

## SACRAMENTO TAX REFUND CLAIMS

Most would agree that few things are as demoralizing as watching their hard-earned income being handed over to the IRS or state tax agencies. However, there are times when ponying up one's fair share can feel even worse - especially paying MORE in taxes, fees or penalties than you have to.

Overpayments can happen for a number of reasons. Basic accounting errors, tax law ignorance or simply forgetting what payments are due and when. In the end, it doesn't really matter how it happens - only that you receive credit or reimbursement for what's rightfully yours.

If you feel that you may be entitled to a state or federal tax refund, contact Rex Halverson & Associates. We've been helping Californians with tax advice and litigation services for more than a decade. Utilizing an in-depth knowledge of both state and federal tax codes and regulations, we've helped dozens of clients in cases just like yours.

Call our offices today at **(916) 444-0015** to talk about the specifics of your situation and learn what options may be available. Don't wait until it's too late - you only have a limited amount of time to file a claim. Contact us today and get the process started.

## FILING A CLAIM

Although the exact rules and forms required to file a claim vary (depending on the taxing entity and nature of the claim), most tend to follow fairly similar guidelines:

- A claim notification has to be sent to the responsible agency (usually in writing or by way of an amended return)
- The notification must be signed - either by the actual taxpayer or their designated representative.
- Include a detailed explanation of why the refund is being requested
- Complete the filing within a timely manner (according to the statute of limitations)

It's important to note that filing a claim *does not* stop any existing collection efforts that are already underway. The filing initiates the review process, but until the case is formally investigated, settled or denied taxes owed are still due.

## TYPES OF CLAIMS

For most California tax entities - such as the [FTB](#), [BOE](#) or [EDD](#) - there are four different types of refund claims that can be filed: **Informal, Formal (General), Protective and Reasonable Cause**. The rules for when and how to use each depend on the nature of the claim and the amount of taxes (if any) that have already been paid.

**Informal** - some taxpayers are unaware that they may file a refund claim even if they have NOT paid the full amount of taxes or penalties due. In cases such as these, an informal claim is the best option.

Informal claims can be thought of as temporary placeholders. They preserve your right to file a claim while still making payments on the amount owed. Once the account is settled, an informal claim is automatically converted to a formal claim and the ensuing investigation begins.

**Formal (General)** - the most common type of reimbursement request. If all monies owed have already been paid, formal claims can be used to recover taxes, penalties or interest that were overpaid or not required in the first place.

**Protective** - if an account is part of an active state or federal audit (or other formal investigation) a protective claim may apply. This option helps to delay further action on a case until the secondary investigation has been completed.

**Reasonable Cause** - although not absolved from their initial tax liability, reasonable cause claims allow the filer to recover interest and penalties on overpaid accounts. In California, [FTB form 2917](#) is used to request and explain the circumstances behind the reasonable cause request.

The key point here is that the accounting error must have occurred despite following otherwise sound business practices.

Because of the complexity of the many tax codes, it's often best to consult with a qualified tax attorney before deciding to file. The professionals at Rex Halverson & Associates can answer any questions you may have regarding tax litigation and are happy to help guide you through the process. Call us today at **(916) 444-0015** to setup your initial consultation.

## STATUTES OF LIMITATION AND APPEALS

Filing a timely claim is critical in achieving a successful outcome. Even if you are legally due for reimbursement, you may forfeit your entitlement if you wait too long to act. Although state and federal guidelines differ, here are some general ideas of what you can expect:

**Federal Returns:** Refund requests must be filed no later than three years from the date the return was completed, or two years from the date the tax was paid - whichever is the latter.

In order to file suit on a federal refund case, one of two events must take place:

- A.** Denial of the refund request from the IRS
- B.** No decision on the claim for a period of six months or more

Additionally, the refund request has to be filed with the IRS within two years of the original denial date.

**California Returns:** State taxpayers have up to four years after the original due date to file a claim or one year from the date of an overpayment.

The window to file an appeal with the California BOE is considerably shorter. Depending on the initial action taken by the board, you may have only **30 -90 days to** complete your paperwork.

As in the case of protective claims, these time limits may be extended if tax audits or investigations from external entities are currently pending.

## WE CAN HELP

Although these are general guidelines of tax refund cases, there are many other factors that come into play. Each scenario is unique and requires a comprehensive understanding of the law and how it applies in individual situations. Your best option is to speak with a qualified tax attorney regarding the details of your case.

If you feel that you may be due a refund for these or any other reasons, contact Rex Halverson & Associates today to discuss your case. Our experts have many years of experience in California tax litigation and fight aggressively to protect the rights of our

clients. We are highly-proficient in most every area of tax law and service both personal and corporate accounts.

Don't let time expire on your case! Call our offices today at **(916) 444-0015** to find out more about how we can help.

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