

**OFFICE OF TAX APPEALS**  
**STATE OF CALIFORNIA**

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| In the Matter of the Appeal of:    | ) | OTA Case No. 240415924 |
| <b>NATURAL HEALING CENTER, LLC</b> | ) |                        |
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**OPINION ON PETITION FOR REHEARING**

Representing the Parties:

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| For Appellant: | Matthew J. McCullough, EA |
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| For Respondent: | Andrea Watkins, Attorney |
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T. STANLEY, Administrative Law Judge: On February 4, 2026, the Office of Tax Appeals (OTA) issued an Opinion sustaining the actions of respondent Franchise Tax Board (FTB) denying appellant's claims for refund for taxable years 2018, 2019, and 2020. In the Opinion, OTA held that appellant had not established reasonable cause to abate the late-payment penalties or any basis to abate the penalties for underpayment of estimated tax.

On March 6, 2026, appellant timely filed a petition for rehearing (petition) with OTA under Revenue and Taxation Code (R&TC) section 19334. Upon consideration of appellant's petition, OTA concludes that the ground set forth in this petition does not constitute a basis for granting a new hearing.

OTA will grant a rehearing where one of the following grounds for a rehearing exists and materially affects the substantial rights of the party seeking a rehearing: (1) an irregularity in the appeal proceedings which occurred prior to issuance of the Opinion and prevented fair consideration of the appeal; (2) an accident or surprise, occurring during the appeal proceedings and prior to the issuance of the Opinion, which ordinary caution could not have prevented; (3) newly discovered evidence, material to the appeal, which the party could not have reasonably discovered and provided prior to issuance of the Opinion; (4) insufficient evidence to justify the Opinion; (5) the Opinion is contrary to law; or (6) an error in law in the OTA appeals hearing or proceeding. (Cal. Code Regs., tit. 18, § 30604(a)(1)-(6); *Appeal of Shanahan*, 2024-OTA-040P.)

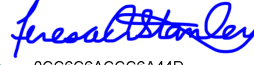
Appellant's petition for rehearing does not expressly state any ground for granting a rehearing. Rather, appellant restates its factual assertions which OTA interprets to mean that appellant believes that the evidence does not support the holding in the Opinion.

To find that there is an insufficiency of evidence to justify the Opinion, OTA must find that, after weighing the evidence in the record, including reasonable inferences based on that evidence, the panel clearly should have reached a different opinion. (Code Civ. Proc. § 657; *Appeals of Swat-Fame, Inc., et al.*, 2020-OTA-045P.)

Here, appellant repeats its arguments that it followed the law but just used the wrong form to file its taxes, that it had paid all taxes due, it relied on FTB's advice on which tax form applied to it, the failure to file using the correct form was not due to willful neglect, and when it discovered its mistake, it took corrective action. Appellant asserts that the penalties do not follow the "spirit of the law."

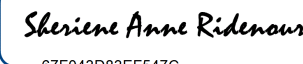
Each of appellant's arguments were considered in the Opinion and rejected. Appellant had not paid all taxes due because it used an incorrect tax form that underreported its tax for 2018, 2019, and 2020. Appellant did not follow the law correctly as it acknowledges it filed incorrect tax returns. A taxpayer's mistake or ignorance of the law does not amount to reasonable cause. (*Appeal of Porreca*, 2018-OTA-059.) Moreover, FTB is not required to inform a taxpayer of its tax obligations. (*Ibid.*) While OTA agrees that appellant's error was not due to willful neglect, the evidence in the record supports the conclusion that appellant did not have reasonable cause for its failure to file the correct tax forms and to pay the correct amount of tax.

Accordingly, OTA finds that appellant has not established any ground for a rehearing.

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Teresa A. Stanley  
Administrative Law Judge

We concur:

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Sheriene Anne Ridenour  
Administrative Law Judge

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Hans Famularo  
Administrative Law Judge

Date Issued: 7/16/2026