

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

|                                 |   |                        |
|---------------------------------|---|------------------------|
| In the Matter of the Appeal of: | ) | OTA Case No. 250923233 |
|                                 | ) |                        |
| <b>WINDSOR SUPPORT</b>          | ) |                        |
| <b>SERVICES LLC</b>             | ) |                        |
|                                 | ) |                        |
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**OPINION**

Representing the Parties:

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| For Appellant: | Andrea Windsor, Representative |
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| For Respondent: | Brad Coutinho, Assistant Chief Counsel |
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S. ELSOM, Hearing Officer: Pursuant to Revenue and Taxation Code (R&TC) section 19324, Windsor Support Services LLC (appellant) appeals an action by the Franchise Tax Board (respondent) denying appellant's claims for refund of \$441.19 for the 2020 tax year; \$407.52 for the 2021 tax year; \$366.60 for the 2022 tax year; and \$221.39 for the 2023 tax year.

Appellant elected to have this appeal determined pursuant to the procedures of the Small Case Program (SCP). Those procedures require the assignment of a single panel member. (Cal. Code Regs., tit. 18, § 30209.05(b).) 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).

**ISSUES**

1. Whether appellant has established reasonable cause to abate the late payment penalties.
2. Whether appellant has established a legal basis to abate interest.

FACTUAL FINDINGS

1. Appellant is a California limited liability company (LLC) owned by a single member. On June 12, 2025, appellant untimely filed a California Form 568, Limited Liability Company Return of Income (return) for the 2020, 2021, 2022, and 2023 tax years. Each return reported an \$800 annual LLC tax and self-assessed penalties and interest.
2. Respondent processed appellant's returns and imposed penalties and interest as follows: for the 2020 tax year, a late payment penalty of \$200 and interest of \$241.19; for the 2021 tax year, a late payment penalty of \$200 and interest of \$207.52; for the 2022 tax year, a late payment penalty of \$192 and interest of \$174.60; and for the 2023 tax year, a late payment penalty of \$116 and interest of \$105.39.
3. On June 12, 2025, appellant paid the balance due for each tax year and requested refunds of the penalties and interest for each tax year.
4. On August 4, 2025, respondent sent appellant a Notice of Action (NOA) denying appellant's claim for refund for the 2020 tax year.
5. On August 25, 2025, respondent sent appellant an NOA denying appellant's claims for refund for the 2021, 2022, and 2023 tax years.
6. This timely appeal followed. On appeal, appellant provides email correspondence between appellant's tax preparer and appellant to show the advice appellant received regarding its filing requirements and payment of the annual LLC tax, summarized in relevant part as follows: (1) on December 12, 2018, the tax preparer stated that she was unclear of the legal form of appellant's business and recommended that appellant consider operating as an S corporation; (2) on July 4, 2025, the tax preparer noted that she could not help appellant for tax years prior to 2023, because she had not prepared appellant's returns prior to that year; however, "for 2023 I was the signer [of appellant's returns] and will thus take responsibility for the above noted penalties & interest of \$149.22"; and (3) on July 11, 2025, the tax preparer stated that she does not have a California CPA license, noting that, "[w]e operate on a reciprocity agreement."

DISCUSSIONIssue 1: Whether appellant has established reasonable cause to abate the late payment penalties.

Every LLC doing business in this state, organized in this state, or registered with the Secretary of State, that is disregarded pursuant to section 23038 shall file a return that includes information necessary to verify its liability under Sections 17941 and 17942. (R&TC, § 18633.5(i)(1).) A single-member LLC that is not a corporation is disregarded as an entity separate from its owner, subject to certain statutory exceptions that recognize the existence of a single-member LLC for the purpose of determining the annual LLC tax and LLC fees. (See *Appeal of Patient Comfort Services, LLC*, 2021-OTA-300P.) A single-member LLC is required to file a return on or before the 15th day of the fourth month after the close of the taxable year of the owner subject to tax under Part 10 (commencing with Section 17001) or Chapter 2 (commencing with Section 23101) of Part 11. (R&TC, § 18633.5(i)(3)(A).)

Every LLC is required to pay an annual minimum tax to California for the privilege of doing business in this state equal to the applicable amount specified in R&TC section 23153(d), if one of three requirements is met: (1) the LLC is “doing business” in this state as defined in R&TC section 23101; (2) the LLC’s Articles of Organization have been accepted by the SOS; or (3) a Certificate of Registration has been issued by the SOS. (R&TC, § 17941(a) and (b).) The annual LLC tax is due on the 15th day of the fourth month of the taxable year. (R&TC, § 17941(c).)

R&TC section 19132(a)(1)(A) imposes a late payment penalty when a taxpayer fails to pay the amount shown as due on the return by the date prescribed for the payment of the tax, unless the taxpayer can show that the failure to make a timely payment of tax was due to reasonable cause and not due to willful neglect. The burden of proof is on the taxpayer to show that reasonable cause exists to support an abatement of the penalty. (*Appeal of Xie*, 2018-OTA-076P.) To establish reasonable cause, the taxpayer must demonstrate that its failure to timely pay the proper amount of the tax occurred despite the exercise of ordinary business care and prudence. (*Appeal of Triple Crown Baseball LLC*, 2019-OTA-025P.) The reason for missing the deadline must be such that an ordinarily intelligent and prudent businessperson would have acted similarly under the same circumstances. (*Ibid.*)

Appellant does not dispute the imposition or the calculation of the late payment penalty, but instead argues that reasonable cause exists to abate the penalty. Appellant argues that its tax preparer is a Utah-based CPA who practices in California under a reciprocity agreement and

is thus “a competent tax professional . . . in the subject of California tax.” Appellant contends that it met with the tax preparer prior to moving to California to “discuss [appellant’s] business” and continued to employ the preparer during the tax years at issue, but the preparer did not advise appellant of its obligation to pay the annual LLC tax. Appellant further asserts that the tax preparer informed appellant in March 2025, that she made a mistake and had not submitted tax information for appellant while it conducted business in California.

Reasonable cause may exist if a taxpayer reasonably relies on the advice of an accountant or attorney with respect to substantive matters of tax law. (*Appeal of Summit Hosting LLC*, 2021-OTA-216P, citing *U.S. v. Boyle* (1985) 469 U.S. 241, 250-251(*Boyle*).) Thus, the preparer’s failure to advise appellant of its filing requirements and obligation to pay the LLC taxes alone does not establish reasonable cause.

To establish that reasonable cause exists under *Boyle*, a taxpayer must show that it reasonably relied on a tax professional for substantive tax advice as to whether a tax liability exists and that the following conditions are met: (1) the person relied on by the taxpayer is a tax professional with competency in the subject tax law; and (2) the tax professional’s advice is based on the taxpayer’s full disclosure of relevant facts and documents. (*Appeal of Summit Hosting LLC, supra.*) Here, appellant has not provided evidence of the actual advice it received from its CPA, such as written opinions by the CPA or any other similar documents, and that the CPA did in fact advise appellant that it did not have a California filing requirement, despite R&TC section 18633.5(i) indicating otherwise. (*Ibid.*)

Though appellant provides email correspondence to show the advice it received regarding its requirement to file returns and pay the annual LLC tax, a review of the correspondence shows that the tax preparer informed appellant in their initial meeting on December 12, 2018, that she did not know the legal form of appellant’s business and recommended that appellant operate as an S corporation. In later email correspondence, the tax preparer informed appellant that she did not have a California CPA license, and was not the preparer of appellant’s returns for tax years prior to 2023. Therefore, appellant has not established that it fully disclosed all relevant facts to the tax preparer, the tax preparer was competent in California tax law, or the tax preparer provided any advice regarding appellant’s payment of the annual LLC tax. Appellant does not provide any information to establish the extent of its efforts to timely pay the annual LLC tax other than its reliance upon the tax preparer, and thus has failed to establish it acted as an ordinarily intelligent and prudent businessperson would have under similar circumstances. (*Appeal of Triple Crown Baseball LLC, supra.*)

Appellant further asserts OTA “approved” appellant’s SCP appeal for the same issue for the 2024 tax year, which is not on appeal, and determined that appellant established reasonable cause in that year. Appellant appears to assert that OTA should also determine that appellant has established reasonable cause for the tax years at issue here based upon the purported determination for the 2024 tax year.

While OTA accepted appellant’s SCP appeal for the 2024 tax year, it did not issue an Opinion or decide whether appellant established reasonable cause for that tax year.<sup>1</sup> Because each tax year stands on its own terms and must be separately considered, OTA can only consider the evidence and arguments provided by appellant for the tax years at issue in this appeal to determine if appellant has established reasonable cause. (*Appeals of Kwon et al.*, 2021-OTA-296P.) Based upon the record for the tax years at issue in this appeal, appellant has not established reasonable cause.

Issue 2: Whether appellant has established a legal basis to abate interest.

The imposition of interest is mandatory and accrues on a tax deficiency regardless of the reason for the underpayment. (R&TC, § 19101(a); *Appeal of Balch*, 2018-OTA-159P.) There is no reasonable cause exception to the imposition of interest. (*Appeal of Patient Comfort Services, LLC*, *supra*.) To obtain interest relief, appellant must qualify under the waiver provisions of R&TC section 19104 (pertaining to unreasonable error or delay by respondent in the performance of a ministerial or managerial act) or R&TC section 21012 (pertaining to reasonable reliance on the written advice of respondent). (*Ibid.*) Appellant does not allege and the record does not reflect that either waiver provision is applicable here. Therefore, OTA cannot abate interest.

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<sup>1</sup> On September 18, 2025, OTA informed appellant that its appeal for the 2024 tax year was dismissed because respondent allowed appellant’s claim for refund/credit for that tax year.

HOLDINGS

1. Appellant has not established reasonable cause to abate the late payment penalties.
2. Appellant has not established a legal basis to abate interest.

DISPOSITION

Respondent's actions denying appellant's claims for refund are sustained.

DocuSigned by:  
 For  
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Seth Elsom  
Hearing Officer

Date Issued: 6/22/2026