

STATE OF NEW YORK

DIVISION OF TAX APPEALS

In the Matter of the Petition	:	
of	:	
ANKE KATZ	:	DETERMINATION
for Redetermination of Deficiencies or for Refund of	:	DTA NO. 827201
Personal Income Tax under Article 22 of the Tax Law	:	
and New York City Personal Income Tax pursuant to the	:	
Administrative Code of the City of New York	:	
for the Years 2009, 2010 and 2011.	:	

Petitioner, Anke Katz, filed a petition for redetermination of deficiencies or for refund of personal income tax under Article 22 of the Tax Law and the Administrative Code of the City of New York for the years 2009, 2010 and 2011.

The Division of Taxation, by its representative, Amanda Hiller, Esq. (Linda A. Jordan, Esq., of counsel), brought a motion dated December 17, 2015, seeking an order dismissing the petition, or in the alternative, summary determination in the above-referenced matter pursuant to sections 3000.5, 3000.9(a)(1)(i), and 3000.9(b) of the Rules of Practice and Procedure of the Tax Appeals Tribunal. Petitioner, appearing by Clifford J. Ramundo, Esq., did not file a response to the Division's motion. Based upon the motion papers, the affidavits and documents submitted therewith, and all pleadings and documents submitted in connection with this matter, Barbara J. Russo, Administrative Law Judge, renders the following determination.

ISSUE

Whether petitioner filed a timely Request for Conciliation Conference with the Bureau of

Conciliation and Mediation Services following the issuance of notices of deficiency for the years 2009, 2010 and 2011.

FINDINGS OF FACT

1. The subject of the motion of the Division of Taxation (Division) is the timeliness of petitioner's protest of notices of deficiency dated August 30, 2013 and bearing assessment identification numbers L-0399979153, L-0399979154, L-0399979155, L-0399979156, L-0399979157, and L-0399979158 (notices). The notices are addressed to petitioner, Anke Katz, at an address in Closter, New Jersey.

2. Petitioner filed a Request for Conciliation Conference with the Division's Bureau of Conciliation and Mediation Services (BCMS) in protest of the August 30, 2013 notices. The request was mailed to BCMS on July 22, 2015 and received by BCMS on July 24, 2015.

3. On August 14, 2015, BCMS issued a Conciliation Order Dismissing Request to petitioner. The order determined that petitioner's protest of the subject notices was untimely and stated, in part:

“The Tax Law requires that a request be filed within 90 days from the date of the statutory notice. Since the notices were issued on August 30, 2013, but the request was not mailed until July 22, 2015, or in excess of 90 days, the request is late filed.”

4. Petitioner filed a petition with the Division of Tax Appeals in protest of the conciliation order on September 8, 2015.

5. To show proof of proper mailing of the August 30, 2013 notices, the Division provided the following with its motion papers: i) an affidavit, dated December 11, 2015, of Mary Ellen Nagengast, a Tax Audit Administrator 1 and Director of the Division's Management Analysis and Project Services Bureau (MAPS); (ii) a “Certified Record for Presort Mail - Assessments Receivable” (CMR) postmarked August 30, 2013; (iii) an affidavit, dated December 14, 2015, of Bruce Peltier, a

mail and supply supervisor in the Division's Mail Processing Center (Center); (iv) copies of the August 30, 2013 notices with the associated mailing cover sheets; and (v) petitioner's electronically filed form IT-370, application for automatic six-month extension of time to file her resident income tax return for the year 2012 (IT-370), dated April 13, 2013, which lists the same address for petitioner as that listed on the subject notices. The IT-370 was the last return filed with the Division by petitioner before the notices were issued.

6. The affidavit of Mary Ellen Nagengast, who has been in her current position since October 2005, sets forth the Division's general practice and procedure for processing statutory notices. Ms. Nagengast is the Director of MAPS, which is responsible for the receipt and storage of CMRs, and is familiar with the Division's Case and Resource Tracking System (CARTS) and the Division's past and present procedures as they relate to statutory notices. Statutory notices are generated from CARTS and are predated with the anticipated date of mailing. Each page of the CMR lists an initial date that is approximately 10 days in advance of the anticipated date of mailing. Following the Division's general practice, this date was manually changed on the first and last page of the CMR in the present case to the actual mailing date of "8/30/13." In addition, as described by Ms. Nagengast, generally all pages of the CMR are banded together when the documents are delivered into possession of the United States Postal Service (USPS) and remain so when returned to the Division. The pages of the CMR stay banded together unless otherwise ordered. The page numbers of the CMR run consecutively, starting with "PAGE: 1," and are noted in the upper right corner of each page.

7. All notices are assigned a certified control number. The certified control number of each notice is listed on a separate one-page mailing cover sheet, which also bears a bar code, the mailing

address and the Departmental return address on the front, and taxpayer assistance information on the back. The certified control number is also listed on the CMR under the heading entitled “Certified No.” The CMR lists each notice in the order the notices are generated in the batch. The assessment numbers are listed under the heading “Reference No.” The names and addresses of the recipients are listed under “Name of Addressee, Street, and PO Address.”

8. The CMR in the present matter consists of 13 pages and lists 137 certified control numbers along with corresponding assessment numbers, names and addresses.¹ Each page of the CMR includes 11 such entries with the exception of page 13, which contains 5 entries (page 13 originally contained 6 entries, but one of the original 6 entries is crossed out on this page). Ms. Nagengast notes that the copy of the CMR that is attached to her affidavit has been redacted to preserve the confidentiality of information relating to taxpayers who are not involved in this proceeding. A USPS representative affixed a postmark dated August 30, 2013 to each page of the CMR, wrote and circled the number “137” on page 13 next to the heading “Total Pieces Received at Post Office” and initialed or signed page 13. Ms. Nagengast adds that the total number of statutory notices mailed pursuant to the CMR was 137.

9. Page 2 of the CMR indicates that notices of deficiency with certified control numbers, 7104 1002 9730 0056 4898, 7104 1002 9730 0056 4904, 7104 1002 9730 0056 4911, 7104 1002 9730 0056 4928, 7104 1002 9730 0056 4935, and 7104 1002 9730 0056 4942, and reference numbers, L-039979153, L-039979154, L-039979155, L-039979156, L-039979157, and L-039979158, respectively, were mailed to petitioner at the Closter, New Jersey, address listed on the subject

¹ The CMR originally listed 138 certified control numbers. As noted in the Findings of Fact below, the preprinted number of total pieces and amounts (“138”) is crossed out and “137” is handwritten on the last page of CMR next to “Total Pieces Received at Post Office.”

notices of deficiency. The corresponding mailing cover sheets attached to the Nagengast affidavit as exhibit "B" bear these certified control numbers and petitioner's name and address as noted.

10. The affidavit of Bruce Peltier, a supervisor in the mail room since 1999 and currently a mail and supply supervisor, describes the Center's general operations and procedures. The Center receives the notices and places them in an "Outgoing Certified Mail" area. Mr. Peltier confirms that a mailing cover sheet precedes each notice. A staff member retrieves the notices and mailing cover sheets and operates a machine that puts each notice and mailing cover sheet into a windowed envelope. Staff members then weigh, seal and place postage on each envelope. The first and last pieces listed on the CMR are checked against the information contained on the CMR. A clerk then performs a random review of 30 or fewer pieces listed on the CMR by checking those envelopes against the information contained on the CMR. A staff member then delivers the envelopes and the CMR to one of the various USPS branches located in the Albany, New York, area. A USPS employee affixes a postmark and also places his or her initials or signature on the CMR, indicating receipt by the post office. Here, as noted, the USPS employee initialed page 13 and affixed a postmark dated August 30, 2013 to each page of the CMR.

11. The Center further requests that the USPS either circle the total number of pieces received or indicate the total number of pieces received by writing the number on the CMR. Here, the USPS employee complied with this request by writing and circling the number "137" on the last page next to the heading "Total Pieces Received at Post Office." On the last page of the CMR, corresponding to "Total Pieces and Amounts," is the preprinted number 138. This number is crossed out, and as noted, next to "Total Pieces Received at Post Office" is the handwritten entry "137" along with initials or a signature. According to Mr. Peltier, the number of pieces received

was changed from 138 to 137 to reflect that one piece of certified mail had been “pulled” from the mailing record. The affixation of the postmarks and the Postal Service employee’s initials and handwritten number indicate that a total of 137 articles of mail listed on the CMR were delivered to the USPS on August 30, 2013.

12. Mr. Peltier further explains that a piece of mail may be “pulled” for any number of reasons, including, but not limited to, a discrepancy in a name or address. Any pieces of mail “pulled” will be segregated from the remaining group of statutory notices for correction and issuance at another time. A review of the CMR in this instance reflects that one piece of mail was “pulled.” The piece that was “pulled” is listed on page 13 of the CMR. This piece of mail had been assigned certified control number 7104 1002 9730 0056 6137. A line was drawn through the entry for this taxpayer after the statutory notice was “pulled.” This deletion is reflected in the change of the total pieces received at the post office on page 13 of the CMR. No such mark is made on or near the listings for petitioner.

13. According to the Peltier affidavit, a copy of the subject notices were mailed to petitioner on August 30, 2013, as claimed.

CONCLUSIONS OF LAW

A. As noted, the Division brings a motion to dismiss the petition under section 3000.9(a) of the Rules of Practice and Procedure (Rules) or, in the alternative, a motion for summary determination under section 3000.9(b). As the petition in this matter was filed within 90 days of the conciliation order (*see* Finding of Fact 4), the Division of Tax Appeals has jurisdiction over the petition and, accordingly, a motion for summary determination under section 3000.9(b) of the Rules

is the proper vehicle to consider the timeliness of petitioner's request for conciliation conference.

This order shall address the instant motion as such.

B. A motion for summary determination "shall be granted if, upon all the papers and proof submitted, the administrative law judge finds that it has been established sufficiently that no material and triable issue of fact is presented. . ." (20 NYCRR 3000.9[b][1]).

C. Section 3000.9(c) of the Rules provides that a motion for summary determination is subject to the same provisions as a motion for summary judgment pursuant to CPLR 3212. "The proponent of a summary judgment motion must make a prima facie showing of entitlement to judgment as a matter of law, tendering sufficient evidence to eliminate any material issues of fact from the case" (*Winegrad v. New York Univ. Med. Ctr.*, 64 NY2d 851, 853 [1985], *citing Zuckerman v. City of New York*, 49 NY2d 557, 562 [1980]). As summary judgment is the procedural equivalent of a trial, it should be denied if there is any doubt as to the existence of a triable issue or where the material issue of fact is "arguable" (*Glick & Dolleck v. Tri-Pac Export Corp.*, 22 NY2d 439, 441 [1968]; *Museums at Stony Brook v. Vil. of Patchogue Fire Dept.*, 146 AD2d 572, 573 [2d Dept 1989]). If material facts are in dispute, or if contrary inferences may be drawn reasonably from undisputed facts, then a full trial is warranted and the case should not be decided on a motion (*Gerard v. Inglese*, 11 AD2d 381, 382 [2d Dept 1960]). "To defeat a motion for summary judgment, the opponent must . . . produce 'evidentiary proof in admissible form sufficient to require a trial of material questions of fact on which he rests his claim'" (*Whelan v. GTE Sylvania*, 182 AD2d 446, 449 [1ST Dept 1992], *citing Zuckerman* at 562).

D. Petitioner did not respond to the Division's motion. Accordingly, she is deemed to have conceded that no question of fact requiring a hearing exists (*see Kuehne & Nagel v. Baiden*, 36

NY2d 539, 544 [1975]; *John William Costello Assocs. v. Standard Metals*, 99 AD2d 227 [1ST Dept 1984], *lv dismissed* 62 NY2d 942 [1984]). Petitioner has thus presented no evidence to contest the facts alleged in the Nagengast and Peltier affidavits; consequently, those facts are deemed admitted (*Kuehne & Nagel v. Baiden*, at 544; *Whelan v. GTE Sylvania*).

E. A taxpayer may protest a notice of deficiency by filing a petition for a hearing with the Division of Tax Appeals within 90 days from date of mailing of such notice (Tax Law §§ 681[b]; 689[b]). Alternatively, a taxpayer may contest a notice by filing a request for a conciliation conference with BCMS “if the time to petition for such a hearing has not elapsed” (Tax Law § 170[3-a][a]). It is well established that the 90-day statutory time limit for filing either a petition or a request for a conciliation conference is strictly enforced and that, accordingly, protests filed even one day late are considered untimely (*see e.g. Matter of American Woodcraft*, Tax Appeals Tribunal, May 15, 2003; *Matter of Maro Luncheonette*, Tax Appeals Tribunal, February 1, 1996). This is because, absent a timely protest, a notice of deficiency becomes a fixed and final assessment and, consequently, the Division of Tax Appeals is without jurisdiction to consider the substantive merits of the protest (*see Matter of Lukacs*, Tax Appeals Tribunal, November 8, 2007; *Matter of Sak Smoke Shop*, Tax Appeals Tribunal, January 6, 1989).

F. Where, as here, the timeliness of a request for conciliation conference or petition is at issue, the initial inquiry is whether the Division has carried its burden of demonstrating the fact and date of the mailing to petitioner’s last known address (*see Matter of Katz*, Tax Appeals Tribunal, November 14, 1991). To meet its burden, the Division must show proof of a standard procedure used by the Division for the issuance of statutory notices by one with knowledge of the relevant procedures, and must also show proof that the standard procedure was followed in this particular

instance (*see Matter of Katz; Matter of Novar TV & Air Conditioner Sales & Serv.*, Tax Appeals Tribunal, May 23, 1991).

G. Here, the Division has offered proof sufficient to establish the mailing of the statutory notices to petitioner's last known address on August 30, 2013. The CMR has been properly completed and therefore constitutes highly probative documentary evidence of both the date and fact of mailing (*see Matter of Rakusin*, Tax Appeals Tribunal, July 26, 2001). The affidavits submitted by the Division adequately describe the Division's general mailing procedure as well as the relevant CMR and thereby establish that the general mailing procedure was followed in this case (*see Matter of DeWeese*, Tax Appeals Tribunal, June 20, 2002). Further, the address on the mailing cover sheets and CMR conforms with the address listed on petitioner's form IT-370, Application for Automatic Six-Month Extension of Time to File, which satisfies the "last known address" requirement. It is thus concluded that the Division properly mailed the notices on August 30, 2013 and the statutory 90-day time limit to file either a Request for Conciliation Conference with BCMS or a petition with the Division of Tax Appeals commenced on that date (Tax Law §§ 170[3-a][a]; 681[b]; 689[b]).

H. Petitioner's Request for Conciliation Conference was filed on July 22, 2015. This date falls after the 90-day period of limitations for the filing of such a request. Consequently, the request was untimely (*see* Tax Law §§ 681[b]; 689[b]; 170[3-a][b]) and the same was properly dismissed by the August 14, 2015 Order issued by BCMS. Petitioner has offered no claim or evidence to meet her burden to prove that any timely protest was filed before the 90-day period of limitations for challenging the notices expired.

I. The Division's motion for summary determination is hereby granted, the August 14, 2015

Order dismissing petitioner's request is sustained and the petition is denied.

DATED: Albany, New York
March 31, 2016

/s/ Barbara J. Russo
ADMINISTRATIVE LAW JUDGE