

**OFFICE OF TAX APPEALS
STATE OF CALIFORNIA**

In the Matter of the Appeal of:	)	OTA Case No. 241117982
	)	
LIGHTHOUSE LAW GROUP,	)	
A PROFESSIONAL CORPORATION	)	
	)	
	)	

OPINION

Representing the Parties:

For Appellant:	Thomas Lee, Representative
For Respondent:	Nancy Parker, Attorney
For Office of Tax Appeals:	Grant Thompson, Attorney

K. SHELTON, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, Lighthouse Law Group, A Professional Corporation (appellant) appeals actions by the Franchise Tax Board (respondent) denying appellant's claims for refund for the 2017 and 2018 tax years.¹

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 claims for refund for the 2017 and 2018 tax years are barred by the statute of limitations or because appellant's corporate powers were suspended.

FACTUAL FINDINGS

1. Appellant was incorporated in California in 2013.
2. Appellant did not timely file a Form 100, California Corporation Franchise or Income tax Return (Return) for either the 2017 or 2018 tax years.

¹ Appellant also sought to file an appeal for the 2016 tax year. However, appellant did not provide a notice of refund denial or other document issued by respondent that would allow OTA jurisdiction over the 2016 tax year.

3. On April 15, 2017, appellant made an \$800 estimated tax payment for the 2017 tax year. On October 16, 2017, respondent carried over a credit of \$1,977 from appellant's 2016 tax year and treated it as an estimated tax payment for the 2017 tax year.
4. On April 13, 2018, appellant made an \$800 estimated tax payment for the 2018 tax year.
5. On July 8, 2021, respondent issued appellant a Final Notice Before Suspension or Forfeiture (Final Notice) informing appellant that it must immediately pay the full balance due on its income taxes and file a Return for the 2018 tax year or that its corporate powers would be suspended. Appellant did not respond to the Final Notice and, accordingly, on October 1, 2021, respondent suspended appellant's corporate powers due to unpaid taxes and the failure to file a Return for the 2018 tax year.
6. On June 13, 2023, appellant made a payment of \$3,355.35 for the 2018 tax year.
7. On August 7, 2023, appellant filed a Return for the 2018 tax year that reported total tax of \$800; however, the Return did not reflect appellant's payment of \$3,355.35 or claim a refund. Respondent processed appellant's 2018 Return, accepted the reported total tax of \$800, and treated the 2018 Return as a claim for refund.²
8. On November 15, 2023, appellant filed a Return for the 2017 tax year that reported total tax of \$800, but did not reflect either the credit of \$1,977 that respondent transferred from the 2016 tax year or a refund claimed by appellant. Respondent processed appellant's 2017 Return, accepted the reported total tax of \$800, and treated the 2017 Return as a claim for refund.³
9. On August 12, 2024, respondent revived appellant's corporate powers.
10. Subsequently, respondent issued appellant a notice for each of its 2017 and 2018 tax years in which it denied each claim for refund as each claim was barred by the statute of limitations.
11. This timely appeal followed.

DISCUSSION

A taxpayer is generally required to file a refund claim by the later of: (1) four years from the date the return is filed if filed within the extended filing period pursuant to an extension of time to file; (2) four years from the due date of the return without regard to any extensions; or (3)

² Respondent treated appellant's 2018 Return as a claim for refund notwithstanding the fact that it did not reflect an actual refund claim. Appellant has not raised this fact as an issue.

³ Respondent treated appellant's 2017 Return as a claim for refund notwithstanding the fact that it did not reflect an actual refund claim. Appellant has not raised this fact as an issue.

one year from the date of overpayment. (R&TC, § 19306(a).) The taxpayer has 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.)

The due date for appellant's 2017 Return was April 15, 2018.⁴ (R&TC, § 18601(a).) Under the four-year statute of limitations, appellant was entitled to claim a refund on or before April 15, 2022. (R&TC, § 19306(a).) However, appellant filed the claim for refund on November 15, 2023, which was after the expiration of the four-year statute of limitations. Appellant made an \$800 estimated tax payment for the 2017 tax year on April 15, 2017. On October 16, 2017, respondent allowed appellant to carry over a credit of \$1,977 from the 2016 tax year to the 2017 tax year as an estimated tax payment. Both payments are deemed to have been made by appellant as of April 15, 2018. (R&TC, § 19002(c)(1), (c)(2).) The one-year statute of limitations expired one year after the deemed date of the payment, or April 15, 2019. (R&TC, § 19002(c)(1), (c)(2).) Appellant's claim for refund for the 2017 tax year is, therefore, untimely under the one-year statute of limitations.

The due date for appellant's 2018 Return was April 15, 2019. (R&TC, § 18601(a).) However, appellant did not file the claim for refund until August 7, 2023, which was after the expiration of the four-year statute of limitations. (R&TC, § 19306(a).) Appellant made a payment of \$3,355.35 on June 13, 2023. The one-year statute of limitations expired one year after the date of the payment, or June 13, 2024. (R&TC, § 19002(c)(1), (c)(2).) Appellant's claim for refund for the 2018 tax year that if filed on August 7, 2023, was, therefore, timely under the one-year statute of limitations. (R&TC, § 19306(a).)

As noted above, appellant's corporate powers were suspended as of October 1, 2021, and revived on August 12, 2024. Thus, OTA must consider whether appellant had capacity when it filed its claim for refund for the 2018 tax year on August 7, 2023.

A corporation's powers may be suspended by respondent for the failure to pay any tax, penalty, interest due, or for failing to file a return. (R&TC, §§ 23301, 23301.5.) During the time that a corporation's powers are suspended, the corporation cannot exercise its various rights, powers, and privileges. (*Ibid.*) One such power that a corporation cannot exercise while its corporate powers have been suspended is the power to claim a refund. (Legal Ruling No. 184, 1957 WL 1220 (Ruling).) A claim for refund that is filed by a suspended corporation is not a valid claim for refund unless the corporation's powers are revived prior to the expiration of the

⁴ The Return would have been deemed timely if it were filed on or before April 18, 2018, due to a holiday.

statute of limitations. (*Appeal of Cornerstone Compounding Pharmacy, Inc.*, 2021-OTA-196P (*Cornerstone*).)

After a corporation satisfies its legal obligations with respondent, such as filing all of its returns and paying its taxes, the corporation may request relief from the suspension of its corporate powers from respondent. (R&TC, § 23305.) Once respondent issues a certificate of revivor to a corporation, the corporation “shall become reinstated but the reinstatement shall be without prejudice to any action, defense or right which has accrued by reason of the original suspension. . . .” (R&TC, § 23305a.) While the revival of a corporation’s powers “validates any procedural steps taken on behalf of the corporation while it was under suspension,” the statute of limitations is not a procedural step but, rather, “is regarded as a substantive defense.” (*Cornerstone, supra*, citing *Benton v. County of Napa* (1991) 226 Cal.App.3d 1485, 1490 (*Benton*).) The revival of the corporation’s powers “after the statute of limitations has run will not save the barred action, even if the action would otherwise have been timely.” (*Cornerstone, supra*, citing *Tabarrejo v. Superior Court* (2014) 232 Cal.App.4th 849, 863.) Thus, a refund claim that a taxpayer files during the time its corporate powers were suspended may be retroactively validated only if the taxpayer regains its powers *before* the expiration of the applicable period for filing a refund claim under the statute of limitations. (Ruling, *supra*; see *Cornerstone, supra*.)

Appellant filed its claim for refund for the 2018 tax year on August 7, 2023, but its corporate powers were not revived until August 12, 2024. Thus, at the time appellant filed its claim for refund, appellant’s corporate powers were suspended. The subsequent revivor of appellant’s powers occurred after the time that the statute of limitations expired for appellant to file its refund claim. Accordingly, the refund claim for the 2018 tax year was invalid at the time that appellant filed it and the later revivor of its corporate powers had no impact because the refund was already barred by the statute of limitations.⁵ (Ruling, *supra*; see *Cornerstone, supra*.)

⁵ Appellant states that it was advised by a representative of respondent to file an appeal with OTA. Other than appellant’s contention, the appeal record does not indicate what respondent’s representative advised appellant. There is no evidence or argument that respondent advised appellant to delay filing its Return for either the 2017 and 2018 tax year, and there is no basis to find that the requirements for equitable estoppel are satisfied. (See *Appeal of Wheat* (83-SBE-140) 1983 WL 15535.)

HOLDING

Appellant's claim for refund for the 2017 tax year is barred by the statute of limitations. Appellant's claim for refund for the 2018 tax year is barred because appellant's corporate powers were suspended.

DISPOSITION

Respondent's actions are sustained.

Signed by:

L. Katrine Shelton

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L. Katrine Shelton
Administrative Law Judge

We concur:

Signed by:

Josh Lambert

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Josh Lambert
Administrative Law Judge

Signed by:

Natasha Ralston

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Natasha Ralston
Administrative Law Judge

Date Issued: 6/24/2026