) four years from the due date of the return, without regard to extensions; or (3) one year from the date of overpayment. (R&TC, § 19306(a).) California state income tax returns for individuals are due on the fifteenth of April following the close of the calendar year. (R&TC, § 18566.) For purposes of the one-year statute of limitations, any tax deducted and withheld during any calendar year is deemed to have been paid on the original due date for filing the return. (R&TC, § 19002(c)(1).)

[2] The net tax liability of $836 is the difference between respondent's proposed total tax of $3,026 and income tax withholding previously paid to respondent of $2,190.

Appellants did not file a return within an extension period. Therefore, the second four-year statute of limitations applies. The original due date for individual income tax returns for the 2019 tax year is April 15, 2020.[3] Four years from the original due date is April 15, 2024. Here, appellants filed their claim for refund on August 4, 2025, which is more than four years after the original due date for 2019 individual income tax returns. Thus, appellants' claim for refund is barred by the second four-year statute of limitations.

Under the one-year statute of limitations, any payment made or obtained one year prior to August 4, 2025, would be within the statute of limitations. Here, appellants' final payment was on July 18, 2023, and withholdings are deemed paid on April 15, 2020, which are all more than one year from the date of appellants' claim for refund. Thus, all of appellants' payments and withholdings are barred by the one-year statute of limitations.

Appellants explain they tried in good faith to file a return before August 4, 2025, but the tax professionals they relied on failed on several occasions to complete and file their return. After two unsuccessful experiences with tax professionals, appellants found success with a third tax professional who completed their 2019 individual income tax return and filed it on their behalf.

The language of the statute of limitations is explicit and must be strictly construed. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) The failure to file a claim for refund within the statute of limitations period bars a refund, even if it is later shown the tax was not owed in the first place. (*Ibid*.) There is no statutory authority to grant a time-barred refund based on reasonable cause. (*Ibid*.) Nor is there a basis to toll or suspend the statute of limitations for equitable considerations, such as to avoid a harsh result. (*Ibid*.) A taxpayer's failure, for whatever reason, to file a claim for refund within the statutory period prevents the taxpayer from doing so at a later date. (*Ibid*.) Therefore, appellants' claim for refund is barred by the statute of limitations.

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[3] Due to the COVID-19 pandemic, for the 2019 tax year, FTB granted taxpayers a filing extension until July 15, 2020, pursuant to R&TC section 18526. However, despite this extension, the four-year statute of limitations period for the purpose of filing a claim for a refund still expired on April 15, 2024, because R&TC section 18527 does not grant FTB the authority to alter the statutorily prescribed filing deadlines set forth in R&TC section 18566. (*Appeal of Bannon*, 2023-OTA-096P.)

HOLDING

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

DISPOSITION

Respondent's action is sustained.

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Keith T. Long
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Keith T. Long
Administrative Law Judge

We concur:

Signed by:
Veronica I. Long
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Veronica I. Long
Administrative Law Judge

DocuSigned by:
Steven Kim
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Steven Kim
Administrative Law Judge

Date Issued: 4/29/2026