

In the Matter of the Appeal of:) OTA Case No. 251023637
R. COWE AND)
L. COWE)
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1. On December 15, 2021, appellants filed a joint California Resident Income Tax Return (Form 540) for the 2020 taxable year. On the Form 540, appellants reported total tax of \$6,264 and claimed California income tax withholding credits of \$9,722, resulting in an overpayment of \$3,458, which appellants requested to be refunded to them.
2. FTB accepted appellants' Form 540 as filed, applied an offset of \$373 as requested by a separate government agency, and issued appellants a refund of \$3,085.
3. On July 14, 2025, appellants untimely filed a California Nonresident or Part-Year Resident Income Tax Return (Form 540NR) for the 2020 taxable year, which FTB

accepted as an amended return for the 2020 taxable year. On appellants' Form 540NR, they reduced their taxable income, reported revised total tax of \$3,288, and claimed California income tax withholding credits of \$9,722, resulting in an overpayment of \$6,434.

4. FTB treated appellants' Form 540NR as a claim for refund of \$2,976.¹
5. On August 18, 2025, FTB issued appellants a Statute of Limitations letter denying their claim for refund of \$2,976.
6. This timely appeal followed.

DISCUSSION

The law generally requires taxpayers to file their refund claim by the later of: (1) four years from the date the return is filed, if filed on or before the extended due date; (2) four years from the due date of the return without regard to any extensions; or (3) one year from the date of overpayment. (R&TC, § 19306(a).) Taxpayers have 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.)

Appellants failed to file their original return by: (1) April 15, 2021, the original due date for the return; (2) May 17, 2021, the postponed due date for the return due to COVID-19;² or (3) October 15, 2021, the extended due date for the return. (R&TC, §§ 18566, 18567(a)(1); Cal. Code Regs., tit. 18, § 18567(a).) The first four-year statute of limitations period set forth in R&TC section 19306(a) is therefore inapplicable because appellants did not file the 2020 Form 540 within an extension of time to file. The second four-year statute of limitations period ran from the original filing due date for appellants' original return, and thus expired on April 15, 2025, which is four years from April 15, 2021, the original filing due date of the return. (R&TC, §§ 19306(a), 18566; *Appeal of Nguyen*, 2025-OTA-333P.) Appellants, however, filed their amended return on July 14, 2025, which is beyond the second four-year statute of limitations period set forth in R&TC section 19306(a).

Regarding the one-year statute of limitations for the 2020 taxable year, appellants' California income tax withholding credits are deemed paid on the original due date for the return, April 15, 2021. (R&TC, §§ 19002(c)(1); 18566.) Thus, to be within the one-year statute of limitations, appellants must have filed a claim for refund on or before April 15, 2022. Because

¹ The refund amount consists of the withholdings of \$9,722 reduced by the agency offset of \$373, the previous refund of \$3,058, and the revised total tax of \$3,288.

² See *Appeal of Bannon*, 2023-OTA-096P.

appellants filed their amended return on July 14, 2025, their 2020 claim for refund is barred by the one-year statute of limitations set forth in R&TC section 19306(a).

Appellants do not dispute that the amended return filed on July 14, 2025, was an untimely claim for refund. Instead, appellants argue that there was reasonable cause for their failure to timely file their 2020 Form 540NR. First, appellants contend that the filing of their 2020 Form 540NR was complicated due to their legal separation, the COVID-19 pandemic, and appellant-husband moving back to Scotland on July 14, 2020, to care for his elderly parents. Second, appellants assert that, although they “made a valid attempt to file [their] amended return before the end of the statute period,” they untimely filed this amended return “[d]ue to a messy divorce.”

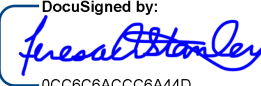
The language of the statute of limitations must be strictly construed and there is no reasonable cause or equitable basis for suspending the statute of limitations. (*Appeal of Benemi Partners, L.P., supra.*) Nor is there an exception that suspends the statute of limitations for claims for refund due to a taxpayer’s unfortunate circumstances. (*Appeal of Estate of Gillespie, 2018-OTA-052P.*) While OTA appreciates the difficult circumstances faced by appellants, OTA does not have the legal authority to alter the outcome of this matter in a more satisfactory way for appellants. (*Ibid.*)

HOLDING

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

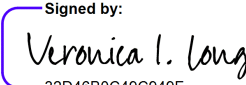
DISPOSITION

OTA sustains FTB’s action denying appellants’ claim for refund.

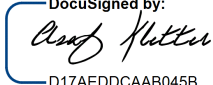
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Teresa A. Stanley
Administrative Law Judge

We concur:

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Veronica I. Long
Administrative Law Judge

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Asaf Kletter
Administrative Law Judge

Date Issued: 8/13/2026