

STATE OF NEW YORK

DIVISION OF TAX APPEALS

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In the Matter of the Petition

of

**CHRISTOPHER AND NICOLE COSTA**

for Redetermination of a Deficiency or for Refund of  
Personal Income Tax under Article 22 of the Tax Law  
for the Year 2014.

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ORDER  
DTA NO. 829313

Petitioners, Christopher and Nicole Costa, filed a petition for redetermination of a deficiency or for refund of personal income tax under article 22 of the Tax Law for the year 2014.

The Division of Taxation, appearing by its representative, Amanda Hiller, Esq. (Colleen M. McMahon, Esq., of counsel), filed a motion that was received by the Division of Tax Appeals on October 7, 2019, seeking an order precluding petitioners from giving evidence at hearing regarding matters for which particulars have not been delivered in response to a demand for a bill of particulars. The Division of Taxation submitted the affirmation of Colleen M. McMahon, Esq., dated September 20, 2019, with annexed exhibits, in support of its motion. Thereafter, the Division of Taxation filed a motion on October 21, 2019, for an order determining that its motion to preclude was timely, or, in the alternative, granting an extension of time in its favor pursuant to 20 NYCRR 3000.23 (b), so as to make the motion to preclude timely. The Division of Taxation submitted the affirmation of Colleen M. McMahon, Esq., dated October 21, 2019, with annexed exhibits in support of its motion. Petitioners, by their representative, Thomas Carrella,

EA, did not respond to either motion. Pursuant to 20 NYCRR 3000.5 (d) and 3000.6, the 90-day period for issuance of this order commenced on November 21, 2019. Based upon the motion papers and all pleadings and documents submitted in connection with this matter, Jessica DiFiore, Administrative Law Judge, renders the following order.

***ISSUES***

- I. Whether the Division of Taxation's motion seeking an order of preclusion was timely filed.
- II. Whether the Division of Taxation's motion seeking an order of preclusion should be granted.

***FINDINGS OF FACT***

1. Petitioners commenced this proceeding by filing a petition with the Division of Tax Appeals on April 6, 2019. They filed the petition seeking a refund, but listed assessment L-047685228 as the notice being challenged and stated that the amount of tax contested is \$2,281.02. Petitioners asserted that petitioner Christopher Costa's employer erroneously reported his line-of-duty injury pay as taxable income. They attached a statement of proposed audit change dated February 1, 2018 (the statement), to the petition, which stated that petitioners' 2014 resident income tax return was selected for review, and that their subtraction to income for line-of-duty injury pay was disallowed. The statement provided that since injury pay is not included in the taxable wages, petitioners were ineligible for the subtraction and their itemized deduction was adjusted accordingly, resulting in an additional tax due. The tax due plus interest totaled a balance due of \$2,281.02.

2. The Division of Taxation (Division) served an answer dated July 17, 2019. In its answer, the Division asserted that petitioners filed a resident income tax return for 2014

requesting a refund of \$3,691.00 and that on March 11, 2015, they were issued a refund for that amount. The Division asserted that thereafter, the Division performed an audit of petitioners' tax return for 2014, and issued the statement explaining that petitioners' tax return was re-computed because line-of-duty injury pay was inappropriately deducted, resulting in an additional tax due of \$1,849.00 plus interest. The Division affirmatively stated that on February 13, 2018, petitioners remitted \$2,281.00 in response to the statement, and filed documentation requesting a refund in that amount. The Division also alleged that it issued petitioners a notice of disallowance dated November 13, 2018, indicating that the Division had not received an amended form W-2 and, therefore, was denying the requested refund of \$2,281.00.

3. On July 25, 2019, the Division served petitioners with a demand for a bill of particulars (demand). The demand generally sought information in the following areas: facts supporting petitioners' position, details regarding petitioner Christopher Costa's injury while in the line of duty, and the grounds for petitioners' legal arguments.

4. Petitioners did not respond to the demand.

5. On October 7, 2019, the Division of Tax Appeals received the Division's motion to preclude petitioner from offering evidence at the hearing regarding matters that the Division has demanded particularization on (the first motion). The first motion sent by the Division was mailed by certified mail with control number 7019 0700 0000 3468 5365. The sender's receipt for mailing this motion was not provided with the motion.

6. On October 21, 2019, the Division filed a motion for an order determining that the previously filed motion to preclude was timely, or, granting an extension of time to the Division to make the Division's motion to preclude timely (the second motion). With the second motion, the Division also provided the affidavit of Jennifer L. Hink-Brennan, Esq., sworn to on October

21, 2019. Ms. Hink-Brennan averred that she delivered what was represented to her by Colleen M. McMahon, Esq., as the Division's first motion, to the US Postal Service Office located at 1475 Western Ave Ste 51, Albany, New York, and that the postal worker accepted the motion for mailing, stamped the sender's receipt with the postmark dated September 23, 2019, and initialed in the postmaster box on the receipt. A copy of the sender's receipt was attached to Ms. Hink-Brennan's affidavit, showing the certified control number 7019 0700 0000 3468 5365, the address of the New York State Division of Tax Appeals, a postmark date of September 23, 2019, and the initial of the postmaster for one piece of certified mail.

7. Petitioners were given until November 21, 2019 to respond to both motions, but they did not respond.

#### ***CONCLUSIONS OF LAW***

A. Unless a party served with a demand for a bill of particulars makes a motion to vacate or modify such demand within 20 days after receipt thereof, or is otherwise directed by the administrative law judge, the bill of particulars demanded must be served within 30 days after the demand is made (*see* 20 NYCRR 3000.6 [a] [2]). If that party fails to provide a bill of particulars, the initiating party may make a motion seeking an order precluding the party from giving evidence at hearing regarding the items that have not been particularized (*see* 20 NYCRR 3000.6 [a] [3]). Such motion must be made within 30 days of the expiration of the date specified for compliance with the demand for a bill of particulars (*see id.*).

B. Here, the Division served the demand on July 25, 2019. Petitioners' response was due within 30 days after the demand was made (*see* 20 NYCRR 3000.6 [a] [2]). Here, 30 days after the demand was made was Saturday, August 24, 2019. Accordingly, petitioners had until Monday, August 26, 2019 to respond (*see* General Construction Law § 25-a; ***Matter of***

*American Express Co.*, Tax Appeals Tribunal, July 3, 1991). When petitioners failed to respond by that date, the Division was required to file its motion to preclude within 30 days thereafter, or on or before Wednesday, September 25, 2019 (*see* 20 NYCRR 3000.6 [a] [3]).

In its second motion, the Division provided the affidavit of Jennifer L. Hink-Brennan, Esq. Attached to Ms. Hink-Brennan's affidavit was a receipt showing certified control number 7019 0700 0000 3468 5365 that was postmarked by the postal employee who received the Division's first motion, with a postmark date of September 23, 2019. If a document is sent by United States certified mail and the sender's receipt is postmarked by the postal employee who received the document, the date of the postmark on such receipt is the date of filing (*see* 20 NYCRR 3000.22 [c] [2]). As the postmark on the receipt for the Division's first motion was September 23, 2019, such motion was made within 30 days after the deadline by which petitioner was required to provide a bill of particulars. Therefore, the Division's first motion was timely, and this order will not address the alternative relief requested in the Division's second motion for an extension of time to file such motion pursuant to 20 NYCRR 3000.23 (b).

C. "It is generally stated that a bill of particulars amplifies a pleading by setting forth in greater detail the nature of the allegations and what the party making them intends to prove" (*Northway Engineering v Felix Indus.*, 77 NY2d 332, 336 [1991]). The Tax Appeals Tribunal Rules of Practice and Procedure permit the use of a bill of particulars in proceedings in the Division of Tax Appeals to prevent surprise at hearing and to limit the scope of proof (*see* 20 NYCRR 3000.6 [a] [1]). Moreover, an administrative law judge is guided but not bound by the provisions of the New York Civil Practice Law and Rules (CPLR) (*see* 20 NYCRR 3000.5 [a]). Generally, under the CPLR, a party need particularize only those matters upon which it has the burden of proof (*see Holland v St. Paul Fire & Marine Ins. Co.*, 101 AD2d 625 [3d Dept

1984]). In proceedings in the Division of Tax Appeals, a presumption of correctness attaches to statutory notices and the petitioner bears the burden of overcoming that presumption (*see Matter of Aronoff*, Tax Appeals Tribunal, November 27, 2013). Thus, petitioners bear the burden of proof in this matter.

D. The remedy for failure to serve a bill of particulars or for service of an inadequate bill of particulars is an order precluding the party from giving evidence at the hearing regarding items of which particulars have not been delivered (*see* 20 NYCRR 3000.6 [a] [3]), or a conditional order of preclusion that becomes effective unless a proper bill is served within a specified time frame (*see* 20 NYCRR 3000.6 [a] [5]). “The appropriate sanction for failure to provide a bill should . . . also be limited to preventing the harm which would otherwise be caused by failure to furnish the particulars.” *Northway Engineering*, 77 NY2d at 336.

E. Where a party fails to move against a demand for a bill of particulars it is deemed to have waived all objections unless the request is “palpably improper” (*see State v General Elec. Co.*, 173 AD2d 939, 941 [3d Dept 1991]). Demands seeking material which is evidentiary in nature are palpably improper (*see id.*). It is well settled that items of a demand for a bill of particulars that call for evidentiary material are not proper demands (*see Rockefeller v Hwang*, 106 AD2d 817 [3d Dept 1984]).

F. Here, petitioners’ claim that petitioner Christopher Costa’s line-of-duty injury pay should not have been treated as taxable by his employer for 2014 is sufficient to prevent surprise at the hearing and allowed for a responsive pleading by the Division. Accordingly, no further particularization or amplification is necessary. It is evident from the demand made by the Division that it understands the nature of the allegations and what petitioners intend to prove.

Moreover, the demands discussed herein seek evidentiary material and information beyond the scope of a bill of particulars.

G. The Division of Taxation's motion for an order of preclusion is denied.

DATED: Albany, New York  
February 13, 2020

/s/ Jessica DiFiore  
ADMINISTRATIVE LAW JUDGE