OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

In the Matter of the Appeal of: **R. MORRIS AND** **G. MORRIS**	OTA Case No. 240115167

OPINION

Representing the Parties:

For Appellants: R. Morris

For Respondent: Jeffrey Gates, Attorney
Christopher Tuttle, Attorney

T. STANLEY, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, R. Morris and G. Morris (appellants) appeal an action by respondent Franchise Tax Board (FTB) denying appellants' claim for refund of $2,614 for the 2018 taxable year.

Office of Tax Appeals (OTA) Panel Members Teresa A. Stanley, Steven Kim, and Erica Parker held a virtual oral hearing for this matter on July 22, 2025. At the conclusion of the hearing, OTA held the record open for appellants to submit a document referenced during R. Morris's testimony. After briefing was concluded, OTA closed the record, and this matter was submitted for an opinion pursuant to California Code of Regulations, title 18, section 30209(b).

ISSUE

Is appellants' claim for refund for 2018 barred by the statute of limitations?

FACTUAL FINDINGS

1. Appellants filed a timely, original California Resident Income Tax return (return) on August 1, 2019, reporting total tax of $13,556, withholding credits of $1,369, tax due of $12,187, and a penalty of $149 for underpayment of estimated tax (estimate penalty). Appellants paid the $12,336 balance on April 15, 2019.
2. On December 11, 2023, appellants filed an amended return reporting revised total tax of $10,942 and an estimate penalty of $149.

3. FTB accepted the amended return as filed and denied appellants' claim for refund of $2,614[1] due to the expiration of the statute of limitations.
4. Appellants timely appealed FTB's action.
5. On appeal, appellants submit a proposed decision titled Before the Board of Retirement Marin County Employees' Retirement Association, In the Matter of the Application for Service-Connected Disability Retirement of R. Morris, dated March 30, 2023. The decision granted R. Morris's claim for disability retirement beginning in early 2018.[2]

DISCUSSION

With certain exceptions not at issue here, 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 for the year at issue (determined without regard to any extension of time to file); or (3) one year from the date of overpayment. (R&TC, § 19306(a).) Taxpayers have the burden of proof to show entitlement to a refund and that the claim is timely. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) There is no reasonable cause or equitable basis for suspending the statute of limitations. (*Ibid*.) If taxpayers fail to file a claim for refund within the statute of limitations, the claim is barred even if the tax is alleged to have been erroneously, illegally, or wrongfully collected. (*Ibid*.)

Appellants filed their original 2018 return within the automatic extension period on August 1, 2019.[3] Therefore, the first four-year statute of limitations period expired four years from the filing date, on August 1, 2023. The second four-year statute of limitations period runs from the original due date for appellants' 2018 return, and thus expired on April 15, 2023, which is four years from the original due date of the return on April 15, 2019. (R&TC, §§ 19306(a), 18566.) Appellants, however, filed their amended return (which is their claim for refund) on December 11, 2023, which is beyond the later of the four-year statute of limitations periods prescribed in R&TC section 19306(a).

Regarding the one-year statute of limitations, appellants' withholding credits of $1,369 are deemed paid on the original due date for the return, April 15, 2019. (R&TC, § 19002(c)(1).)

---

[1] Payments of $13,705 less revised tax and penalty of $11,091 equals $2,614.

[2] Amounts received by a taxpayer for personal injuries or sickness are generally not included in gross income. (Internal Revenue Code, § 104(a)(1); R&TC, § 17131.)

[3] FTB allows an automatic six-month extension to file a return. (Cal. Code Regs., tit. 18, § 18567(a).)

Appellants also made a return payment on April 15, 2019. Thus, to be within the one-year statute of limitations, appellants must have filed a claim for refund on or before April 15, 2020. As they filed the amended return on December 11, 2023, appellants' claim for refund is barred by the one-year statute of limitations.

Appellants assert that R. Morris filed a claim for disability retirement in early 2018. Appellants contend that a decision on the claim was initially delayed due to employee turnover at the Marin County Employees' Retirement Association, while further delays were caused by the COVID-19 pandemic. Appellants contend that the claim was originally denied, and they had to appeal the matter to the Office of Administrative Hearings (OAH). OAH approved the claim on or about March 30, 2023. Appellants assert that they did not receive the revised 1099-Rs (Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.) until September 2023, and that it took their accountant three or four months after that to file amended returns for 2018 through 2022. R. Morris testified that the IRS also denied appellants' claim for refund for taxable year 2018 based on expiration of the statute of limitations but appellants filed as many as four appeals, all of which the IRS denied.

While OTA is sympathetic to appellants' circumstances and the delays that were beyond their control, such as the initial denial of R. Morris's claim for disability retirement, the length of the process, and the delay in receiving amended 1099-Rs, reasonable cause does not extend the statute of limitations. (*Appeal of Benemi Partners, L.P.*, *supra*.) Consequently, OTA cannot grant appellants' claim for refund as it is time barred.

HOLDING

Appellants' claim for refund for 2018 is barred by the statute of limitations.

DISPOSITION

OTA sustains FTB's action denying appellants' claim for refund.

DocuSigned by:
0CC6C6ACCC6A44D...
Teresa A. Stanley
Administrative Law Judge

We concur:

DocuSigned by:
5DD7EE644397430...
Steven Kim
Administrative Law Judge

DocuSigned by:
6651E0AAC34B4F6...
Erica Parker
Hearing Officer

Date Issued: 11/25/2025