

**ALABAMA TAX TRIBUNAL**

WILLIAM & SANDY C. LOCKHART, §  
Taxpayers, § DOCKET NO. INC. 24-0919-LP  
v. §  
STATE OF ALABAMA §  
DEPARTMENT OF REVENUE.

**FINAL ORDER**

This appeal involves the denial by the Alabama Department of Revenue of a refund of income tax for 2015. A video hearing was held on September 3, 2025. Taxpayer William Lockhart was present. The Alabama Department of Revenue (the “Department”) was represented by Ryan Corley, and Barbara Lowe testified for the Department.

The Department received information that the Taxpayers should have filed an Alabama individual income tax return for the 2015 tax year. However, the Department did not receive a return for the Taxpayers for that year. The Department created an estimated return and notified the Taxpayers of the liability on April 23, 2019. The Department eventually entered a final assessment on August 30, 2019. The Taxpayers did not appeal the final assessment. Instead, they paid the liability over nine payments made on September 8, 2020, September 30, 2020, October 26, 2020, November 24, 2020, December 24, 2020, January 26, 2021, February 25, 2021, May 21, 2021, and July 13, 2021. In total, the Taxpayers paid \$7,374.64, which paid the final assessment in full.

The Taxpayers submitted an Alabama married filing joint return for the 2015 tax year on June 30, 2023. The return claimed a refund of a portion of the taxes paid. The Department received and accepted the return without making any adjustments. The Department calculated that the Taxpayers had overpaid their liability for the 2015 tax year by \$2,936.56. However, the Department denied all but \$124.64 of the refund petition as untimely under Alabama Code Section 40-2A-7(c)(2)a.

## LAW

The Alabama Taxpayers' Bill of Rights and Uniform Revenue Procedures Act generally allows a taxpayer to file a petition for refund:

*Any taxpayer may file a petition for refund with the department for any overpayment of tax or other amount erroneously paid to the department or concerning any refund that the department is required to administer. If a final assessment for the tax has been entered by the department, a petition for refund of all or a portion of the tax may be filed only if the final assessment plus applicable interest has been paid in full prior to or with the filing of the petition for refund.*

Ala. Code § 40-2A-7(c)(1) (emphasis added).

The statute continues:

*A petition for refund shall be filed with the department or an automatic refund issued pursuant to Section 40-29-71, or a credit allowed, within (i) three years from the date that the return was filed, or (ii) two years from the date of payment of the tax, whichever is later, or, if no return was timely filed, two years from the date of payment of the tax. For purposes of this paragraph, taxes paid through withholding or by estimated payment shall be deemed paid on the original due date of the return.*

Ala. Code § 40-2A-7(c)(2)a. (emphasis added).

(1) A petition for refund must be filed with the Department or an automatic refund pursuant to Section 40-29-71 Code of Ala. 1975, or a credit allowed, within three years from the date the return was filed, or

two years from the date of payment of the tax, whichever is later, or, if no return was timely filed, two years from the date of payment of the tax.

(a) Limit where petition filed within three-year period. If the petition for refund made on a return (or a subsequent amended return) is filed within the three-year period from the date the return is due, the amount of the refund shall not exceed the portion of the tax paid (or deemed paid) within that three-year period, plus that amount paid within the period of any extension of time for filing the return.

(b) Limit where petition not filed within three-year period. If the petition was not filed within such three-year period, the amount refunded may not exceed the portion of the tax paid within two (2) years before the petition was filed.

(c) Limit where petition filed for refund/credit of final assessment. A petition for refund or credit of a final assessment must be filed by the taxpayer within two years from the date the final assessment was paid.

Alabama Admin. Code 810-14-1-.19.

#### ANALYSIS

The Department argues that the payments made before June 30, 2021, exactly two years before the filing of the refund petition, were outside of the two-year statute of limitations as set forth in Section § 40-2A-7(c)(2)a. The Department also argues that because the Taxpayers' final assessment was paid in full (on July 13, 2021) prior to the Taxpayers' filing of a petition for refund (on June 30, 2023), the requirement of Section § 40-2A-7(c)(1) – that a final assessment be paid in full prior to the filing of a petition for refund – is not an issue.

I agree. The requirement that a refund petition be filed within two years of payment (and including only those payments made in that two-year period) and the requirement that a final assessment be paid in full before a petition for refund can be filed for those taxes paid on the final assessment are *not* mutually exclusive. Here, both

requirements would have been satisfied if the petition for refund had been filed after July 13, 2021, the date the final assessment was paid in full, but before September 8, 2022, two years from the date of the first payment.

I sympathize with the Taxpayers as they were clearly unaware that only the payments made during the two-year period could be refunded. Alas, there are no reasonable-cause or good-faith exceptions to the refund statute of limitations.

The Department's partial denial of the Taxpayers' petition for refund is upheld. Judgment is entered accordingly.

This Final Order may be appealed to circuit court within 30 days, pursuant to Ala. Code § 40-2B-2(m).

Entered March 4, 2026.

*/s/ Leslie Pitman*

LESLIE PITMAN

Chief Judge

Alabama Tax Tribunal

cc: William & Sandy C. Lockhart  
Ryan N. Corley, Esq.