OFFICE OF TAX APPEALS

STATE OF CALIFORNIA

In the Matter of the Appeal of:

G. SINGH AND
R. SANDHU

OTA Case No. 250923162

OPINION

Representing the Parties:

For Appellants: G. Singh
R. Sandhu

For Respondent: Rosemary Villasenor, Associate Governmental Program Analyst

For Office of Tax Appeals: Nguyen Dang, Attorney

K. SHELTON, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, G. Singh and R. Sandhu (appellants) appeal an action by the Franchise Tax Board (respondent) denying appellants' claim for refund of $4,929 for the 2020 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 2020 tax year is timely under R&TC section 19306.

FACTUAL FINDINGS

1. Appellants did not timely file a return for the 2020 tax year. Respondent, however, received information from third parties indicating that appellant G. Singh received income in the 2020 tax year and may have had a requirement to file a return. Accordingly, respondent issued appellant G. Singh a Request for Tax Return (Request) for the 2020 tax year. Appellants did not respond to the Request.

2. Respondent subsequently issued appellant G. Singh a Notice of Proposed Assessment (NPA), in which respondent estimated appellant's income and proposed taxes due, a late-filing penalty, and interest. Appellants did not respond to the NPA; accordingly, respondent assessed the taxes, penalty, and interest, and issued notices of balance due, and began collection action against appellant G. Singh for the balance due.
3. Respondent received five payments of appellants' balance due for the 2020 tax year between August 28, 2024 and October 23, 2024. On June 4, 2025, respondent transferred appellants' credit from the 2021 tax year to their 2020 tax year.
4. On May 23, 2025, appellants filed a Form 540 California Resident Income Tax Return (Return) for the 2020 tax year. On the Return, appellants claimed an overpayment of $5,261. Respondent treated the 2020 Return as a claim for refund. On June 11, 2025, respondent sent appellants a Statute of Limitations Notice in which respondent determined that appellants had an overpayment of $12,426.78 and were entitled to a refund of $7,497.78 for the payments made and credits made within one year of their refund claim, but denied their refund claim with respect to the remaining $4,929 because it was barred by the statute of limitations.
5. This appeal timely followed.

DISCUSSION

If a taxpayer has an overpayment of an income tax liability, no credit or refund will be allowed unless the taxpayer files 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 pursuant to an extension of time to file; (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).)

A taxpayer's untimely filing of a claim for refund for any reason bars the refund even if the tax is alleged to have been erroneously, illegally, or wrongfully collected. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) The language of the statute of limitations must be strictly construed. (*Ibid*.) OTA can only grant relief if there is an exception to the statute of limitations. (*Appeal of Estate of Gillespie*, 2018-OTA-052P.)

Appellants do not dispute that they filed their claim for refund for the 2020 tax year untimely. Instead, appellants argue that their claim for refund should not be disallowed because they were unable to timely file their 2020 Return as the direct result of a significant medical hardship that occurred in the 2020 tax year, specifically a medical emergency due to COVID-19 that required hospitalization multiple times. Thus, OTA need not consider whether the claim for refund was timely but will consider whether any exception to the expired period of limitations applies that would allow appellants to receive the claimed refund.

One exception that allows for the statutory period for filing a refund claim to be suspended is when a taxpayer is financially disabled. (R&TC, § 19316(a).) A financial disability occurs when a taxpayer 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. (R&TC, § 19316(b)(1).) A taxpayer does not qualify for the financial disability exception if the taxpayer has a spouse or other person who is legally authorized to act on the taxpayer's behalf. (R&TC, § 19316(b)(2).) The period of financial disability, that is, when the taxpayer suffered the physical or mental health impairments, must overlap with the period when the taxpayer could have filed a refund claim under R&TC section 19306. (*Appeal of Meek* (2006-SBE-001) 2006 WL 864344.)

OTA now turns to consider whether appellants qualify for the financial disability exception to the statute of limitations under R&TC section 19316. For the financial disability exception to apply, appellant's physical impairments must have overlapped with the period during which appellants could have filed a refund claim. The period during which appellants could have filed the refund claim began on May 17, 2021, which was the due date for filing the 2020 Return,[1] and ended on April 15, 2025, which was four years from the due date of the Return.[2] (*Appeal of Meek*, *supra*; R&TC, §§ 18566, 19306.) Appellants indicate that one appellant suffered from a severe medical emergency during the 2020 year that required multiple hospitalizations, but have provided no facts indicating that appellant's physical health impairment extended into the period during which the refund claim could have been filed. Thus, appellant's medical condition does not qualify for the financial disability exception under R&TC section 19316.

Appellants have not provided any facts indicating that appellant suffered from the physical impairments during the time that appellants could have filed the refund claim and,

[1] Respondent postponed the original return filing date from April 15 to May 17, 2021 due to the COVID-19 pandemic. However, the postponement of the return due date did not impact the due date for filing the return of April 15, 2021, on which the statute of limitations in R&TC section 19306(a) is based. (*Appeal of Nguyen*, 2025-OTA-333P.)

[2] Respondent refunded only those payments that were made in the 2024 and 2025 tax years, as noted above. Therefore, the period during which appellants could have filed their claim for refund is determined under the second test of R&TC section 19306.

therefore, there are no facts that would support the financial disability exception to the barred statute of limitations.

HOLDING

Appellants' claim for refund for the 2020 tax year is untimely under R&TC section 19306.

DISPOSITION

Respondent's determination is affirmed.

Signed by:
L. Katrine Shelton
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L. Katrine Shelton
Administrative Law Judge

We concur:

Signed by:
E407D7E70D3E41C...
Hans Famularo
Administrative Law Judge

Signed by:
Veronica I. Long
32D46B0C49C949F...
Veronica I. Long
Administrative Law Judge

Date Issued: 5/27/2026