

**OFFICE OF TAX APPEALS
STATE OF CALIFORNIA**

In the Matter of the Appeal of:	)	OTA Case No. 250318950
P. DAROUI AND	)	
R. KHALILI¹	)	
	)	
	)	
	)	

OPINION

Representing the Parties:

For Appellants:	P. Daroui and R. Khalili
For Respondent:	Hubeyb Kabulantok, Attorney
For Office of Tax Appeals:	William J. Stafford, Attorney

V. LONG, Administrative Law Judge: Pursuant to Revenue and Taxation Code (R&TC) section 19324, P. Daroui and R. Khalili (appellants) appeal an action by respondent Franchise Tax Board (FTB) denying appellants' claim for refund of \$15,977.04 for the 2019 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 is barred by the statute of limitations.

FACTUAL FINDINGS

1. Appellants did not file a timely California Income Tax Return for the 2019 tax year.
2. On March 21, 2022, FTB requested that appellant Daroui provide a 2019 tax return and did not receive a response.

¹ For appellant R. Khalili, Office of Tax Appeals (OTA) notes that appellant Khalili also goes by the name R. Khalilinejad, which was used by appellants on their 2019 tax return, and by FTB in its various notices. It is undisputed that appellant Khalili uses both names, and OTA will use the name R. Khalili for the purposes of this opinion because that is the name used by appellants in their appeal to OTA. Similarly, OTA notes that appellant P. Daroui was also spelled "Daroi" by FTB. OTA will use the spelling "Daroui" as provided by appellants.

3. On May 27, 2022, FTB issued a Notice of Proposed Assessment (NPA) to appellant Daroui proposing tax. The NPA was based on an estimate of appellant Daroui's income and applied income tax withholding that was remitted to FTB on appellants' behalf.
4. Appellant Daroui did not protest the NPA and it became final. Thereafter, FTB initiated collection activities against appellant Daroui.
5. From March 3, 2023, through May 15, 2023, FTB received payments on appellants' 2019 account.
6. On November 27, 2024, appellants filed a joint 2019 California Resident Income Tax Return reporting an overpayment and requesting a refund.
7. FTB accepted the return as filed and treated it as a claim for refund.
8. FTB determined that appellants' 2019 account reflected an overpayment of \$15,997.04. On December 19, 2024, FTB denied appellants' claim for refund on the basis that the claim had been filed after the statute of limitations expired.
9. This timely appeal followed.

DISCUSSION

The statute of limitations to file a claim for refund is set forth in R&TC section 19306, 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 when the return was filed if the return was timely filed within an extension of time to file; (2) four years from the due date for filing a return for the year at issue (determined without regard to any extension of time to file); or (3) one year from the date of overpayment.

Appellants' claim for refund was their 2019 tax return which was filed on November 27, 2024. Accordingly, appellants did not file a 2019 California return within the automatic extension of the original due date for the 2019 return from April 15, 2020, to October 15, 2020, and therefore the first four-year limitations period does not apply. (R&TC, §§ 18566, 18567(a)(1); Cal. Code Regs., tit. 18, § 18567(a).) Appellants did not file their claim for refund by April 15, 2024, four years from the original due date of their 2019 return of April 15, 2020, and therefore, the claim for refund is untimely under the second four-year statute of limitations period. (R&TC, §§ 19306(a).)

The one-year statute of limitations only allows a refund of payments made within one year of the date the claim for refund is filed. Appellants' withholdings are deemed paid on the original due date for the return, April 15, 2020. (R&TC, § 19002(c)(1).) FTB recorded payments on appellants' 2019 account from March 3, 2023, through May 15, 2023. Because appellants

did not file their claim for refund within one year of these dates, appellants' claim is untimely under the one-year statute of limitations period.

On appeal, appellants assert, in a general manner, that the statute of limitations should be suspended because of a "bad emotional situation" and an inability to "take [sic] right action."

The statute of limitations is explicit and must be strictly construed, unless an exception applies. (*Appeal of Benemi Partners, L.P.*, 2020-OTA-144P.) There is no general reasonable cause or equitable basis for suspending the statute of limitations. (*Ibid.*) There is an exception to the statute of limitations period for persons that are "financially disabled," which may include a mental impairment. (R&TC, § 19316). However, the requirements to meet this statutory exception are rigorous and documentation is required. (R&TC, § 19316; *Appeal of Estate of Gillespie*, 2018-OTA-052P.) Appellants do not allege, and the facts do not support, a finding of a financial disability within the meaning of R&TC section 19316. Appellants' assertion is a general reasonable-cause type argument and, as stated above, there is no general reasonable cause or equitable basis for suspending the statute of limitations. (*Appeal of Benemi Partners, supra.*) Accordingly, appellants' claim for refund is barred by the statute of limitations.

HOLDING

Appellants' claim for refund is barred by the statute of limitations.

DISPOSITION

FTB's action denying appellants' claim for refund is sustained.

Signed by:



32D46B0C49C949F...

Veronica I. Long
Administrative Law Judge

We concur:

Signed by:



CB1E7DA37831416

Josh Lambert
Administrative Law Judge

DocuSigned by:



5DD7EF644397430...

Steven Kim
Administrative Law Judge

Date Issued: 8/7/2026