

In the Matter of the Appeal of: ) OTA Case No. 250118586  
A. WOO AND )  
C. WOO )  
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Whether appellants' claims for refund for the 2018 and 2019 tax years are barred by the statute of limitations.

FACTUAL FINDINGS2018 Tax Year

1. Appellants did not timely file a 2018 California income tax return (return). Respondent received evidence that appellants may have received sufficient income in 2018 to require appellants to file a return.
2. Therefore, respondent issued a Demand for Return (demand) to appellant-husband on April 12, 2022. The demand requested that appellant-husband file a 2018 return, provide evidence that appellant-husband had already filed a 2018 return, or provided evidence to show that appellant-husband was not required to file a 2018 return. The demand gave appellant-husband until May 18, 2022, to respond.
3. After appellant-husband did not respond to the demand, respondent issued to him a Notice of Proposed Assessment (NPA) on June 10, 2022, proposing a tax assessment, a late filing penalty, a demand penalty, a filing enforcement fee, and interest. Appellants did not respond to the NPA and it became final.
4. On September 6, 2022, respondent issued appellants a State Income Tax Balance Due Notice stating that appellants must pay the balance due by September 21, 2022, or respondent may begin collection action. Respondent subsequently issued an Order to Withhold to a bank where appellant-husband had an account, stating that respondent intended to begin involuntary collection action. Subsequently, respondent imposed a collection cost recovery fee of \$316.
5. On October 2, 2024, appellants filed a 2018 return using a filing status of married filing jointly, reporting no tax due. Respondent accepted appellants' return as filed, abated the late filing penalty, the demand penalty, and the filing enforcement collection fee resulting in an overpayment of \$3,980 for the 2018 tax year.
6. Respondent treated appellants' return as claim for refund which, respondent denied because it was barred by the statute of limitations.

2019 Tax Year

7. Appellants did not timely file a 2019 return. Respondent received evidence that appellants may have received sufficient income in 2019 to require appellants to file a return.
8. Therefore, respondent issued a demand to appellant-husband on May 9, 2023. The demand requested that appellant-husband file a 2019 return, provide evidence that appellant-husband had already filed a 2019 return, or provided evidence to show that

- appellant-husband was not required to file a 2019 return. The demand gave appellant-husband until June 14, 2023, to respond.
9. After appellant-husband did not respond to the demand in the manner prescribed, respondent issued an NPA on September 22, 2023, proposing a tax assessment, a late filing penalty, a demand penalty, a filing enforcement fee, and interest. Appellants did not respond to the NPA and it became final.
  10. On December 18, 2023, respondent issued appellants a State Income Tax Balance Due Notice stating that appellants must pay the balance due by January 2, 2024, or respondent may begin collection action. On May 8, 2024, a payment of \$731.21 was transferred from appellants' 2023 tax year account to appellants' 2019 account.
  11. On October 4, 2024, appellants filed a 2019 return using a filing status of married filing jointly, reporting no tax due. Respondent accepted appellants' return as filed, abated the late filing penalty, the demand penalty, and the filing enforcement collection fee resulting in an overpayment of \$6,069.21<sup>1</sup> for the 2018 tax year.
  12. Respondent treated appellants' return as claim for refund. Respondent refunded \$734.09<sup>2</sup> to appellants because the payment had been made within one-year of appellants' claim for refund. Respondent denied the remainder of the claim for refund because it was barred by the statute of limitations.

### DISCUSSION

The statute of limitations to file a claim for refund is set forth in R&TC section 19306(a), which provides that no credit or refund shall 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 the return (determined without regard to any extension of time to file); or (3) one year from the date of the overpayment. Taxpayers have the burden of proving entitlement to a refund and that the claim is timely. (Cal. Code Regs., tit. 18, § 30219(a); *Appeal of Estate of Gillespie*, 2018-OTA-052P.)

Appellants do not dispute that their refund claims were untimely filed. Rather, appellants assert that they experienced personal hardships and challenges due to the COVID-19 pandemic, appellant-husband's health issues and a failed computer hard drive which caused appellants to file their 2018 and 2019 tax returns late.

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<sup>1</sup> This amount is comprised of the overpayment of \$5,338 plus the transferred payment of \$731.21.

<sup>2</sup> This amount comprised of the transferred payment of \$731.21 plus interest of \$2.88.

However, the language of R&TC section 19306 is explicit and must be strictly construed. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) There is no reasonable cause or equitable basis to suspend the statute of limitations. (*Ibid.*) Appellants' untimely filing of a claim for any reason bars a refund, even when it is later shown that the tax was not owed in the first place. (*Ibid.*) Although OTA is sympathetic to appellants' circumstances, OTA lacks the legal authority to grant appellants' untimely refund claims based on equitable grounds. (*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 Benemi Partners, L.P., supra.*) Thus, appellants' claims for refund for the 2018 and 2019 tax years are barred by the statute of limitations.

R&TC section 19316(a) provides a narrow exception for suspending the statute of limitations during the period in which an individual taxpayer is financially disabled (as defined in R&TC section 19316(b)) if the taxpayer can establish financial disability in accordance with the procedures and requirements specified by respondent. Pursuant to R&TC section 19316(b), a taxpayer is considered "financially disabled" if: (1) the taxpayer is unable to manage their financial affairs by reason of 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 (2) there is no spouse or other legally authorized person to act on the taxpayer's behalf in financial matters during the relevant period. Respondent imposes the additional requirement that a taxpayer submit an affidavit from a physician that identifies the period during which the taxpayer's impairment rendered the taxpayer incapable of managing their financial affairs. (*Appeal of Estate of Gillespie, supra.*)

Appellants have not provided evidence to show that appellant-husband's health issues constituted a medically determinable physical impairment that would impact his ability to manage his financial affairs during the relevant time period. Furthermore, appellants have not provided the required physician affidavit to establish the period during which appellant-husband was incapable of managing his affairs. In addition, no evidence shows for how long appellant-husband was unable to handle his financial affairs. Moreover, appellants have not explained whether appellant-wife was unable to act on their behalf in financial matters during the relevant period. Thus, appellants have failed to show that the statute of limitations may be tolled due to financial disability.

HOLDINGS

Appellants' claims for refund for the 2018 and 2019 tax years are barred by the statute of limitations.

DISPOSITION

Respondent's actions denying appellants' claims for refund for the 2018 and 2019 tax years are sustained.

Signed by:  
*Natasha Ralston*  
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Natasha Ralston  
Administrative Law Judge

We concur:

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*Amanda Vassigh*  
7B17E958B7C14AC...  
Amanda Vassigh  
Administrative Law Judge

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

Date Issued: 6/18/2026