

Federal Court



Cour fédérale

Date: 20251204

Docket: T-345-25

Citation: 2025 FC 1929

Ottawa, Ontario, December 4, 2025

PRESENT: The Honourable Mr. Justice Lafrenière

BETWEEN:

STÉPHANIE SÉGUIN

Applicant

and

THE ATTORNEY GENERAL OF CANADA

Respondent

JUDGMENT AND REASONS

I. Overview

[1] By Notice of Application filed on January 25, 2025, the Applicant seeks judicial review “in respect of the Notice of Reassessment, October 11, 2023 for the taxation year of 2022, the Relief decision for the tax year 2022 of December 12, 2023, and the second review – Relief decision for the tax year 2022 of February 22, 2024, or from the suspension, pursuant to subsection 188.2(2) of the Income Tax Act, of its authority to issue an official receipt referred to

in Part XXXV of the Income Tax Regulations.” In her prayer for relief, the Applicant requests that “this matter” should be reconsidered.

[2] Although more than one “matter” is listed in the Notice of Application, the Applicant confirmed at the hearing that the application relates solely to the decision by the Minister of National Revenue [the Minister] dated February 22, 2024 [Decision] denying the Applicant’s second administrative request under subsection 220(3.1) of the *Income Tax Act*, RSC 1985, c 1 (5th Supp) [the Act] to cancel income penalties and arrear interests arising from the reassessment of her 2022 tax return.

[3] Subsection 220(3.1) of the Act gives the Minister discretionary authority to waive or cancel all or any part of a penalty or interest otherwise payable under the Act by a taxpayer or a partnership. According to Information Circular IC07-I, Taxpayer Relief Provisions, May 31, 2007 [Guidelines], as a general rule, the Minister will grant relief where the default giving rise to the penalty or interest in question is due extraordinary circumstances beyond the applicant's control, actions of the Canada Revenue Agency [CRA] or inability to pay or financial hardship. The Minister may also grant relief if a taxpayer’s circumstances do not fall within the previously stated situations.

[4] The Applicant argues that although the CRA claims that its approach to requests for relief is “objective, consistent and transparent,” the decision-making process in her case reveals a degree of subjectivity and that the basis for allocation of weight to the factors set out in the Guidelines is not clearly articulated. She submits that more weight should have been placed on

her good compliance history and the fact that she acted quickly to pay the penalty and interest charges.

[5] As explained below, I find no reason to intervene in this case.

II. Facts

[6] On October 5, 2023, the Applicant received two Notices of Reassessment for the 2020 and 2022 taxation years.

[7] In the Notice of Reassessment for the 2020 taxation year, the Applicant was charged \$14.04 in arrears interest because of unreported income in a T4 slip from Nova Scotia Health Authority. The Applicant does not dispute that she failed to report the income in question.

[8] In the Notice of Reassessment for the 2022 taxation year, the Applicant was charged \$140.64 in arrears interests for failure to report a T4A from RBC Investor Services Trust [RBC T4A]. Federal penalties in the amount of \$770.20 and provincial penalties in the amount of \$352.71 were also imposed. Once again, the Applicant does not dispute that she failed to report the income in question.

[9] On October 5, 2023, the Applicant contacted the CRA to request a waiver of the penalties and interests imposed in relation to her 2022 tax return under the taxpayer relief provisions.

[10] The Applicant stated in her request that she checked her “TurboTax” Return and had entered the T4A information from RBC Investor Services Trust but that a blank return was submitted to the CRA, that the omission was an honest mistake, and that she had no intention of lying or committing fraud in filing her tax return. The Applicant apologized for the omission and offered to pay the balance rapidly. The Applicant voluntarily paid the tax debt owing in full the same day.

[11] On December 12, 2023, an officer from the CRA denied the Applicant’s request for relief.

[12] On December 27, 2023, the Applicant applied for a second-level review of the decision and provided two new circumstances to justify her request – CRA error and delay. The Applicant claimed that while the denial at the first-level review stated this was her second occurrence in the specified three-year period, the Minister had not previously notified her of the second failure to report income as both Notices of Reassessment were issued on the same date. The Applicant claims that, as a result, she was not able to prevent the second occurrence in the 2022 taxation year.

[13] On February 22, 2024, a CRA Taxpayer Relief Team Leader [Officer] informed the Applicant that the Minister had decided to deny her second administrative request for taxpayer relief. The Officer noted the Applicant’s good compliance history. He accepted that the Applicant’s omission in inputting the RBC T4A was an honest mistake on her part with no intention of lying or committing fraud. The Officer also considered the Applicant’s argument

that because both tax years (2020 and 2022) were reassessed at the same time in October 2023, she was denied an opportunity to prevent the second occurrence.

[14] The Officer found that there was no delay on the part of the CRA in reassessing the Applicant's tax returns. He further found that even if the year 2020 had been reassessed earlier, this would not explain or relate to the Applicant's failure to include income from the RBC T4A slip for the 2022 tax year. The Officer found that the circumstances described by the Applicant were not beyond her control or upon which relief could be warranted. He noted that it was the Applicant's responsibility to file complete and accurate T1 returns, and this was a second reoccurrence in the last five years where she failed to report income.

III. Issue to be Determined and Standard of Review

[15] The Applicant submitted in her memorandum of fact of law that there are four issues to be determined, which can be summarized as follows: (1) whether her error in reporting income can be justified by an honest mistake claim, (2) whether a different officer would have reached the same conclusion, (3) whether the lack of prior notice the consequences of another omission renders unjustified the imposition of penalties and interest, and (4) whether the relief requested by the Applicant is justified in light of the Guidelines.

[16] The Applicant stated at the hearing that she recognized after reading the Respondent's submissions that the only issue to be determined in this case is whether the Minister's Decision to deny the Applicant's second administrative request was reasonable.

[17] The Applicant also accepted that the standard of review of a discretionary decision of the Minister under subsection 220(3.1) of the Act is reasonableness. This is the appropriate standard as confirmed in *Northview Apartments Ltd v Canada (Attorney General)*, 2009 FC 74 at paras 9-10 and *Stemijon Investments Ltd v Canada (Attorney General)*, 2011 FCA 299 at para 20.

[18] Reasonableness review begins with the principle of judicial restraint and respect for the distinct role of administrative decision-makers, and the Court does not conduct a *de novo* analysis or attempt to decide the issue itself (*Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 13, 83 [*Vavilov*]). Rather, it starts with the reasons of the administrative decision-maker and assesses whether the decision is reasonable in outcome and process, considered in relation to the factual and legal constraints that bear on the decision (*Vavilov* at paras 81, 83, 87, 99).

[19] A reasonable decision is one that is justified, transparent, and intelligible to the individuals subject to it, reflecting “an internally coherent and rational chain of analysis” when read as a whole and taking into account the administrative setting, the record before the decision-maker, and the submissions of the parties (*Vavilov* at paras 81, 85, 91, 94-96, 99, 127-128).

IV. Analysis

[20] As stated earlier, subsection 220(3.1) of the Act gives the Minister discretionary authority to waive or cancel all or part of any penalties or interest otherwise payable by a taxpayer:

Waiver of penalty or interest

(3.1) The Minister may, on or before the day that is ten calendar years after the end of a taxation year of a taxpayer (or in the case of a partnership, a fiscal period of the partnership) or on application by the taxpayer or partnership on or before that day, waive or cancel all or any portion of any penalty or interest otherwise payable under this Act by the taxpayer or partnership in respect of that taxation year or fiscal period, and notwithstanding subsections 152(4) to (5), any assessment of the interest and penalties payable by the taxpayer or partnership shall be made that is necessary to take into account the cancellation of the penalty or interest.

Renonciation aux pénalités et aux intérêts

(3.1) Le ministre peut, au plus tard le jour qui suit de dix années civiles la fin de l'année d'imposition d'un contribuable ou de l'exercice d'une société de personnes ou sur demande du contribuable ou de la société de personnes faite au plus tard ce jour-là, renoncer à tout ou partie d'un montant de pénalité ou d'intérêts payable par ailleurs par le contribuable ou la société de personnes en application de la présente loi pour cette année d'imposition ou cet exercice, ou l'annuler en tout ou en partie. Malgré les paragraphes 152(4) à (5), le ministre établit les cotisations voulues concernant les intérêts et pénalités payables par le contribuable ou la société de personnes pour tenir compte de pareille annulation.

[21] The CRA developed the Guidelines to inform the exercise of this discretion. Situations in which penalties and interest may be waived are set out in paragraph 23 as follows:

23. The minister of national revenue may grant relief from penalties and interest where the following types of situations exist and justify a taxpayer's inability to satisfy a tax obligation or requirement:

23. Le ministre du Revenu national peut accorder un allègement des pénalités et des intérêts dans les situations suivantes si elles justifient l'incapacité du contribuable à respecter une obligation ou une exigence fiscale :

- | | |
|--|--|
| a. extraordinary circumstances | a. Circonstances exceptionnelles |
| b. actions of the CRA | b. Actions de l'ARC |
| c. inability to pay or financial hardship | c. Incapacité de payer ou difficultés financières |

[22] Paragraph 25 of the Guidelines provides a non-exhaustive list of extraordinary circumstances which may be accepted by CRA in excusing a taxpayer from filing a return on time. None of the circumstances have application here.

[23] Paragraph 26 provides that a taxpayer's penalties and interest may be waived or cancelled if they resulted mainly because of actions of the CRA.

[24] The Applicant claims that the CRA failed to advise her of the consequences of another omission in the following three-year period, citing "Income Tax Audit Manuel (sic), Chapter 28.0" [Manual]. The Applicant also claims that CRA failed to advise her in writing that a penalty was being considered under subsection 163(1) of the Act and that she was not given an opportunity to respond. The Applicant argues that by delaying the processing of the first notice of reassessment, the CRA gave her no warning that an error had occurred and no warning of a possible penalty for reoffending. She further argues that she was denied a reasonable opportunity to respond. I find that there is no merit to these arguments.

[25] The Applicant did not produce a copy of the Manual upon which she relies to advance her arguments. Moreover, subsection 163(1) of the Act does not require notification of prior omission as asserted by the Applicant. There is simply no evidence that a taxpayer is entitled to

prior notice or must be offered an opportunity to respond before a penalty is imposed. The Applicant has also failed to establish any error by the Officer in concluding that there was no delay or error found by the CRA.

[26] The Applicant mainly relies on paragraph 33 of the Guidelines that lists further factors to be considered when the taxpayer alleges circumstances beyond their control, actions of the CRA, inability to pay or financial hardship. Those factors are:

1. whether the taxpayer has a history of compliance with tax obligations;
2. whether the taxpayer has knowingly allowed a balance to exist on which arrears interests has accrued;
3. whether the taxpayer has exercised a reasonable amount of care and has not been negligent or careless in conducting their affairs under the self-assessment system;
and
4. whether the taxpayer has acted quickly to remedy any delay or omission.

[27] The Applicant submits that her tax return and payment history has been in a good standing for the past 10 years, that she had demonstrated reasonable care, that she has not intentionally misreported her income, and that she has not acted with disregard for the law. She argues that this Court should consider whether her error was an honest and reasonable mistake that an ordinarily prudent person could have committed in similar circumstances. The Applicant maintains that more weight should have been placed on these factors.

[28] The Applicant's pleas are misplaced. She is essentially requesting this Court to reweigh and assess the evidence considered by the Officer, which is not the proper role of the Court in an application for judicial review (*Doyle v Canada (Attorney General)*, 2021 FCA 237 at paras 3-4). The Court may only intervene if the Officer has "fundamentally misapprehended or failed to account for the evidence before it": *Vavilov* at para 126. The Applicant has failed to establish any such error by the Officer. Quite the opposite.

[29] In denying the Applicant's second administrative request, the Officer carefully considered the relevant factors and the Applicant's particular circumstances in reaching the Decision. I find that it was reasonably open to the Officer to conclude on the evidence before him that the events leading to the penalties and arrear interest were not situations beyond the Applicant's control, nor did they result from an error or a delay from CRA. His decision is based on internally coherent reasoning and is justified in relation to the facts and law that constrain him.

V. Conclusion

[30] For the above reasons, the application is dismissed.

[31] As counsel advised at the hearing that the Respondent does not seek costs, none shall be awarded.

[32] On a final point, the *Official Languages Act*, RSC 1985, c 31 (4th Supp), s 20(1)(b) requires that where a proceeding was conducted in whole or in part in both official languages, a

decision by this Court shall be made available simultaneously in both official languages. At the hearing, the Applicant waived her right and requested that the decision be rendered in English. These reasons shall therefore be issued immediately in English with a French version to follow as soon as practicable.

JUDGMENT IN T-345-25

THIS COURT'S JUDGMENT is that:

1. The application for judicial review is dismissed, without costs.

“Roger R. Lafrenière”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-345-25

STYLE OF CAUSE: STÉPHANIE SÉGUIN v THE ATTORNEY GENERAL
OF CANADA

PLACE OF HEARING: OTTAWA, ONTARIO

DATE OF HEARING: DECEMBER 3, 2025

JUDGMENT AND REASONS: LAFRENIÈRE J.

DATED: DECEMBER 4, 2025

APPEARANCES:

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(ON HER OWN BEHALF)

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